



Digitized by the Internet Archive
in 2007 with funding from
Microsoft Corporation

67 Brit. Coal Industry Commission
111

COAL INDUSTRY COMMISSION.

VOL. II.

REPORTS

AND

MINUTES OF EVIDENCE

[and appendices, charts, and index.]

ON THE

SECOND STAGE

OF THE INQUIRY.

Presented to Parliament by Command of His Majesty.

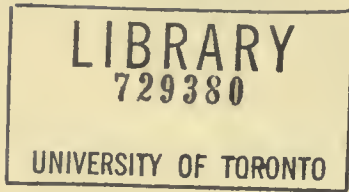


LONDON:
PRINTED AND PUBLISHED BY
HIS MAJESTY'S STATIONERY OFFICE.

To be purchased through any Bookseller or directly from
H.M. STATIONERY OFFICE at the following addresses:
IMPERIAL HOUSE, KINGSWAY, LONDON, W.C.2. and 28, ABINGDON STREET, LONDON, S.W.1;
37, PETER STREET, MANCHESTER; 1, ST. ANDREW'S CRESCENT, CARDIFF;
23, FORTH STREET, EDINBURGH;
or from E. PONSONBY, LTD., 116, GRAFTON STREET, DUBLIN.

1919.

[Cmd. 360.] Price 7s. 0d. Net.



HD
9551
.6
A5
1919c
v.2.

TABLE OF CONTENTS.

	Page
1. List of Commissioners	iii
2. Reports, dated 20th June, 1919, on the Second Stage of the Inquiry	
(1) by the Honourable Mr. Justice Sankey, G.B.E. (<i>Chairman</i>)... ..	iv
(2) by Mr. Frank Hodges, Sir Leo Chiozza Money, Messrs. Robert Smillie, Herbert Smith, R. H. Tawney, and Sidney Webb	xiii
(3) by Messrs. Arthur Balfour, R. W. Cooper, Sir Adam Nimmo, K.B.E., Sir Allan M. Smith, K.B.E., and Mr. Evan Williams	xiv
(4) by Sir Arthur Duckham, K.C.B., M.I.C.E.	xxii
3. List of Witnesses who gave Evidence before the Commissioners on the Second Stage of the Inquiry.	xxix
4. Minutes of Evidence (Second Stage)	415

The Reports of the Commissioners are also obtainable under the following Command Numbers :—

First Interim Report, dated 20th March, 1919, by THE HONOURABLE Mr. JUSTICE SANKEY, G.B.E. (*Chairman*), Mr. ARTHUR BALFOUR, SIR ARTHUR DUCKHAM, K.C.B., M.I.C.E., and SIR THOMAS ROYDEN, BART., M.P. [Cmd. 84.]

” ” ” Messrs. R. SMILLIE, FRANK HODGES, HERBERT SMITH, SIR LEO CHIOZZA MONEY, Messrs. R. H. TAWNEY and SIDNEY WEBB. [Cmd. 85.]

” ” ” Messrs. R. W. COOPER, J. T. FORGIE, and EVAN WILLIAMS. [Cmd. 86.]

Second Stage Reports, dated 20th June, 1919. [Cmd. 210.]

The Minutes of Evidence on the First Stage of the Inquiry are obtainable under Cmd. 359.

The Appendices to the Evidence (both stages) are obtainable under Cmd. 361.

1. LIST OF COMMISSIONERS.

THE HONOURABLE MR. JUSTICE SANKEY, G.B.E. (*Chairman*).

ARTHUR BALFOUR, ESQ.

R. W. COOPER, ESQ.

SIR ARTHUR DUCKHAM, K.C.B., M.I.C.E.

FRANK HODGES, ESQ.

SIR LEO CHIOZZA MONEY.

SIR ADAM NIMMO, K.B.E., (in place of J. T. FORGIE, ESQ., resigned).

ROBERT SMILLIE, ESQ.

SIR ALLAN M. SMITH, K.B.E.

HERBERT SMITH, ESQ.

R. H. TAWNEY, ESQ.

SIDNEY WEBB, ESQ.

EVAN WILLIAMS, ESQ.

ASSESSORS TO THE COMMISSION.

S. J. CHAPMAN, ESQ., C.B., C.B.E.

SIR ARTHUR LOWES DICKINSON.

SIR RICHARD A. S. REDMAYNE, K.C.B., M.I.C.E.

H. J. WILSON, ESQ., C.B.E.

Secretary : MR. ARNOLD D. MCNAIR, C.B.E.

Assistant Secretary : MR. GILBERT STONE.

SECOND STAGE.

R E P O R T S .

INDEX TO CHAIRMAN'S REPORT.

	PAGE
1. Recommendations	iv
2. Reasons for State Ownership of Coal Royalties	v
3. Method of Purchase of Coal Royalties	vi
4. Reasons for State Ownership of Coal Mines	vi
5. Method of Purchase of Coal Mines	vii
6. Scheme for Local Administration	viii
(i.) Local Mining Council... ..	viii
(ii.) District Mining Council	ix
(iii.) National Mining Council	x
(iv.) Finance and Publicity	xi
(v.) Safety, Health and Research	xii
(vi.) Admiralty Coal	xii
(vii.) Export Trade	xii
7. Miscellaneous	xiii

(1) Report by The Honourable Mr. Justice Sankey, G.B.E. (*Chairman*).

Dated 20th June, 1919.

TO THE KING'S MOST EXCELLENT MAJESTY.

MAY IT PLEASE YOUR MAJESTY.

I HAVE the honour to present a further Report in pursuance of the Coal Industry Commission Act, 1919.

1. RECOMMENDATIONS.

I.

I recommend that Parliament be invited immediately to pass legislation acquiring the Coal Royalties for the State and paying fair and just compensation to the owners.

II.

I recommend on the evidence before me that the principle of State ownership of the coal mines be accepted.

III.

I recommend that the scheme for local administration hereinafter set out, or any modification of it adopted by Parliament, be immediately set up with the aid of the Coal Controller's Department, and that Parliament be invited to pass legislation acquiring the coal mines for the State, after the scheme has been worked for three years from the date of this Report, paying fair and just compensation to the owners.

IV.

The success of the industry, whether under private or State ownership, depends upon productivity and upon everyone doing his best. The alarming fall in output has convinced me that at present everyone is not doing his best. I am not able to say whether this is the fault of the management or of the workers or of both. Each blames the other. The cause must be investigated, but, whatever it may be, it is hopeless to expect an improvement in the present atmosphere of distrust and recrimination. My prescription is the old proverb, "Plenty of work and a heart to do it."

V.

I make this Report because I believe that the workers at present employed can and will maintain an output of 250,000,000 tons a year at least, which was the

figure adopted in the Interim Report of March 20th last, presented by me and my three colleagues. I rely upon the honour of the men's leaders and of the men and of all others concerned to achieve this result. In my opinion it can and ought to be done. If the output per man continues to go down the supremacy of this country is in danger.

VI.

I recommend the continuance of the Coal Control for three years from the date of this Report.

VII.

I repeat paragraph XIX of the Interim Report of March 20th above referred to. The question of State ownership is one of policy to be determined by Parliament in which all classes, interests, and industries are represented.

2. REASONS FOR STATE OWNERSHIP OF COAL ROYALTIES.

VIII.

Coal is our principal national asset, and as it is a wasting asset it is in the interest of the State that it should be won and used to the best advantage.

IX.

The seams of coal are now vested in the hands of nearly 4,000 owners, most of whom are reasonable, but some of whom are a real hindrance to the development of the national asset.

X.

In certain areas the ownership of the seams of coal is in the hands of many small owners some of whom cannot be found, and this causes great delay and expense in acquiring the right to work the mineral.

XI.

Barriers of coal are left unworked between the properties of various owners to an extent which, in many cases, is not necessary for safe and proper working of the individual concern, and millions of tons of the national asset are thereby wasted.

XII.

Drainage and pumping are carried on in individual pits at heavy unnecessary expense instead of under a centralised plan covering a whole area. Further, lack of co-operation in drainage has in the past been, and is at the present time, conducive to the abandonment of coal and collieries.

XIII.

Boundaries of undertakings are arbitrary and irregular and make coal in certain places difficult to work or not worth working.

XIV.

Plots of land are let for building and the law allows this to be done without the right of underground support, so that the coal is worked from underneath, houses are damaged, and no compensation is payable; this is not consistent with the public well-being.

XV.

Under State ownership there will be one owner instead of nearly 4,000 owners of the National asset, and the difficulties caused under the present system in regard to barriers, drainage, pumping, boundaries and support will largely disappear.

XVI.

The State ownership should be exercised through a Minister of Mines.

XVII.

The Interim Report of the Acquisition and Valuation of Land Committee has pointed out at least 14 defects arising from the present system of ownership of the seams of coal and proposes to create a new sanctioning authority vested with power to issue compulsory orders from time to time to remedy these defects as and when they are in different cases found to exist.

XVIII.

I regard as preferable to this expensive piece-meal machinery that the seams of coal should be acquired by the State once and for all in one final settlement,

together with all usual or necessary easements and rights incidental thereto, together with power to procure all such easements and rights in the future. If the State only acquires the seams from time to time it means many arbitrations, many intermediate settlements, enhanced delay, and increased cost of administration.

3. METHOD OF PURCHASE OF COAL ROYALTIES.

XIX.

The value of each individual royalty owner's interest should be assessed by Government valuers with an appeal to a specially constituted tribunal.

XX.

Such valuers should take into consideration—

- (a) the properties where coal has been developed;
- (b) potential properties where coal is known to exist and is awaiting development;
- (c) surface wayleaves and shaft rent in certain cases which destroy the amenities of the neighbouring property;
- (d) the usual royalty charged in the district for the class of coal in question;

but not—

- (e) properties in which the existence of coal is uncertain but suspected; and
- (f) underground wayleaves.

XXI.

I also suggest that Parliament in laying down the principles of valuation should consider whether it is not possible to fix a total maximum sum which would form a pool to be allocated between the various individual royalty owners in accordance with the foregoing or any other principles which Parliament may adopt. The advantage of this plan would be that the State would at once know its total maximum liability.

4. REASONS FOR STATE OWNERSHIP OF COAL MINES.

XXII.

Coal mining is our national key industry upon which nearly all other industries depend. A cheap and adequate supply of coal is essential to the comfort of individuals and to the maintenance of the trade of the country. In this respect, and in the peculiar conditions of its working, the coal mining industry occupies a unique and exceptional place in our national life, and there is no other industry with which it can be compared.

XXIII.

The other industries and consumers generally are entitled to have a voice in deciding the amount of coal to be produced and the price at which it is to be sold, which they have not had in the past.

XXIV.

The export trade in coal has greatly increased, and the system of competition between many private colliery owners and exporters to obtain orders frequently prevents the industry getting the full value for the article.

XXV.

The inland trade in coal has greatly increased, and the system of distribution through the hands of many private individuals prevents the consumer getting the article as cheaply as he should do. It has been estimated that there are 28,000 retail distributors of coal in the United Kingdom.

XXVI.

In other words, there is underselling in the export trade and overlapping in the inland trade.

XXVII.

Passing to another phase of the difficulty, the lack of capital in some mines and the lack of proper management in others prevent the development of coalfields and the extraction of coal to the best advantage for the benefit of the Nation.

XXVIII.

There are in the United Kingdom about 3,000 pits owned by about 1,500 companies or individuals. Unification under State ownership makes it possible to apply the principles of standardization of materials and appliances and thereby to effect economies to an extent which is impossible under a system where there are so many individual owners.

XXIX.

It may be argued that the foregoing defects in the present system could be removed by changes in the direction of Unification falling short of State ownership.

XXX.

But a great change in outlook has come over the workers in the coalfields, and it is becoming increasingly difficult to carry on the industry on the old accustomed lines. The relationship between the masters and workers in most of the coalfields in the United Kingdom is, unfortunately, of such a character that it seems impossible to better it under the present system of ownership. Many of the workers think they are working for the capitalist and a strike becomes a contest between labour and capital. This is much less likely to apply with the State as owner, and there is fair reason to expect that the relationship between labour and the community will be an improvement upon the relationship between labour and capital in the coalfields.

XXXI.

Half a century of education has produced in the workers in the coalfields far more than a desire for the material advantages of higher wages and shorter hours. They have now, in many cases and to an ever increasing extent, a higher ambition of taking their due share and interest in the direction of the industry to the success of which they, too, are contributing.

XXXII.

The attitude of the colliery owners is well expressed by Lord Gainford, who speaking on their behalf as a witness before the Commission, stated:—"I am authorised to say on behalf of the Mining Association that if owners are not to be left complete executive control they will decline to accept the responsibility of carrying on the industry, and, though they regard nationalisation as disastrous to the country, they feel they would in such event be driven to the only alternative—nationalisation on fair terms."

XXXIII.

It is true that in the minds of many men there is a fear that State ownerships may stifle incentive, but to-day we are faced in the coalfields with increasing industrial unrest and a constant strife between modern labour and modern capital.

I think that the danger to be apprehended from the certainty of the continuance of this strife in the coal mining industry outweighs the danger arising from the problematical fear of the risk of the loss of incentive.

XXXIV.

The object to be aimed at under State ownership is national co-ordination of effort in respect of the production of the national asset and of its export and inland supply.

5. METHOD OF PURCHASE AND CARRYING ON OF THE COAL MINES.

XXXV.

It is suggested that the State should purchase all the collieries, including colliery buildings, plant, machinery, stores and other effects in and about the colliery at a fair value subject to the next paragraph.

XXXVI.

In addition, expenditure on development of the collieries (including the provision of houses) incurred after a date to be fixed and with the consent of the Controller of Coal Mines should be repaid with interest at the rate of 6 per cent. per annum from the date of the expenditure provided that if such expenditure has become remunerative before the date of the purchase, the amount of the sum payable by way of interest should be reduced by the amount of the profits earned thereon.

XXXVII.

In further addition the State should take power to purchase real and movable property directly associated with the working of the colliery not comprised in paragraph XXXV., other than the assets at the colliery, at a fair value.

XXXVIII.

In the case of composite undertakings the owners should have a right to compel the State to purchase, and the State should have the right to compel, the owner to sell the whole undertaking if, in the opinion of an arbitrator, the severance of the undertaking cannot be economically or commercially effected. By composite undertaking is meant an undertaking where a company or firm is carrying on a colliery in addition to and in conjunction with another works, *e.g.*, a colliery and a steel works.

XXXIX.

Without prejudice to the powers recommended by the last paragraph, it is a matter for careful consideration whether the coke and by-produce industry, which is at present only in its infancy, should not be allowed to remain in private ownership.

XL.

It is suggested that the bulk of the present officials engaged in the coal mining industry, including the managing directors of companies, should be offered an opportunity of remaining on at their present salaries on a 5 years' agreement together with any increases awarded from time to time.

XLI.

The Civil Servant has not been trained to run an industry, but the war has demonstrated the potentiality of the existence of a new class of men (whether already in the service of the State or not) who are just as keen to serve the State as they are to serve a private employer and who have been shown to possess the qualities of courage in taking initiative necessary for the running of an industry.

XLII.

Hitherto, State management of industries has on balance failed to prove itself free from serious shortcomings, but these shortcomings are largely due to the neglect of the State to train those who are to be called on for knowledge and ability in management.

XLIII.

The experience of the last few years has, however, shown that it is not really difficult for the British nation to provide a class of administrative officers who combine the strongest sense of public duty with the greatest energy and capacity for initiative. Those who have this kind of training appear to be capable in a high degree of assuming responsibility and also of getting on with the men whom they have to direct.

XLIV.

Finally, under State ownership it is always possible to lease a mine to particular persons on terms agreeable to those who are engaged in the production of coal thereat, and this principle can be applied not only to a mine or a group of mines contained in a particular district, but to a composite undertaking.

N.B.—If and when the coal mines are acquired by the State any just claims of pioneer boring companies should be recognised, and the State should take power to carry out exploratory borings.

6. THE SCHEME FOR LOCAL ADMINISTRATION.

N.B.—The propositions put forward in this scheme must not be regarded as recommendations, nor does the scheme aim at being comprehensive. The time at my disposal only allows me to make suggestions which it is hoped will be useful to Parliament.

Index to Scheme.

(i) Local Mining Council	... ..	XLV-LIII.
(ii) District Mining Council	... ..	LIV-LXIV.
(iii) National Mining Council	... ..	LXV-LXXII.
(iv) Finance and Publicity	... ..	LXXIII-LXXVIII.
(v) Safety, Health and Research	... ..	LXXIX-LXXXV.
(vi) Admiralty Coal	... ..	LXXXVI.
(vii) Export Trade	... ..	LXXXVII-LXXXIX.

(i) THE LOCAL MINING COUNCIL.

N.B.—The object of this part of the scheme is to take advantage of the knowledge of the workers by allowing them to sit on the Councils for the purpose of advising the manager and to give them an effective voice in all questions where their own safety and health are concerned.

XLV.

Every mine shall be under one duly certificated manager who shall be responsible for the control, management, direction and safety of the mine and the extent and method of working, provided always that such manager shall not be personally liable for conforming to any lawful order for safety made by the District Mining Council.

XLVI.

There shall be established at each mine a Local Mining Council who shall meet fortnightly, or oftener if need be, to advise the manager on all questions concerning the direction and safety of the mine.

XLVII.

The Council shall consist of 10 members of whom the manager, under-manager and the commercial manager shall be *ex officio*. Four members shall be elected by ballot by the workers in or about the mine and the remaining 3 members shall be appointed by the District Mining Council. The members shall hold office for 2 years.

XLVIII.

It shall be the duty of the Council to report fortnightly to the Minister of Mines and to the District Mining Council any fall in output and the cause thereof.

XLIX.

If the manager refuses to take the advice of the Local Mining Council on any question concerning the safety and health of the mine such question shall be referred to the District Mining Council.

L.

The contracts of employment of workmen shall embody an undertaking to be framed by the District Mining Council to the effect that no workman will, in consequence of any dispute, join in giving any notice to determine his contract, nor will he combine to cease work, unless and until the question in dispute has been before the Local Mining Council and the District Mining Council and those Councils have failed to settle the dispute.

LI.

There shall be a commercial manager of the mine or group of mines (which office, if the District Mining Council think fit, shall be vested in the mine manager) whose duty it shall be, subject to the control of the manager, to arrange for the purchase and supply of stores in the mines and to take steps subject to the control of the district commercial manager for the disposal of its output.

N.B.—It is thought that some of the present managing directors of companies might be appointed the commercial managers.

LII.

Each mine shall send in a costing account in the approved form to the District Mining Council.

LIII.

The workers at each mine shall be entitled to an output allowance to be ascertained in an approved manner and divided among them half-yearly.

(ii.) THE DISTRICT MINING COUNCIL.

N.B.—The object of this part of the scheme is to prevent the bureaucratic running of the industry by causing it to be controlled locally by a Council of fourteen, upon which there is equal representation for the miners, for the consumers, and for the persons acquainted with the commercial and technical side of the industry.

LIV.

There shall be established in each mining district a District Mining Council upon whom shall rest the main executive responsibility of taking measures to secure the health and safety of the workmen and the production of coal in the district.

N.B.—It is suggested that the mining districts be:—

1. Scotland, East.
2. Scotland, West.
3. Northumberland.
4. Durham
5. Cumberland.
6. Yorkshire.
7. Lancashire and Cheshire.
8. North Wales.
9. Nottinghamshire, Derbyshire and Leicestershire.
10. Staffordshire, Worcestershire and Shropshire.
11. Warwickshire.
12. South Wales and Monmouthshire.
13. Gloucestershire, Somersetshire.
14. Kent.

LV.

The District Mining Council shall conform to any order for safety made by the Chief Inspector of Mines, or by a Divisional Mines Inspector, and shall not make an order in respect of safety which is contrary to any Act of Parliament or regulations thereunder.

LVI.

Subject to the direction of the Minister of Mines the District Mining Council shall manage in its district the entire coal extraction, the regulation of output, the discontinuance of or the opening out of mines, trial sinkings, the control of prices and the basis of wage assessment, and the distribution of coal.

LVII.

In fixing the pit-head price under State ownership the following items shall be provided for:—

- (a) a fair and just wage for all workers in the industry.
- (b) the cost of materials, &c.
- (c) upkeep and management, and development work.
- (d) interest on the Bonds to be issued as the purchase price of the coal royalties and coal mines.
- (e) the contribution towards a sinking fund to redeem the Bonds.
- (f) a profit for national purposes.

LVIII.

The District Mining Council shall be entitled to make arrangements with local authorities or with private persons (including in such term co-operative societies, companies, firms and individuals) and in country districts, if permissible, with the local railway station-master, for the sale and distribution of inland coal, and with private persons, firms and companies for the sale and distribution of export coal, and shall have power to fix from time to time the price above which coal may not be sold for household and industrial purposes.

LIX.

The District Mining Council shall consist of a Chairman and Vice-Chairman, appointed by the Minister of Mines, and twelve other members. Four members shall be elected by ballot by the workers, and the remaining eight members shall be appointed by the National Mining Council as follows:—

Four to represent consumers (of whom in iron and steel districts two at least shall represent the iron and steel trades, and in shipping districts two at least shall represent recognised coal exporters).

Two to represent the technical side of the industry, *e.g.*, mining engineering, and

Two to represent the commercial side of the industry—purchase of material and sale of output.

LX.

All members shall hold office for three years, and shall be paid a salary.

LXI.

The District Mining Council shall meet at least monthly, and oftener if need be.

LXII.

The District Mining Council shall appoint all mine managers and all commercial mine managers within its own district.

LXIII.

The District Mining Council shall appoint a commercial committee, and a commercial manager whose duty shall be, subject to the control of the commercial committee, to arrange for the purchase and supply of stores for any mine and to take steps for the disposal of the output of coal from his district.

LXIV.

The contracts of employment of workmen shall embody an undertaking to be framed by the District Mining Council to the effect that no workman will, in consequence of any dispute affecting a district, join in giving any notice to determine his contract, nor will he combine to cease work, unless and until the question in dispute has been before the District Mining Council and the National Mining Council and those Councils have failed to settle the dispute.

(iii) THE NATIONAL MINING COUNCIL.

N.B.—The object of this part of the scheme is to get a body composed of members of the District Mining Councils who shall meet at stated intervals to discuss and advise the Minister of Mines on all questions connected with the Industry. The Minister of Mines will be assisted by a Standing Committee of 18 members elected from and by the National Mining Council, who will meet regularly for the purpose of superintending the operations of District Mining Councils. The Minister of Mines will sit in and be responsible to Parliament.

LXV.

There shall be established a National Mining Council, which shall meet from time to time to discuss with and advise the Minister of Mines upon all questions connected with the operation and management of the industry.

LXVI.

The Minister of Mines shall be appointed by the Government, and shall sit in and be responsible to Parliament. Such Minister shall superintend the operation of the District Mining Councils and shall preside over the National Mining Council.

LXVII.

The National Mining Council shall be formed as follows:—Each District Mining Council shall elect one member for every 5,000,000 tons of output, provided that every district shall elect at least one member.

LXVIII.

The members shall be elected for three years and shall meet once a year in London, once a year in Edinburgh, and once a year in Cardiff and at such other times as summoned by the Minister of Mines. Members shall be entitled to their travelling expenses.

LXIX.

There shall be elected from and by the members of the National Mining Council a Standing Committee of 18, six of whom shall retire each year and shall not be eligible for re-election for the next year. Six shall represent the workers, six shall represent consumers, and six the technical and commercial side of the industry.

LXX.

The Minister of Mines shall be entitled, after consulting the Standing Committee to veto any resolution come to either by a Local Mining Council or a District Mining Council, and in the event of his doing so he shall state publicly his grounds for so acting.

LXXI.

No national alteration of wages shall be made without the consent both of the Minister of Mines and the Standing Committee.

LXXII.

The contracts of employment of workmen shall embody an undertaking to be framed by the District Mining Council to the effect that no workman will, in consequence of any national dispute, join in giving any notice to determine his contract, nor will he combine to cease work, unless and until the question in dispute has been before the National Mining Council and that Council has failed to settle the dispute; provided that on the written request of 15 members of the National Mining Council the Minister of Mines shall convene a meeting of the Council within one month.

(iv) FINANCE AND PUBLICITY.

LXXIII.

The finances of each district shall be kept entirely separate, and a return in the approved form shall be sent to the Minister of Mines once a quarter.

LXXIV.

An approved system of auditing shall be established for all accounts.

LXXV.

The Treasury shall not be entitled to interfere with or to have any control over the appropriation of moneys derived from the industry. The said moneys shall be kept entirely separate and apart from other national moneys, until the profit accruing from the industry is periodically ascertained and paid into the Exchequer.

LXXVI.

It being of vital importance that the Mines Department should be managed with the freedom of a private business, the present Civil Service system of selection and promotion by length of service, of grades of servants, of minuting opinions and reports from one servant to another, and of salaries and pensions, shall not apply to the servants attached to the Mines Department.

LXXVII.

The Minister of Mines shall cause the following statistics to be made public:—

- (a) the quarterly financial return from each district;
- (b) the output from each district;
- (c) the number of persons employed above and below ground;

- (d) the cost per ton of getting and distributing coal, showing proportion due to wages, material, management, interest, and profit;
- (e) the amount of coal produced per man per shift;
- (f) the amount of absenteeism.

LXXVIII.

Pending the acquisition of the coal mines by the State, the colliery owners shall continue to have and be subject to the rights and liabilities conferred and imposed upon them by the Coal Mines Control Agreement (Confirmation) Act, 1918, or any statutory provision that may be substituted therefor as suggested in the Interim Report of the 20th March presented by me and my three colleagues, or otherwise.

(v) SAFETY, HEALTH AND RESEARCH.

LXXIX.

For providing for safety, health and research there shall be a corps of officers, as set out in the following paragraphs.

LXXX.

For safety, the present system of Chief Inspector and Divisional Inspectors shall be continued, and such inspectors shall continue to perform the same duties as their predecessors, but the number of inspectors shall be increased and shall be in proportion either—

- (i) to the area, or
- (ii) to the number of men employed, as for example, one inspector to, say, 5,000 men.

LXXXI.

The appointment of such safety inspectors shall be made by the Minister of Mines, to whom the inspectors shall report and be responsible.

LXXXII.

For health, there shall be appointed central and local inspectors of health as distinguished from safety, who shall be charged with the superintendence of the health and convalescence of colliery workers.

LXXXIII.

The appointment of such health inspectors shall be made by the Minister of Mines, to whom the inspectors shall report and be responsible.

LXXXIV.

For research, there shall be attached to the Ministry of Mines a Research Section for the purpose of carrying out departmental research work in safety, health and economies in mining.

LXXXV.

The appointment of such research staff shall be by the Minister of Mines.

(vi) ADMIRALTY COAL.

LXXXVI.

The Admiralty and the War Office shall be entitled to requisition coal at any mine at a pit-head price equal to the lowest price charged to any consumer.

(vii) THE EXPORT TRADE.

LXXXVII.

Any person shall be entitled to purchase coal for export from any mine in the same way as he would have been entitled had such mine remained in private ownership.

LXXXVIII.

The State shall not make or give any undue or unreasonable preference or advantage to, or in favour of, any particular persons desirous of purchasing coal for export, nor shall the State subject any particular person desirous of purchasing coal for export to any undue or unreasonable prejudice or disadvantage whatsoever.

LXXXIX.

Any exporter to whom coal is sold for export shall divide all profits over 1s. per ton equally with the District Mining Council.

MISCELLANEOUS.

The Interim Report of the 20th March last presented by me and my three colleagues (paragraph 15) outlined certain units of economy and of improvement which it was suggested should receive the attention of the Commission in the near future. Having regard to the magnitude and complexity of the question of nationalisation, it has been barely possible to touch upon these other matters, but I desire very briefly to report upon these other matters, but I desire very briefly to report upon them as follows:—

- (1) *Housing*.—The matter is in the hands of the Local Government Board and (for Scotland) the Scottish Office, with whom we have conferred and who are fully alive to the peculiar urgency of the problem in certain mining districts. I associate myself with the remarks of my friend Sir Arthur Duckham in paragraphs xi and xii of his Report.
- (2) *Baths and Drying of Clothes*.—I recommend that the Home Secretary should promote the necessary amendment in Section 77 of the Coal Mines Act, 1911, to make these facilities universal at collieries, and I have reason to believe that the Miners' Federation of Great Britain would exert very strong pressure to make their use almost as universal.
- (3) *Continuity of Transport from the Colliery, and Pooling of Wagons*.—I recommend that these matters should receive the earliest possible attention from the Minister-Designate of Ways and Communications (Sir Eric Geddes) as soon as his Department is fully constituted.
- (4) *Clearance*.
- (5) *Reduction of Voluntary Absenteeism*.
- (6) *Use of Machinery in Mines*.
Coal-cutting.
Coal-conveying,
Underground transit.
- (7) *Elimination of unnecessary Distribution Costs*.—I recommend that these matters should receive the early attention of an authority having the necessary technical and commercial qualifications such as the Advisory Board of the Controller of Coal Mines and his Department.

This Report does not apply to Ireland.

The evidence will be published separately.

The learned counsel who watched the proceedings on behalf of the Royalty Owners and of the Mining Association of Great Britain on page 6 of his printed speech formulated the question awaiting our decision as follows:—

“What changes should in the national interest be made, and when, by legislation or otherwise, in the organisation of the coal-mining industry”?

I agree that the question is a proper one and have endeavoured to answer it.

I desire to express my personal thanks, and the obligation I am under, to Sir Richard Redmayne and Sir Arthur Lowes Dickinson, two of our Assessors, and to Mr. Arnold McNair, our Secretary, and Mr. Gilbert Stone, our Assistant Secretary, for the great help I have received from them in the preparation of this Report and throughout the enquiry. They are Government officials and the Report does not necessarily express their views.

All of which I humbly report for Your Majesty's gracious consideration.

JOHN SANKEY.

ARNOLD D. McNAIR,
Secretary.

GILBERT STONE,
Assistant Secretary.

20th June, 1919.

- (2) Report by Mr. Frank Hodges, Sir Leo Chiozza Money, Mr. Robert Smillie, Mr. Herbert Smith, Mr. R. H. Tawney, and Mr. Sidney Webb.

Dated 20th June, 1919.

TO THE KING'S MOST EXCELLENT MAJESTY.

MAY IT PLEASE YOUR MAJESTY.

WE have the honour to present a further Report in pursuance of the Coal Industry Commission Act, 1919.

As we are in substantial agreement with the Chairman's Report, we think it unnecessary to set forth any separate statement of our views. But in assenting to that Report we wish to emphasise the following points, namely:—

- (1) We suggest that, with a view to securing the cordial co-operation of the workers in the success of the industry, it is necessary to provide for a fuller representation of the workers on the District and National Councils, on the lines indicated in the scheme submitted by Mr. W. Straker.

- (2) Whilst fully recognising the necessity of working rules, and the importance of preventing unnecessary stoppages, we feel that the provisions of Paragraphs L., LXIV., and LXXII. may be used to impose upon the workers by law a particular form of contract, without their consent—an innovation to which we think it will be difficult to gain agreement, and which we believe to be not the best calculated to attain the object.
- (3) We are of opinion that all coke and by-product plant attached to collieries should be treated as part of the coal mines and should be acquired by the State with the coal mines.
- (4) We think it important that whatever payment is made to the owners pending the general acquisition of the mines should not be computed upon the tonnage gotten.
- (5) Whilst recognising, with regret, that the output from the mines has not yet satisfactorily recovered from the adverse circumstances which have depressed it during the war, we wish to emphasise the fact that no evidence has been produced to show that the men are refraining from doing their best. We believe that this is not the case, and that other causes are at work. The miners demand an immediate inquiry, and we support this demand. During the period that must necessarily elapse before the institution of the machinery for the administration of the mines proposed by the Chairman, we think that it is of the utmost public importance that there should be no deficiency of tubs, no lack of wagons, no shortage of materials and no obstacle to prompt clearance from pithead, all of which are reported now to exist.
- (6) Three among us (F. Hodges, R. Smillie, and Herbert Smith) do not agree that any compensation whatever should be paid to the present mineral owners for the mineral rights to be acquired by the State. But this must not be taken to imply that there would be objection to the grant of compassionate allowances in cases in which small royalty owners are expropriated in such a way as to deprive them of their means of livelihood.

We cordially associate ourselves with the Chairman in his tribute of thanks to the Assessors and Secretaries for the invaluable help they have given the Commission in conducting the enquiry.

All of which we humbly report for Your Majesty's gracious consideration.

ROBT. SMILLIE.
FRANK HODGES;
HERBERT SMITH.
LEO CHIOZZA MONEY.
R. H. TAWNEY.
SIDNEY WEBB.

20th June, 1919.

- (3) Report by Messrs. Arthur Balfour, R. W. Cooper, Sir Adam Nimmo, K.B.E., Sir Allan M. Smith, K.B.E., and Mr. Evan Williams.

Dated 20th June, 1919.

TO THE KING'S MOST EXCELLENT MAJESTY.

MAY IT PLEASE YOUR MAJESTY.

We have the honour to present our Report in pursuance of the Coal Industry Commission Act, 1919.

The second stage of the inquiry which began on the 23rd April last involved the examination of 116 witnesses.

2. The main questions with which we have to deal are those set forth in paragraphs (f), (g) and (h) of Section 1 of the Act by which we are required to enquire into:—

- (1) Any scheme that may be submitted to or formulated by the Commissioners for the future organisation of the coal industry, whether on the present basis, or on the basis of joint control, nationalisation or any other basis;
- (2) The effect of the present incidence of and practice with regard to mining royalties and wayleaves upon the coal industry and the cost of coal and whether any and what changes in these respects are desirable;
- (3) The effect of proposals under the above heads upon the development of the coal industry and the economic life of the country.

The Future Organisation of the Coal Industry.

3. The schemes which have been submitted involve the fundamental question of whether the coal industry is to be organised on the basis of private ownership or on the basis of nationalisation.

Three definite schemes have been submitted in evidence. The first scheme is in substance the same as that contained in a pamphlet put in evidence before us entitled "The Nationalisa-

tion of the Coal Supply," which originally constituted a chapter of a book called "How to pay for the war," published in July, 1916. One of the authors of this book is Mr. Sidney Webb, one of the Commissioners, who gave evidence before us, repeating in substance the proposals contained in the pamphlet.

4. The second scheme is contained in a draft of a proposed parliamentary Bill prepared on behalf of the Miners' Federation of Great Britain.

5. The third scheme was submitted by Lord Gainford in his evidence on behalf of the Mining Association of Great Britain.

The Scheme of Mr. Sidney Webb.

6. By this scheme it is proposed to put an end to the private ownership and working of coal by vesting the coal and the collieries in the State and paying compensation to the owners by means of an issue of Government Stock.

7. The scheme proposes that the State should buy out all persons interested, whether as lessees or workers of coal or as lessors or royalty owners, and this was practically repeated in the evidence given by Mr. Sidney Webb, who treats the fair selling value based on pre-war income of the properties as the price to be paid by the State to the expropriated owners.

The Bill of the Miners' Federation.

8. This Bill, like the scheme of Mr. Sidney Webb, proposes to put an end to private ownership and working of coal, but there are essential differences between the two schemes, which may shortly be described as follows:—

The Bill proposes:—

- (a) To expropriate the owner not only of the coal mines but also of other mines.
- (b) To confiscate without compensation all mining royalties and wayleaves and only to pay to lessees or owners of collieries a limited amount of compensation.
- (c) Instead of vesting the mines in the State, to vest them in a special body to be created and to be called the Mining Council, consisting of a President appointed by Your Majesty and 20 members, of whom one half are to be appointed by Your Majesty and the other half by the Miners' Federation.
- (d) To transfer to the Mining Council all powers of the Secretary of State under the Acts for the regulation of Coal Mines.
- (e) To give the Mining Council at its option power to take over and carry on iron, steel and other works carried on in connection with coal mining,
- (f) To postpone indefinitely the exercise of this last mentioned option, and, meanwhile, either to prevent the carrying on of these works absolutely or to permit them to be carried on upon such terms as may be prescribed by the Council, and ultimately, at the discretion of the Council, to take over the works at their then value.
- (g) To authorise the Mining Council to carry on the business of shipowners and to prevent any increase in the rates now charged for the conveyance of coal by railway.

The Mining Association Scheme.

9. This scheme is based upon the principle that private enterprise must be maintained and that nationalisation of the coal industry would be prejudicial to the economic welfare of the country.

10. The authors contend that want of knowledge with respect to prices, costs and profits and the absence of machinery conferring upon the workers opportunities for obtaining information and influencing the conditions under which they work have been to a great extent the cause of the existing discontent.

11. The authors propose that, in future, fluctuations of the wages of the workers in each mining district, over and above the minimum rates, should, instead of being regulated solely as in the past by selling prices, be regulated by reference also to costs and profits in that district.

12. The authors propose that by means of joint committees of employers and workers full opportunity should be given to the workers in each district and at each colliery to make suggestions with respect to the methods and conditions of their work, without impairing the authority of the owner, agent or manager of the mine, upon whom the law imposes responsibility for the control, management and direction of the mine.

THE COAL INDUSTRY.

13. Neither past experience of State enterprise nor any evidence submitted to the Commission gives any reasonable ground for belief that the coal industry could or would be as efficiently conducted by the State in the future as by private enterprise in the past.

14. It is of the essence of success in industry that those who conduct it should not hesitate to take responsibility and incur commercial risks. When this is done in the coal industry, what is placed at risk is the capital—or profits of capital—made available for the very purpose of being used in a risky undertaking. On the other hand, the only justification for a Government official taking risks is grave national emergency.

15. It is an inseparable feature of departmental Government that each man instead of taking responsibility for any proposed action should pass it on to his superior; and the

final responsibility of the Department must always be Parliament. Its actions are thus inevitably governed by political considerations and the interests of political parties. We have the greatest admiration for the work which individual outsiders who joined the Government Departments during the war have performed for the country, but the system in a Government Department has the effect of depressing rather than exciting imagination, initiative and activity. Should the State engage in industry, particularly in the mining industry, which is so vitally connected with the destiny of the nation, the result would be nothing short of disaster.

16. No evidence which has been submitted to the Commission would justify us in coming to the conclusion that the benefits claimed by those who advocate nationalisation would result from any form of State ownership of the mines.

17. The danger due to political influence has been frankly admitted, but it is claimed that adequate safeguards can be provided against political interference in industry or commerce. However feasible this may appear in theory the democratic system of Government makes safeguards impossible when the exigencies of a political situation dominate a question. We have therefore come to the conclusion that the provision of safeguards against political interference is not within the region of practical politics.

18. The evidence submitted to the Commission affords no ground for belief that nationalisation would have the effect of reducing the price of coal.

19. With regard to the question of increased output and the question of avoidance of strikes, it appears to us that the attitude freely expressed on behalf of the Miners' Federation against co-operation with other Trade Unions, with the employers and with the State with respect to the proposals made by the recent National Industrial Conference creates a regrettable impression.

Without co-operation, nationalisation, even if otherwise advisable, would in no way secure increase of output or continuity of production. The evidence has clearly shown that strikes are not prevented by State ownership and management.

20. It is regrettable that during the whole of the proceedings emphasis has been laid on a state of antagonism which is alleged to exist between the employers and the workpeople in the coal industry. To such an extent is this feeling alleged to exist that it is stated that the only means of overcoming it is to nationalise the industry and to substitute the State for private enterprise.

From the evidence submitted, which is confirmed by our own knowledge, no foundation exists for such an exertion. In certain cases owing to the action of individuals, few in number but active in agitation, local unrest has been created, but we are convinced that the relations between the employers and the vast majority of the workpeople in the coal mining industry do not call for the drastic proposals that have been advanced.

21. The personal and human element which exists under present conditions would be almost entirely eliminated should the State take over the industry.

22. From the evidence submitted it is clear that the mine owners are prepared to increase the facilities for enabling the workpeople to acquire a greater knowledge of and interest in the industry.

23. We think it is only right that the community should realise the extent to which success has attended the efforts of private enterprise in the coal industry, and we would specially refer to the following extract from Lord Gainford's evidence before the Commission:—

“Coal owners have not been slow to risk their capital in the development of coal, and have taken risks which the State never could have undertaken, wherever there appeared to be any possible expectation of success. The development in output during the past 30 years prior to the war, from 128,000,000 tons to 288,000,000, and an increase in the men employed from 492,422 to 1,118,452 is eloquent testimony to the enterprise, initiative and skill which coal owners and their managers have brought to bear upon the industry. So far from necessary development having been retarded in the hands of the present owners, all available evidence shows that the full quantity of coal required from time to time by the nation has always been forthcoming, and an export trade has been steadily built up. (N.B.—16 million tons in 1873 to 82 million tons in 1913.)”

24. The advantages and disadvantages of nationalisation have been discussed at great length in the course of the evidence. Widely different and often wholly unconnected reasons have been put forward. Some of the more advanced socialists object to industry being conducted for private profit and favour the nationalisation of all industry. Nationalisation of the coal mines is openly advocated as a step towards nationalisation of all industry.

25. The support given in the evidence to the claim for nationalisation comes mainly from socialists and theorists who seem profoundly convinced that it is their prerogative to lead the nation in the direction of thought considered by them to be good for the nation.

It is noteworthy, however, that not all the theorists are of one mind on this subject.

26. The better housing of the miners, the increase of provisions for safety, and the lowering of the present high rate of infantile mortality are matters which everyone will agree should receive immediate attention: but each and all of these matters can be dealt with without resort to nationalisation of the mines, and call for careful and organised investigation and scientific and practical consideration.

27. The continued efforts to obscure the real issues involved in nationalisation by a special reference to these matters, which, while most important in themselves, are not necessarily bound up with nationalisation, coupled with the fact that nationalisation is not so much a request in

the interest of the nation, as a demand under threat of a strike, by a relatively small section of the community, give the impression that nationalisation of the mines is more of the nature of a political move and not a policy based on altruistic motives on the part of those who direct the policy of the Miners' Federation.

28. Nationalisation in terms of the proposals of the Miners' Federation would amount, on State purchase, to such an amount of control by the Miners' Federation as would remove the industry from the control of the community on whose behalf presumably nationalisation is claimed.

29. The credit of the nation from an international point of view has rested to a great extent on the nation's sound and consistent policy in maintaining the stability and security of private rights. If these private rights are assailed and subverted in accordance with certain of the extreme views expressed during the proceedings of the Commission, it is not unreasonable to suppose that the national credit will be seriously affected and that this will be reflected in the industries of the country by very serious consequences.

30. We have carefully weighed the whole of the evidence and have come to the conclusion that the nationalisation of the coal industry in any form would be detrimental to the development of the industry and to the economic life of the country.

31. It is clear that the present economic position of the coal industry cannot continue.

Wages in any industry can only continue to be paid to the extent that the industry can bear.

It is economically unsound to pay wages either :—

(a) By repayment, in the form of a wage subsidy, of taxes previously collected from an industry, or

(b) By subsidies from moneys collected from the taxpayer.

If the coal industry is to be resumed on an economic basis it is inevitable that one of two things must happen :—

(a) There must be a large increase in the output of coal and a decrease in the cost of production, or

(b) The price of coal to the consumer must be increased and the consequences of this increase upon other industries and on the community generally must be faced.

Without expressing any opinion on the subject, we feel very strongly that in view of the statements made before the Commission the causes which have contributed to the fall in output should be the subject of immediate and complete investigation.

32. We also feel strongly that no action which will vitally affect the Nation as a whole or will result in granting preferential treatment to any section of the community should be taken without first referring the question to the community.

33. Having expressed our judgment upon the issue between nationalisation and private ownership, we now beg to offer the following suggestions with respect to matters affecting the coal industry under private ownership, including the safety and well-being of the miners.

Safety.

34. There is no justification whatever for any suggestion that the mineowners have been slow to take precautions for the safety of the workers, or that considerations of profit have restricted the adoption of measures to ensure the safety of those working in the mines. Statistics furnished by the Home Office prove that the rate of accident in the coal mines in this country is lower than the rate in the coal mines of any of the other principal coal producing countries.

35. The State has prescribed the duties of the owners in these respects, and the owners have conformed to the State's requirements.

36. The initiative in invention and adoption of safety precautions has come in the past from individual collieries. The State has followed the practice of the most progressive collieries and has adopted their standard of safety and their improvements and prescribed them for the remainder of the collieries.

37. We suggest that Mines Inspection should be strengthened by an increase in the number of inspectors and that greater attention than has hitherto been given should be paid by the Government to research, investigation and provision of safety appliances.

38. We are strongly of opinion that the existing system of reporting and tabulating information as to injuries in the mines is not sufficient. Complete statistics should be procured by the Government showing the numbers and causes of accidents and the nature and extent of injuries. These statistics should be regularly and frequently published.

Housing.

39. The general question of the housing of the working classes has been for some years past engaging the serious attention of the community as a whole. This has now materialised on a national basis in the Housing and Town Planning Bill presented by the Government. It is urgently necessary that the housing of the working classes should be brought into accordance with modern ideas. The older classes of houses should be improved; new houses should be built and a greater number of houses should be provided. Particular attention should be paid

to sanitary conditions and considerations affecting the amenities of life. This, however, is a national question and includes all working-class houses, whether in colliery villages or not. We think it is regrettable that the coal trade should, in a matter of a national character and demanding national attention, have been singled out for particular reproach. We are satisfied that as a special industry the colliery proprietors have done much and would, but for the war and the consequent difficulties, have done more with regard to the housing of the workpeople employed.

Baths at Pithead and Accommodation for Clothes Drying.

40. We are of opinion that baths and accommodation for drying clothes should be provided and maintained at or near the pithead, so far as this may be possible, having regard to the practicability of obtaining a suitable supply of water.

41. We recommend the repeal of the proviso to Section 77 (1) of the Coal Mines Act, 1911, which has the effect of relieving the mine owner from the obligation to provide this accommodation if the estimated total cost of maintenance exceeds 3*d.* per week per person employed.

Research and Investigation.

42. In view of the setting up by the Government of a Council of Scientific and Industrial Research and the possibility that the activities of this Council may justify the setting up of a Department of State to deal with this matter, a branch of such Department should be set up for the purpose of arranging for and co-ordinating the research and investigation so far as affecting the working and use of coal.

It is essential that there should be the closest co-operation between the mining authority as such and the research authority as such.

It should be borne in mind that there exist at the moment many institutions and organisations set up by private enterprise which have done exceedingly useful work. It is essential that the Mining Department and the Research Department should utilise and co-ordinate the facilities afforded by these institutions and organisations.

Mines Department.

43. We recommend that a Mines Department should be set up having at its head a responsible official thoroughly acquainted with the mining industry.

44. This Department should exercise the functions of State so far as regards the ownership of coal, with which subject we deal hereinafter.

It should also have administrative functions including the functions which are at present exercised by a Mines Department at the Home Office, and it should have jurisdiction over all questions relating to the coal mines except the adjustment of labour disputes and wages, which are appropriate subjects for the jurisdiction of the Minister of Labour. For example, it should deal with questions of safety and technique; should collect and publish statistics relative to accidents, output, export and consumption; it should be a record office for data relating to the coal industry and should deal with questions affecting new coal fields and the development of existing ones.

45. In the exercise of its duty the Mines Department should be assisted by a National Advisory Council consisting of representatives of (a) the Department, (b) the colliery owners, (c) the mine workers, (d) mining engineers, and (e) other scientific experts.

Co-operation in the Coal Industry.

46. While it is essential, even in the interests of the mine workers themselves, that the Executive Authority of the Management should not be impaired, we recommend that full and regular opportunity should be given to each party to bring forward for discussion any question of mutual interest.

47. We, therefore, recommend that the following procedure should be established:—

(1) *Pit Committees.*

There should be established at each colliery a Pit Committee, consisting of equal numbers of representatives of the management and of mine workers. The numbers will probably vary in the different mines, but in no case should they exceed seven on each side. Each side should have its own Chairman. The representatives of the mine workers should be appointed by and from all the workers employed at the colliery.

The Committee should meet as occasion demands, but not less frequently than once a month, for the consideration of questions of which previous notice has, if possible, been given.

The purpose of the Pit Committee is to afford an opportunity of discussion of any question relating to the working of the mine, or the conditions under which the miners work, and any other questions in the settlement of which both parties are directly concerned.

It is hoped that through personal touch at the mine and free and friendly interchange of views, harmonious relations will be promoted and maintained.

(2) *District Councils.*

District Councils, consisting of representatives of the coal owners and representatives of the Trade Unions in the district, should be established for the purpose of dealing with

any questions of a district character which, in the opinion of the Council, it is in the mutual interest of the parties to discuss. The District Council should also deal with questions of which a settlement has not been arrived at by the Pit Committee.

Where Conciliation Boards exist for the purpose of dealing with questions on a district basis, the procedure of the Conciliation Board and the District Council might with advantage be co-ordinated or the Conciliation Board might act as the District Council for the district.

(3) *National Council.*

A National Council should be established consisting of the representatives of mine owners and mine workers appointed by the districts, for the purpose of dealing with any question of national interest which may be referred to it.

48. We have confined ourselves to indicating in general terms the lines upon which the Pit Committees, District Councils and National Council should be instituted. We recognise that the varying circumstances of the different districts and different collieries may involve variations in the constitution and procedure, but we recommend that the parties should immediately proceed to discuss a scheme of this description on the basis of the terms of the Interim Report on Joint Standing Industrial Councils by the Reconstruction Sub-Committee on Relations between Employers and Employed to which two members of this Commission are signatories.

Distribution.

49. The evidence shows that considerable saving is possible in the distribution of household coal.

An extension of dealing in household coal by co-operative effort will no doubt take place automatically.

50. We recommend that local authorities should be given statutory powers to deal in household coal, not as a monopoly, but in competition with private dealers or co-operative effort, subject to the provision that any losses sustained in such dealing shall not be chargeable to the rates.

51. Wherever consolidation of the present distributing agencies is possible it should be effected but not so as to result in combinations or trusts to the detriment of the consumer.

52. We recommend that in order that all parties interested should be afforded the opportunity of understanding and appreciating the cost and difficulties of the distribution of coal, a Consultative Committee should be set up by the Mines Department consisting of representatives of colliery owners, mineworkers, consumers and distributors. This Committee should meet regularly and discuss any points of common interest which may be brought forward by persons concerned. It may also be desirable that similar Committees similarly constituted and with similar functions should be set up in the principal mining districts.

Export Trade.

53. Many witnesses have referred to the urgent necessity of the maintenance and extension of the coal export trade, as having a most important bearing upon the international money exchange and upon the food supply of the country.

54. Even if the State did not itself engage in the export trade, a State monopoly in the production of coal would not permit that freedom of action and flexibility of decision on the part of the private coal exporter which is essential to the conduct of the trade.

55. We are satisfied that it is impracticable for the State to carry on an export trade in coal.

MINING ROYALTIES.

The Effect of the Incidence of, and Practice in regard to Mining Royalties upon the Coal Industry and the Cost of Coal.

56. There is in our judgment a radical difference between the mere ownership by the State of a national asset like coal and the conduct by the State of an industry like the coal industry whether with or without its export trade.

57. Coal is our principal national asset, and as it is a wasting asset it is in the interests of the State that it should be worked to the best advantage.

58. The ownership of the seams of coal is now in the hands of several thousand persons, most of whom have exercised their rights in a reasonable manner, but some of whom have not assisted in the development of the national asset.

59. The effect of mining royalties (including wayleaves) on the cost of coal has been, in our judgment, slight. In 1913 they amounted to 5 per cent. of the selling value at the pit-head and in 1918 to about 2½ per cent. of that value.

60. The third report of the Acquisition and Valuation of Land Committee appointed by Your Majesty's Minister of Reconstruction has pointed out a number of defects arising from the present system of ownership and proposes to create a new Sanctioning Authority invested with power to issue compulsory orders from time to time to remedy those defects as and when they are found to exist.

61. The defects as set forth by that Committee may be briefly summarised as follows:—

- (1) Owners unwilling to sell or lease.
- (2) Owners demanding exorbitant terms.

- (3) Minerals under copyhold or enfranchised land.
- (4) Minerals in small separate ownerships.
- (5) Legal disability of owners.
- (6) Cases of unknown owners.
- (7) Difficulties in working arising from surface support.
- (8) Coal unnecessarily left unworked as barriers.
- (9) Refusal of owners to grant wayleaves on reasonable terms.
- (10) Difficulty in obtaining surface powers for working or carrying minerals.
- (11) Restrictive conditions impeding development of minerals.
- (12) Onerous conditions of leases.
- (13) Absence of power to regulate the lay-out of a mineral field.
- (14) Loss of minerals in working.

62. In certain cases boundaries are arbitrary and irregular and make some coal difficult to work or not worth working.

63. We have carefully considered the evidence submitted to us and have come to the conclusion that the most effective method of dealing with the problem in the national interest would be for the State to acquire the ownership of the coal.

64. Under State ownership there would be one owner instead of several thousand owners, and the difficulties caused under the present system will be effectively dealt with.

65. For this purpose it will be desirable to set up a controlling authority to deal with such of these difficulties as the mere change of ownership will not affect.

For example:—

- (a) coal held by one lessee could not be worked by an adjoining lessee without the consent of the first lessee;
- (b) if a barrier is comprised in a lease it cannot be worked;
- (c) a change of ownership cannot place the State in any better position with respect to support for the surface than that of a private owner;
- (d) some authority must settle the question of any future pits, railways, or other surface work and surface way-leaves in the fixing of which the owner of the surface ought to have a voice.

66. It must be a condition of any vesting of coal in the State that the existing owners of royalties shall receive fair and just compensation and that the owners and occupiers of the surface shall be protected by suitable conditions and restrictions imposed upon the State.

67. The coal should only vest in the State subject to the existing leases or tenancies and in any case where an existing lease or tenancy is held for a term of years of which less than sixty are unexpired, the lessees or tenants must have the option of requiring the term to be extended upon reasonable conditions as to rent and otherwise up to the full term of sixty years.

68. As regards those cases where the coal is being worked by the owner as colliery owner it should only vest in the State subject to the granting to him of a lease for such a number of years not exceeding sixty years, as he may require upon such conditions as to rent or otherwise as may be customary in the district, fair and just compensation being paid to him.

69. There must be conferred on the State all usual or necessary mining easements over surface, together with power to procure all such easements in the future, subject to proper provision for payment of compensation for land occupied and generally for all damage caused to the owner or occupier of the surface.

70. The powers and provisions herein referred to would require to be carefully defined, and it is only necessary in this Report to indicate generally their character.

71. Provision will require to be made for dealing in the absence of agreement with questions arising between the State and the colliery proprietors as to the terms of either existing or future leases and to avoid preferential treatment.

Underground Wayleaves.

72. We have given some consideration to this subject and have met with much difficulty. The time at our disposal has been too short to enable us to investigate and come to a detailed conclusion on what we recognise is a complex problem.

73. Underground wayleaves may be divided broadly into two categories: (1) wayleaves through an area which is not at the time being worked, and (2) wayleaves through an area which is at the time being worked.

74. It has to be kept in view that according to our recommendations the State is to purchase only the seams of coal.

75. An area which is not at the time being worked may have been exhausted so far as the known seams of coal are concerned. On the other hand, in the area, certain seams only may have been exhausted. In either of these cases the wayleave might be through an exhausted seam. In the case of an area which is being worked, the wayleave may be in respect of conveyance of coal through a seam, a portion of which is at the time being worked, or it may be in respect of conveyance through a seam which has been completely exhausted.

76. As already explained, the State will acquire the seams of coal. There is no coal for the State to acquire in an exhausted seam.

77. The State as owner of the workable coal must have the right of access to the coal and the right of bringing the coal to the surface through any area.

78. On principle we consider that private rights, of whatever description, if acquired by the State, should be the subject of compensation to the owner of these rights, and we recommend that the question of underground wayleaves should be the subject of careful investigation.

Other Minerals.

79. This Report refers merely to the acquisition of the coal. We are, however, not ignoring the question of other minerals got by underground mining, whether worked in conjunction with coal or not.

The extension of the principle of acquisition in such cases may require consideration.

Purchase of Coal.

80. The State should pay fair and just compensation.

81. In this respect there is, in our judgment, no ground for regarding the owners of mining royalties differently from the owners of any other form of property recognised by the State.

82. We are of the opinion that the general basis of such compensation should be 15 years' purchase of the amount received by the owners for coal rents and royalties on the average of the last five pre-war years, less Mineral Rights Duty; the valuation being subject to such variation as the Assessing Tribunal may think fit, having regard to the present condition and future prospects of the area which forms the subject of the particular assessment. Each case must be dealt with on its merits.

Where the area was not worked or fully developed prior to the war, the compensation should be ascertained on the present condition and future prospects of the area.

Subject to the foregoing provisions, the valuation should be made in accordance with the recognised rules in such cases.

83. A Tribunal should be established in each district for the purpose of assessing the amount payable to each royalty owner in that district. The Tribunal should consist of a mining engineer appointed on behalf of the State, a mining engineer on behalf of the owners, and a legal chairman appointed by the Lord Chancellor in England or the Lord President of the Court of Session in Scotland.

84. These Tribunals should have power to obtain any necessary information by oral or written evidence and by personal inspection, and the number of expert witnesses who would be employed on behalf of the owner and the State respectively should be limited. Parties should be entitled to appear by counsel or solicitor and a lessee should also be entitled to appear similarly in the event of any question arising affecting his interest. The decision of the Tribunal should be final and should not be subject to appeal except on a question of law.

85. The risk of excessive claims or expenses should be guarded against by providing that where the amount awarded by the Tribunal does not exceed the sum, if any previously offered in writing on behalf of the State, the costs incurred by the claimant after the date of such offer shall be borne by the claimant. Subject to this proviso the State shall pay the costs and the expenses of and incidental to the assessment of the compensation and in all cases the costs and expenses in connection with the transfer.

Conclusion.

86. Having concluded our labours, we desire to express our high appreciation of the services rendered to us by Mr. Arnold D. McNair, C.B.E., Secretary of the Commission, and Mr. Gilbert Stone, Assistant Secretary, and also by the Staff of the Commission.

Their able and courteous assistance has been of the greatest value.

All of which we humbly report for Your Majesty's gracious consideration.

ARTHUR BALFOUR.
R. W. COOPER.
ADAM NIMMO.
ALLAN M. SMITH.
EVAN WILLIAMS.

20th June, 1919.

Memorandum by Sir Adam Nimmo, K.B.E., and Sir Allan M. Smith, K.B.E.

With reference to the foregoing Report:—

1. As the first stage of the enquiry was concluded and the three Interim Reports of 20th March, 1919, were issued before we became members of the Commission, we are not responsible for anything that was done up to that date or for anything contained in any of the Interim Reports. It is necessary for us to point this out, because in our opinion it is regrettable that the Chairman's Report was not confined to the two matters on which an Interim Report was promised by 20th March, 1919, by the Prime Minister, viz., "the two issues of wages and hours." It was on these two points only that the witnesses were invited to give evidence at that stage of the

proceedings. This is clearly indicated in the letter of 27th February, 1919, from the Secretary of the Commission to the Coal Owners' Associations, which stated that the first part of the enquiry would be confined to a preliminary investigation into the question of wages and hours.

2. The recommendation in favour of nationalisation or unification by purchase and/or by joint control in the Chairman's Report of 20th March, 1919, to which we refer, has made the consideration of these problems in the second stage of the enquiry more difficult for us than would otherwise have been the case.

ADAM NIMMO.
ALLAN M. SMITH.

20th June, 1919.

(4) Report by Sir Arthur Duckham, K.C.B., M.I.C.E.

Dated 20th June, 1919.

TO THE KING'S MOST EXCELLENT MAJESTY.

MAY IT PLEASE YOUR MAJESTY,

I HAVE the honour to present my Report in pursuance of the Coal Industry Commission Act, 1919, on the subjects which fell to be considered during the second stage of the enquiry.

I find myself unfortunately in disagreement with the rest of my colleagues on points both of principle and detail. It appeared to me therefore necessary to submit a separate report.

I divide my report into two parts:—

- (i) The opinions upon which my recommendations are based.
- (ii) My recommendations.

PART I.

Having listened to the whole of the evidence given before the Commission and having assimilated, so far as time has permitted, the many important and interesting documents that have been circulated to the members, I have formed the following opinions:—

I.

Ownership of Minerals.

The private ownership of minerals has not been and is not in the best interests of the community.

II.

Proving of Minerals.

The proving of the country's mineral resources should not be left to private enterprise.

III.

Disadvantages of Private Ownership.

The working of over 3,000 collieries by more than 1,500 separate interests has resulted in heavy losses of coal and inefficient working, and unnecessary difficulties in the winning of the coal.

IV.

Distribution.

The system of distribution of coal to small users and householders has not been and is not satisfactory. The system of distribution of coal to large users and for export in vogue before the war safeguarded the large consumer and encouraged the export trade.

During the war the control of coal supplies has undoubtedly:

- (a) Kept the price of coal within limits.
- (b) Ensured as far as possible an even distribution of the quantity of coal available.

On the other hand control has:

- (c) Resulted in grave inefficiencies in the use of coal, owing to the kind of coal delivered to the user being in many cases unsuitable for his purposes.
- (d) Caused unnatural conditions in the coal trade.

(e) Been responsible for many errors which naturally occur when an enterprise of such magnitude is ruled by a central and more or less makeshift organisation.

V.

Decrease in Output.

There is at the present time a serious decrease in the output of coal. This is caused partly by the general state of disturbance in industry, owing to the change over from war to peace conditions, and partly by a general slackening of effort on the part of all workers. Higher remuneration to labour has not resulted in larger output.

VI.

State Enterprise.

It has not been shown that there is an increased output per worker or less industrial strife when undertakings are owned and controlled by the State for the benefit of the Community.

VII.

Aspirations of Labour.

The workers desire and should have full opportunity to improve their status by :

- (a) Co-operating in the general conduct of the industry.
- (b) Obtaining a proper and sufficient return for their work.
- (c) The improvement of their general conditions of living.
- (d) Having sufficient leisure to devote time to their family circle and their own betterment.

VIII.

Cost of Coal.

It is essential, in order to safeguard the trade and industry of this country, to increase output and reduce costs by practising every economy and improvement in methods.

IX.

Need for Cheap Coal.

Cheap coal is vital to the industrial prosperity of this country and to the comfort of its citizens.

X.

Multiple Shifts.

The evidence has shown that only in a few areas is a multiple shift system of getting coal in operation. The multiple shift ensures the working of the coal face for the maximum number of hours per day by relays of workers. In the majority of collieries therefore the best results are not obtained. The objections of the workers form the chief difficulty in putting this desirable system into practice in all suitable places.

XI.

Housing.

The general housing conditions of the workers throughout the country leave much to be desired, but it has not been shown that miners are worse housed than other great classes of the industrial population. In many cases miners are badly housed. Some owners have consistently and successfully endeavoured to improve conditions. But for the war, many more suitable houses would have been built.

XII.

Pithead Baths.

Mining is a dirty occupation, and the condition of the miners' houses has been made worse and the lives of the miners' wives and families made harder by the dirt being carried into the houses. Pithead baths and drying rooms for pit clothes should have been the rule long ago. Both owners and men have been at fault.

XIII.

Health.

It has not been shown that the health of miners or their families is worse than the health of the workers in other industries.

XIV.

Safety.

The standard of safety in British mines compares most favourably with that in mines in other countries. It has not been shown that nationalisation in other countries has improved safety conditions.

XV.

Private Enterprise.

The development of the coal industry (the chief source of the wealth and industrial success of this country) has been entirely due to private enterprise. On the other hand grave losses to the community have been caused by lack of co-ordination in the efforts of private enterprise.

XVI.

Friction between Owners and Workpeople.

In some of the districts there has been a failure on the part of the owners and workers to realise that their interests should be made common. The result has been continual and gradually increasing friction and mistrust, which have caused decreased efficiency in the working of the mines. The refusal of the Miners' Federation to co-operate with other unions of workers, with the employers, and with the State to obtain general industrial agreement is much to be regretted.

XVII.

Poor Collieries and Areas.

The prosperity of collieries and coal areas varies greatly. There is grave danger under present conditions of many collieries and even some areas going out of production.

XVIII.

Nationalisation.

National ownership and control of collieries does not offer a real solution of the problems. Many advantages have been claimed for nationalisation: practically none has been sustained. Many cogent objections have been advanced against nationalisation, the majority of which have not been refuted. The nationalisation of the coal mining industry would be an unprecedented and colossal experiment. A mistake would result in a national calamity.

XIX.

Bureaucratic Control.

There is a general agreement that bureaucratic control would be unsuited to the proper conduct of the coal industry. Incentive and freedom of action are necessary; bureaucracy stifles both.

XX.

Miners' Federation Bill.

The Bill drafted and submitted on behalf of the Miners' Federation does not offer a satisfactory solution. Among many points which make this scheme unworkable are the following:—

1. The Minister is responsible both to Parliament and a Mining Council.
2. The impracticable proposals for the control of the industry.
3. The predominance of the Miners' Federation; the disregard of the many other interests concerned in the industry.
4. The proposed confiscation of property.
5. The very wide powers of acquisition to be granted to the Mining Council, coupled with a disclaimer clause which might paralyse industry.

XXI.

Mineowners' Proposals.

The mineowners' proposals show a desire to meet the aspirations of the workers, but a profit-sharing scheme, under which bonuses form part of the wages, and the failure to include workmen's representatives on the Board of Directors as a necessary adjunct to the scheme render the main proposals unacceptable. Further, there are no suggestions for the unification of the working of collieries in the same district.

XXII.

Research.

Research and experiment to improve methods and conditions of working and dealing with coal have not, in the majority of collieries, received sufficient attention. No evidence is forthcoming, except in a few specific instances, of serious co-operative effort between owners to carry out research and to pool ideas and experience.

XXIII.

Fuel Conservation.

An enormous amount of fuel is being wasted in this country. The collieries are offenders, but every industry is wasting fuel by using it uneconomically. A very substantial saving could rapidly be made if the question of economy were made a national one. The generation of electricity in central stations is only one line of advance. Similar and even greater savings could be made if proper action were taken in other spheres.

XXIV.

Unsettled Position of Industry.

Control and special war conditions have disturbed the whole industry. The appointment of the Coal Commission, the issue of the interim reports, and the publication of evidence in the Press have unsettled the industry still further, and are preventing all development. It is essential that the future of the industry be decided at an early date. Conditions in the industry should be changed as little as possible, compatible with the attainment of efficiency, better conditions and satisfactory supplies to the consumers.

PART II.

Having briefly stated my opinions as to what are the salient facts of the present situation, I make the following recommendations. The time left for the preparation of reports after the completion of evidence has been so short that it is only possible to make recommendations on the broadest lines.

XXV.

Acquisition of Mineral Rights.

The whole of the mineral rights of Great Britain should be acquired by the State, the value of such rights being estimated in each case on the same basis as adopted by the Inland Revenue in assessing ownership of minerals for death duties (the evidence of the witnesses from the Inland Revenue Department clearly show the principles), due regard being given to the change in value of money owing to the war, increased taxation (with the exception of the Excess Mineral Rights Duty), etc. No increased value should be given in cases where it can be shown that mineral owners have used improper pressure to obtain royalties above those commonly obtained or in the case of sliding scale royalties which have become excessive through war conditions. Compensation should preferably be paid in the form of annuities, as suggested in Mr. Walter Leaf's evidence.

XXVI.

Ministry of Mines.

A Ministry of Mines should be set up, which should, at a later date, form one of a group of Ministries attached to a Ministry of Industry. The duties of the Ministry of Mines should be (*inter alia*)—

- (a) To supervise and control all mineral rights throughout Great Britain and to ensure the proper working of all minerals.
- (b) To ensure the making of a complete geological survey (including the systematic proving of all coal areas) of the whole country.
- (c) To be responsible, through its inspectors, for the proper equipment and running of mines to ensure safety.
- (d) To initiate and, if necessary, carry out research for the improvement in the conditions of those working in and about mines, better methods of winning coal, etc.
- (e) To undertake the study of the special diseases of underground workers and to initiate special treatment.
- (f) To exercise any control of the industry which a national emergency may render necessary.
- (g) To advise the Minister of Labour as to the special conditions in the coal industry.
- (h) To co-operate with any Government Department set up for the conservation of fuel.

XXVII.

Area Commission.

A Commission assisted by experts acquainted with the various districts should at once be set up to decide the areas into which the country should be divided (all mining interests in each of such areas being amalgamated) in order to obtain the best economies and efficiencies in the winning and working of coal. The areas should not be larger than necessary to ensure—

- (a) The most efficient draining and pumping for the whole area.
- (b) The most rapid transport of the coal to the surface and the miner to his work.
- (c) The obtaining and distribution of power from one centre.
- (d) The prevention of waste of coal by artificial barriers, etc.
- (e) The proper handling of the various classes of coal produced in the area.

XXVIII.

Unification.

It is essential that all the colliery interests in the areas specified should be amalgamated in order to obtain proper working. The amalgamated interests would be granted a lease by the Crown to work coal and other necessary minerals.

XXIX.

Method of Unification.

It is possible to prepare a variety of schemes to attain the primary object of unification in areas, but the following proposals are made to illustrate the intention. The proposals assume the discontinuance of the present system of control.

The whole of the mining and mineral interests in each area should be amalgamated into a Statutory Company (hereinafter called "a District Coal Board").

- (a) The total par value of the shares issued by any Board shall not be greater than the total value of the various amalgamated interests as going concerns at the present time, but valued at 1914 prices, due allowance being made for the capital expenditure since that date at enhanced prices.
- (b) The shares of the District Coal Board should be of one class only and should be entitled to a minimum rate of dividend of 4 per cent. which should be guaranteed by the Government.
- (c) Profits in excess of those necessary to pay the 4 per cent. dividend and usual depreciation may be utilised—
 - (i) to form such reserve funds as may be approved by the Minister of Mines.
 - (ii) To pay a further 2 per cent. dividend.
 Of the remaining profits one-third may be utilised for paying further dividend on shares, but the other two-thirds must be used to reduce the price of coal.

The above proposals for the division of profits do not preclude a bonus on profits being paid to the managerial and clerical staff. This would correspond to the bonus in output proposed below for the manual workers.

XXX.

Government Right to take over a District Coal Board.

The Government shall have the right to take over the shares of any District Board should the Board have called upon the Government in four years out of a consecutive seven years to make advances to pay the guaranteed dividend and the Board failed to repay within the seven years any advances made. The compensation to be paid by the Government for the shares so acquired should be based upon the profits earned by the undertaking during such seven years.

XXXI.

Board of Directors.

The number of Directors on each Board should be not less than seven. All except three of the Directors should be appointed in the ordinary way by the shareholders. Of such three Directors, one should be elected by ballot of the agents, managers and under-managers, and two by ballot of the workpeople engaged in the area.

XXXII.

Government Representative.

The Government, as owner of all minerals in the area, should appoint a competent mining engineer to safeguard the interests of the State. He should have the right to attend directors' meetings when he desires to do so, but should have no voting power.

XXXIII.

Agents, Managers, and Undermanagers' Representatives.

The agents, managers and undermanagers have and will continue to have legal obligation for the proper and safe running of mines. They therefore should be represented on the Board of Directors. Their expert advice would be invaluable.

XXXIV.

Workmen's Representatives.

Labour has a special claim for representation on the directorate as wages form the predominant item in the cost of production and the conditions of the industry are necessarily hazardous. The other directors would benefit greatly by having actual workers on the Board with a close knowledge of conditions, and the workmen would have a definite voice in the conduct of the industry.

XXXV.

Each director must have full power of taking decisions and voting without reference.

XXXVI.

Minimum or Standard Wages.

The minimum or standard wages for mine workers should be considered and settled together with the general wages of the country. Whatever machinery may be set up by the Minister of Labour for this purpose should be utilised.

XXXVII.

Committee for Settling Rates and Wages.

Special rates and wages should be settled for the area of each District Board. The basis should be the agreements at present in force which have been arrived at after years of experience. Conciliation Boards on similar lines to those now existing shall deal with special wages and disputes.

XXXVIII.

Payment by Results.

The wages of all workpeople and employees should be guaranteed by minimum or standard rates. An equitable system of payment on increased output and efficiency should be arranged and made applicable, as far as possible, to all manual workers in addition to the system of piece-work rates at present in force.

XXXIX.

Associated Undertakings.

Where a colliery undertaking is attached to other industrial undertakings, such as iron, steel-works, by-product ovens, &c., the value of the colliery undertaking should be separated and included in the holding of the District Coal Board. The colliery should then be leased back to the original owners, who would have the right to raise and use all coal necessary for their own purposes, but they should have no powers to sell coal as such except through the District Coal Board.

XL.

Responsibility of Manager.

At each colliery, as now, the manager should be responsible for and have complete control of the running of the pit. The District Coal Board will have managing directors, consulting engineers and technical experts, who will naturally discuss matters with the managers and lay down general policy.

XLI.

Pit Committees.

At each colliery a pit committee should be set up with the manager as chairman and representatives of each main class of workmen employed in or about the mine. The pit committees should meet at definite intervals and would be competent to discuss and make proposals on—

- (a) safety of the mine;
- (b) conditions of working;
- (c) improvement in methods;
- (d) comfort and well-being of the workers while in the mine or colliery premises;
- (e) any disputes that may arise other than wages disputes.

Wages would not be discussed at pit committee meetings.

XLII.

Multiple Shifts.

The general extension of multiple shifts, as the most ready means of increasing output, reducing costs, and improving wages to the workpeople as a whole, should be immediately considered by a joint committee of the Government, owners and miners.

XLIII.

Housing.

Housing is a national question. The present great Government scheme will prevent any other general scheme forward, as all available building facilities will be fully utilised.

XLIV.

Pit Head Baths.

The 1*d.* per ton levy proposed in the Interim Report presented by the Chairman, myself and my two colleagues should be immediately used for setting up pit-head baths and drying rooms. This will do much to improve housing conditions.

XLV.

Distribution.

Municipalities and local authorities should be given powers to undertake the distribution of coal in their areas, either by setting up their own organisations, purchasing existing businesses or employing existing contractors.

XLVI.

Coal Traffic.

The question of the economy of coal traffic and private ownership of wagons should be dealt with by the Minister of Ways and Communications in conjunction with the Minister of Mines. The interests of the consumer must be safeguarded, and the consumer must be given free choice of fuel to ensure proper economy in its utilisation.

XLVII.

Accounts and Costing.

A standard form of accounts should be adopted for all District Boards.

XLVIII.

Publicity.

It is essential that there should be complete publicity as to the operations and financial results of the coal industry. The Ministry of Mines should be expressly charged with the duty of publishing, not less than once a year, figures showing the cost of getting coal in each of the districts of the country, and the proportion chargeable to materials, wages, general expenses, interest, profits and other general items.

XLIX.

Meeting of Chairmen of District Boards.

The Minister of Mines should hold a meeting of the Chairmen of all District Boards quarterly (and at such other times as may be required by the Minister).

L.

Commission for Heat, Light and Power.

Commissioners for Heat, Light and Power should be appointed, who should undertake a full enquiry into the wastage of fuel and the best methods of effecting economies throughout the country.

I desire to associate myself with the Chairman in his expression of thanks and appreciation to the Assessors and Secretaries for the invaluable help they have given to the Commission throughout the enquiry, and for the great assistance I have received from them in the preparation of my Report.

All of which I humbly report for Your Majesty's gracious consideration.

ARTHUR DUCKHAM.

20th June, 1919.

LIST OF WITNESSES.

THE FOLLOWING IS A LIST OF THE WITNESSES WHO HAVE GIVEN EVIDENCE BEFORE THE COMMISSION UPON THIS STAGE OF THE ENQUIRY:—

Name.	Description.	Principal Topic.	Questions.	Pages.
Andrews, Arthur ...	President, Swansea Chamber of Commerce.	Anthracite and Steam Coal Trade in South Wales.	24,010-24,047	994-997
Andrews, Mrs. Elizabeth.	Wife of ex-miner (South Wales) ...	Hygienic conditions of miners' homes.	24,393-24,462	1019-1022
Ashley, Sir William James.	Vice-Principal and Professor of Commerce, University of Birmingham.	Economics	10,561-10,579	427-430
Bailey, Thomas Henry.	Mining Engineer	Mining leases and Mineral Royalties.	16,916-17,113	689-697
Beauchamp, Sir Frank, Bart.	Colliery Owner	For Bristol and Somerset and Forest of Dean Coalfields.	21,371-21,503	890-898
Bell, Sir Hugh, Bart.	Managing Director of Bell Bros., Middlesbro', &c.; representing National Federation of Iron and Steel Manufacturers.	Effect of Nationalisation of Mines on other industries. Consumers.	26,221-26,383	1121-1132
Birtles, Henry ...	Registrar of Joint Stock Companies, Somerset House.	No. of Shareholders in Coal-mining companies &c.	27,956-27,979	1203-1205
Blane, William, C.B.E.	Mining Engineer	Subjects subsidiary to principles of Nationalisation.	22,741-22,852	950-954
Bowden, John Horace.	Chief Engineer and General Manager, Poplar Electricity Department, Secretary, Trades Union Congress ...	Public Control of Electricity Works. Consumers	25,958-25,989	1106-1108
Bowerman, Right Hon. Charles William, M.P.	Secretary, Trades Union Congress ...	Consumers	25,713-25,799	1097-1100
Bramwell, Hugh, O.B.E.	Mining Engineer	For Mining Association of Great Britain.	21,007-21,353	872-884
Broadberry, Arthur Edward.	Chief Engineer and General Manager, Tottenham District Light, Heat, and Power Company.	Consumers	26,663-26,684	1145-1146
Brooks, Alfred ...	Member of London Chamber of Commerce.	Consumers	25,399-25,458	1071-1075
Brown, Edward Otto Forster.	Mining Engineer	Development of Coal-fields.	17,554-17,696	715-718
Brown, Mrs. Agnes...	Miner's wife (Scotland)	Hygienic conditions of miners' homes.	24,463-24,537	1022-1025
Bute, Marquis of ...	Royalty Owner	Mining Royalties ...	15,754-15,894	653-658
Callaghan, Thomas Joseph.	Chairman, S. Wales Coal Exporters' Association.	Export Trade... ..	19,457-19,546	793-798
Campbell, Hugo Arthur.	Ex-miner	State Ownership in New Zealand.	19,547-19,590	798-799
Cannan, Edwin ...	Professor of Political Economy, University of London.	Economics	10,580-10,661	432-436
Carmichael, Duncan	Secretary, London Trades Council ...	Consumers	26,685-26,727	1146-1148
Cash, William ...	Fellow, Institute of Chartered Accountants.	General	24,706-24,762	1033-1037
Cole, George Douglas H.	Fellow of Magdalen College, Oxford ...	Economics	13,117-13,282 25,990-26,004 13,283-13,305	548-557 1108-1109 558-559
Collis, Edgar Leigh...	Medical Inspector of Factories and Director of Welfare and Health, Ministry of Munitions.	Health conditions ...	15,284-15,508	633-640
Cox, Harold... ..	Author and Economist	Nationalization ...	10,662-10,885 10,886-11,403 24,763-24,826	436-446 446-463 1038-1040
Cramp, Concomore Thomas.	President, National Union of Railwaymen.	Consumers	26,804-26,857	1151-1152
D'Abernon, Baron, G.C.M.G.	Chairman, Central Board Liquor Control.	Relation between Wages and Cost of Living.	24,538-24,558	1025-1026
Delevingne, Sir Malcolm, K.C.B.	Assistant Under-Secretary of State for Home Affairs.	Safety in Mines ...	17,828-18,228	723-738
Devonport, Viscount	Chairman, Port of London Authority...	Finance	26,032-26,118	1111-1116
Dewrance, John ...	Chairman of Pioneer Companies ...	Boring and Development.	17,235-17,332 17,500-17,553	704-708 713-714

Name.	Description.	Principal Topic.	Questions.	Pages.
Downing, Stanford Edwin.	Secretary, Ecclesiastical Commissioners	Mining Royalties	{ 13,969-14,011 14,012-14,069	584-587 588-590
Dunraven, Earl of, K.P., C.M.G.	Royalty owner	" " ...	14,561-14,608	607-608
Durham, Earl of, K.G., G.C.V.O.	" "	" " ...	14,177-14,403	596-603
Dynevor, Baron ...	" "	" " ...	14,404-14,448	603-604
Edmonds, James ...	Factor to Trustees of late J. G. E. Wemyss.	" " ...	17,333-17,364	708-709
Fisher, Hon. Francis, M.B.	Director of Imperial Association of Commerce.	State Ownership in New Zealand.	24,559-24,697	1026-1032
Fletcher, Clement ...	General Manager, Atherton Colliery Co., Colliery Director.	Colliery development; housing conditions.	19,325-19,360	784-785
Forster-Brown, Westgarth.	Mining Engineer	Mining Royalties ...	13,471-13,818	567-579
Forster, Thomas Emerson.	Mining Engineer	Nationalisation of Mineral Rights.	14,449-14,560	604-607
Forestier-Walker, Chas. Evelyn.	Mining Engineer	Nationalisation of Mineral Rights.	17,114-17,174	698-701
Gainford of Headlam, Baron.	Colliery Owner	Chief Witness for the Mining Association of Great Britain.	{ 19,670-20,058 20,059-20,767	803-829 829-858
Gardiner, Frederick Crombie.	President, Glasgow Chamber of Commerce.	Consumers	25,181-25,316	1060-1067
Gee, Philip	Director, Coal Association	Coal Association ...	27,282-27,346	1180-1181
Gemmell, John ...	Mining Engineer	Nationalisation of Mineral Rights.	14,609-14,805	609-615
Gihson, John ...	Colliery Manager	Scottish Mine Managers' Association.	22,322-22,618	934-943
Greener, John Adam St. John.	Member of firm of W. Mathwin & Son	Export trade	24,009- —	993-994
Greenwood, Arthur...	Late Lecturer in Economics, University of Leeds.	Economics	13,072-13,116	545-548
Haldane, Viscount, K.T.O.M., F.R.S.	Chairman, Machinery of Government Committee.	Public Administration	25,559-25,643	1082-1091
Haldane, J. S., F.R.S.	Director, 'Doncaster Coal-owners' Research Laboratory.	Health of Miners ...	18,229-18,367	738-745
Hann, Edmund Mills	Mining Engineer	Possibility of electrical and mechanical improvements.	18,666-18,762	756-762
Hart, Mrs. Mary Elizabeth	Miner's wife (Lancashire)	Hygienic conditions of miners' homes.	24,333-24,392	1016-1019
Hohhouse, Prof. Leonard Trelawny.	Professor of Sociology, University of London.	Economics	13,306- —	559-561
Hohson, John Atkinson.	Lecturer and Author	Economics	11,550-11,609	473-476
Hughes, Austin Owen	Colliery Surveyor... ..	Work undertaken by Mine Surveyors. {	22,209-22,222 22,229-22,321 24,197-24,203	929-931 931-934 1005-1010
Jenkinson, M. Webster.	Chartered Accountant	Costing	24,197-24,203	1005-1010
Jones, J. H. ...	Lecturer in Social Economics, University of Glasgow.	Economics	11,966-12,013	498-501
Knox, Prof. George	Principal S. Wales and Monmouthshire School of Mines.	Development of School of Mines Research work. {	26,005-26,031 26,384-26,521	1109-1111 1132-1136
Lawrence, Arthur ...	Mining Engineer	Mining Royalties ...	13,819-13,968	579-584
Leaf, Walter, Litt, D.	Chairman, London County, Westminster and Parr's Bank; Chairman, London Clearing Bankers.	Finance	26,119-26,220	1116-1121
Londonderry, Marquis of, M.V.O.	Royalty Owner and Colliery Owner ...	Mining Royalties ...	15,242-15,283	631-633
McLaren, Sir John, K.B.E.	President, Leeds Chamber of Commerce	Consumers	{ 25,051-25,080 25,157-25,180	1052-1055 1058-1059
McLaughlan, John David	Mining Engineer	Mineral Leases in Scotland.	15,895-16,343	658-670
Mann, Sir John, K.B.E.	Controller of Munitions Contracts, Ministry of Munitions.	Costing	24,194-24,196	1003-1005
Merz, Charles H. ...	Electrical Engineer	Conservation of Resources; Development of Electric Power Scheme. {	18,763-18,862 18,863-18,956	762-768 768-772
Mills, Frederick ...	Managing Director, Ebbw Vale Steel, Iron & Coal Company.	General	{ 25,459-25,496 25,800-25,957	1075-1078 1100-1106
Mitton, Henry Eustace	Mining Engineer	Boring and Development Work.	17,697-17,827	718D-723
Money, Sir Leo Chiozza.	Author and Economist, late Parliamentary Secretary of the Ministry of Shipping.	Nationalisation {	12,731-12,747 12,748-13,071	527-532 532-544
Muschamp, Percival...	Colliery Manager	National Association of Colliery Managers.	24,979-25,050	1047-1052
Nelson, Capt. Robert	Electrical Inspector of Mines, Home Office.	Electrical Development	19,361-19,379	785- —

Name.	Description.	Principal Topic.	Questions.	Pages.
Northumberland, Duke of.	Royalty Owner	Mining Royalties ...	15,033-15,241	625-631
O'Donahue, Thomas Aloysius.	Mineral Valuer, Board of Inland Revenue.	Valuation	14,070-14,119	590-593
Percy, Richard Frederick.	Mineral Valuer, Board of Inland Revenue.	Valuation	14,120-14,176	593-596
Perry, Robert Grosvenor.	Chairman of Association of British Chemical Manufacturers, etc.	Control of Productive Operations by Public Departments.	19,591-19,669	799-803
Phillips, Sir Lionel, Bart.	Chairman, Central Mining Investment Corporation, and Governor, Imperial Mineral Resources Bureau.	Finance	26,522-26,627	1136-1141
Pigou, Arthur Cecil	Professor of Political Economy, Univer- sity of Cambridge.	Economics	10,256-10,560	416-427
Plumtre, Henry Fitzwalter.	Royalty Owner	Kent Coal Concessions	17,365-17,499	709-713
Prest, John Joseph...	General Manager of Horden Collieries...	Housing	27,198-27,281	1176-1180
Price, Sir Keith ...	Late Member of Munitions Council, Ministry of Munitions.	State Control of Fac- tories during the War.	24,133-24,193	1000-1003
Pugh, Arthur	Secretary, Iron and Steel Trades Con- federation.	Consumers	27,154-27,197	1173-1175
Randall, John Morgan	Agent to the Earl of Dunraven ...	Mining Royalties ...	14,561-14,608	607-608
Redmayne, Sir Richard, A.S., K.C.B.	H.M. Chief Inspector of Mines and Chairman, Imperial Mineral Resources Bureau.	General	26,858-27,153 27,347-27,955 27,980-28,408	1153-1173 1182-1203 1205-1219
Rhodes, Charles Edward	Mining Engineer	Mining Royalties and Mineral Leases.	16,344-16,915	671-689
Rhodes, Frederick Parker.	Colliery Owner	For Mining Association of Great Britain.	20,768-21,006	859-872
Rose, George ...	Chairman, National Association Coal Traders, and the Railborne Coal Factors and Wholesale Merchants' Association.	Distribution	24,827-24,947	1041-1046
Ryan, Hon. T. J. ...	Premier and Attorney-General of Queensland.	State Ownership in the Colonies.	13,307-13,470	561-567
Sanders, Capt. Wm. Stephen.	Secretary, Fabian Society	State Ownership in Germany.	22,205-22,208	927-928
Scott, William Robert, F.B.A.	Adam Smith, Professor of Political Eco- nomy, University of Glasgow.	Economics	11,404-11,549	463-473
Shaw, Joseph, K.C....	On behalf of Incorporated South Wales and Monmouthshire Coal Freighters' Association.	Export Trade... ..	23,766-23,889	983-989
Shaw, Joseph ...	Chairman, Humber Coal Exporters' and Shippers' Association.	Export Trade... ..	25,317-25,398	1067-1071
Shufflebotham, Frank.	Medical Adviser to Ministry of Muni- tions, &c.	Accidents in Mines } Health of Miners. }	18,368-18,378 18,379-18,665	745-746 747-756
Slessor, Henry H. ...	Barrister-at-Law	For Miners' Federation of Great Britain.	22,041-22,204	915-927
Slingo, Sir William, K.C.B.	Engineer-in-Chief, General Post Office...	Administration of State Services.	25,644-25,712	1091-1093
Smallwood, Edward...	Chairman, Coal Merchants' Federation of Great Britain.	Distribution	24,204-24,332	1011-1016
Stevenson, Sir Daniel Macaulay, Bart.	Scottish Coal Exporters' Association ...	Export Trade... ..	23,890-24,008	989-993
Stohart, Col. Hugh Morton.	Agent to the Earl of Durham	Mining Royalties ...	14,271-14,403	599-603
Strafford, Earl of ...	Trustee to the late R. G. E. Wemyss ...	Mining Royalties ...	15,509-15,548	640-642
Straker, William ...	Secretary, Northumberland Miners' Association.	For Miners' Federa- tion of Great Britain }	22,619-22,622 22,853-23,223 23,224-23,765	944-946 955-966 966-982
Tallis, Alfred Simeon	Chairman, Monmouthshire and South Wales Coal Owners' Association.	Housing	25,497-25,558	1079-1081
Terrett, John Joseph	Secretary, National Food Vigilance Committee.	Consumers	26,728-26,803	1148-1151
Thorneycroft, Wallace	Mining Engineer	For Mining Associa- tion of Great Britain. }	21,504-22,040 21,354-21,370	898-915 884-890
Tredegar, Baron ...	Royalty Owner	Mining Royalties ...	15,587-15,753	648-653
Tryon, John ...	Trustee, Earl of Dudley's Estate ...	Mining Royalties }	14,806-14,812 15,554-15,586	615-616 642-647
Turner, David Neville	Mineral Agent	Kent Coal Concessions	17,365-17,499	709-713
Vachell, Theodore ...	Mining Engineer	Mining leases and housing of miners.	17,175-17,208	701-703
Valliant, John Ignatius.	Colliery Surveyor	Work undertaken by Mine Surveyors.	22,223-22,228	931- —
Wade, Hon. Sir Charles, K.C.	Agent-General for New South Wales ...	State Ownership in the Colonies.	19,380-19,456	786-792
Walker, William, C.B.E.	Acting Chief Inspector of Mines, Home Office.	Inspection of Mines, Accidents in Mines.	18,957-19,324	772-784
Wallas, Graham ...	Professor of Political Science, Univer- sity of London.	Economics.	11,936-11,965	495-498
Wallwork, Jesse ...	Mining Agent to Earl of Ellesmere ...	Mining Royalties ...	17,209-17,234	703-704

Name.	Description.	Principal Topic.	Questions.	Pages.	
Warren, Timothy ...	Agent to Duke of Hamilton	Mining Royalties ...	14,813-15,032	617-625	
Watson, David Milne	President, National Gas Council ...	Consumers	26,628-26,662	1141-1145	
Webb, Sidney ...	Professor of Public Administration, University of London.	Nationalisation	11,610-11,935 12,014-12,730	477-495 501-527	
Wemyss, Michael John Erskine.	Royalty Owner	Mining Royalties ...		15,549-15,553	642- —
Williams, Edward Samuel.	Colliery Manager	National Association of Colliery Managers.	24,948-24,978	1046-1047	
Wilson, John Thomson.	Medical Officer, County of Lanark ...	Health Statistics ...	24,048-24,132	997-1000	
Wilson, Joseph Havelock, C.B.E., M.P.	President, National Sailors' and Fire- men's Union.	General	24,698-24,705	1032-1033	
Winstone, James ...	Vice-President, South Wales Miners' Federation.	For Miners' Feder- ation of Great	22,623-22,740 22,853-23,223 23,224-23,765	946-950 955-966 966-982	
		Britain.		25,081-25,156	1055-1058
Wright, George Henry.	Secretary, Birmingham Chamber of Commerce.	Consumers			

TOTAL 117

COAL INDUSTRY COMMISSION.

SECOND STAGE—FIRST DAY.

WEDNESDAY, 23RD APRIL, 1919.

PRESENT :

THE HONOURABLE MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. ROBERT SMILLIE.

MR. R. W. COOPER.

SIR ALLAN M. SMITH

SIR ARTHUR DUCKHAM.

MR. HERBERT SMITH.

MR. J. T. FORGIE.

MR. R. H. TAWNEY.

MR. FRANK HODGES.

MR. SIDNEY WEBB.

SIR LEO CHIOZZA MONEY.

MR. EVAN WILLIAMS.

SIR RICHARD A. S. REDMAYNE (*Assessor*).

MR. ARNOLD D. McNAIR (*Secretary*).

MR. GILBERT STONE (*Assistant Secretary*).

Chairman: Gentlemen, in order that the Press and the general public may appreciate the class of evidence we are going to call, I will state quite shortly the nature of the evidence to be given at the first part of the Inquiry. We have, first of all, thought it wise to call a number of gentlemen who are scientific economists; that is to say, gentlemen who have not practical experience with coal mines, but who are text-books writers, professors, and other learned persons who treat upon the subject of Nationalisation generally. For example, we shall have to-day Professor Pigou, who is Professor of Political Economy in the University of Cambridge, and a Fellow of King's College, Cambridge. Then we shall have Professor Sir William Ashley, who is the Vice-Principal of the University of Birmingham, and Professor of Commerce at the same University. We shall have Professor Edwin Cannan, Professor of Political Economy in the University of London and the London School of Economics and who is the author of various works on economic subjects. There is a number of other gentlemen of the same class. We hope, for example, to call first to-morrow a very well-known gentleman, Mr. Harold Cox, who is a writer upon these subjects. We also have a Professor from the University of Glasgow, Professor W. R. Scott, and other learned gentlemen from other Universities, and eventually one member of our own body, Mr. Sidney Webb, will give us his views; he will go into the witness box, offer himself for cross-examination, and give his views not only generally upon the subject of Nationalisation, but especially on the Nationalisation of the particular industry with which we are now dealing. I had hoped that the whole of those witnesses, except Mr. Sidney Webb, who is not able to be here to-morrow or the day after, would be finished by to-morrow night; but, unfortunately, owing to somewhat short notice, the Commission was not able to have the private meeting which we hoped to have last night. Some of the members did not attend, and the result is that the Commission will have to adjourn to-day at half-past one, and not sit again to-day. It will deliberate in private to-morrow morning, and will sit punctually at two o'clock to-morrow afternoon. I hope, with the two sittings of this morning and to-morrow afternoon, that the whole of what I call the scientific witnesses will be finished, with the exception

of Mr. Sidney Webb, and any other gentleman who may come possibly later, but of whom at present I am not aware.

After that evidence is concluded we propose to consider the case of the royalty-owners, and, giving the best estimate I can with regard to time, I hope and think they will be called first thing on Friday. The Commission will not sit on Saturday, but will resume its sittings on Tuesday. After those witnesses have been finished we shall call other classes of witnesses, and I will announce those classes of witnesses, and as far as possible their names, at the Tuesday sitting. The first two sets of witnesses, as I say, will be the scientific economists and the royalty-owners.

I now propose to call the first witness of the scientific economists, namely Professor Pigou.

Mr. R. F. Pawsey: Sir, may I make an application?

Chairman: Yes.

Mr. R. F. Pawsey: I desire to make a formal application to the Commission under sub-section 3 of section 2 of the Act constituting the Commission that royalty-owners may jointly appear by counsel and witnesses.

Chairman: That sub-section reads: "Persons interested in the inquiry shall not be entitled to appear before the Commissioners by counsel or solicitor unless it appears desirable to the Commissioners to allow any such appearance for special reasons." What special reasons do you allege?

Mr. R. F. Pawsey: My special reasons are that there is no one on the Commission directly representing the interests of royalty-owners, and it is very desirable that those interests, which are both small and great, should be put before the Commission. Further, Sir, I say that, having had experience as a witness in the chair, I desire that Counsel shall not only advise witnesses, but be here to protect witnesses.

Chairman: I am not for a moment saying I am unsympathetic with your application, but could you kindly deal with the question of it being a special reason? Was there anybody representing the royalty-owners upon the Mining Royalty Commission?

Mr. R. F. Pawsey: Yes.

23 April, 1919.]

[Continued.]

Chairman: Who was it, please?

Mr. R. F. Pawsey: It appears at page 80. Mr. Frederick Parker Rhodes was undoubtedly a solicitor who has a very wide experience indeed in royalty matters.

Chairman: Take Mr. R. W. Cooper on this Commission. Has he not experience of royalty matters? He is one of the Commissioners.

Mr. R. F. Pawsey: But I think Mr. Rhodes directly represented royalties.

Chairman: I see your point.

Mr. R. W. Cooper: As a matter of fact, the late Mr. G. B. Foster was a direct representative of royalty-owners, and so was Mr. Jamieson, of Edinburgh.

Chairman: Your point, Mr. Pawsey, first of all, is that there is precedent for it on another Commission, and the special reason is that you are not represented on this Commission. Were there Counsel before that other Royal Commission? Perhaps you would like to renew your application when Mr. Leslie Scott is here?

Mr. R. F. Pawsey: I would.

Mr. Robert Smillie: Would Mr. Pawsey put in a list of the people he directly represents and applies for?

Chairman: I understand this gentleman's position, and I daresay he is instructing Counsel.

Mr. R. F. Pawsey: Yes. Might Mr. Leslie Scott make the application to you?

Chairman: Certainly. When can he make it?

Mr. R. F. Pawsey: I hope before half-past one.

Chairman: If he does not, will you renew your application?

Mr. R. F. Pawsey: Yes.

Mr. Robert Smillie: When Mr. Leslie Scott makes the application later on will you put in a list of the Members of your Association?

Mr. R. F. Pawsey: The point would be that we should represent the royalty-owners of Scotland, Northumberland, Durham, Lancashire, South Wales, Yorkshire and the Midlands.

Chairman: All the royalty-owners?

Mr. R. F. Pawsey: I cannot say all the royalty-owners are bearing this expense. They are collectively

now, not in the former Association I represented, represented by this Committee of the joint royalty-owners of the Kingdom.

Chairman: When Mr. Leslie Scott renews the application you might ask him to give your precedents and reasons. I am sure there are some if you say there are.

Sir L. Chiozza Money: Could we know what amount of royalty capital is represented by this gentleman?

Chairman: Mr. Leslie Scott will tell us when he makes the application.

Mr. R. F. Pawsey: Now, may I ask for leave to purchase copies of the evidence upon which the Reports have been issued?

Chairman: Do you want leave for that? Can you not get it from the stationer?

Mr. R. F. Pawsey: We cannot get it. We have daily applied since the Commission adjourned and we cannot get it. There is no means of our witnesses studying Sir Richard Redmayne's evidence.

Chairman: That is a perfectly reasonable application. The position at present is that the evidence has to be revised and corrected by the gentlemen who gave it. One gentleman, I understand, is somewhat astonished at the evidence he gave and wants rather large revision. Yours is a perfectly reasonable application, and the reason it cannot be acceded to is not that we are not ready to do so, but the revised edition is not to hand.

Mr. R. F. Pawsey: Might we postpone calling evidence until we get the printed proceedings?

Chairman: I do not know when you will get the evidence. If it will assist you, my view about it is that this is a National inquiry and we want everyone's brains so as to come to a good solution of the question. I do not care whose brains they are. I will give you my own copy of the evidence, but this morning I cannot do more than that.

Mr. R. F. Pawsey: I would not rob you, Sir. I have one copy, but that copy is in the hands of leading Counsel.

Chairman: If you have mine then you will have two copies. I am afraid at the moment it is at my private house, but I will send for it and you shall have it, but you will let me have it back?

Mr. R. F. Pawsey: Certainly.

Professor ARTHUR CECIL PIGOU, Affirmed and Examined.

Chairman: The system we have is that I read your proof, and after that any gentleman on the Commission who desires to ask you a question will do so. This is your proof:

Arthur Cecil Pigou, Professor of Political Economy in the University of Cambridge and Fellow of King's College, Cambridge, will say:—

1. I have never made any special study of the problem of nationalising coal mines. It has obviously been impossible for me to do this in the few days since the Secretary invited me to give evidence. Nevertheless, I am, of course, at the service of the Commission, and if, in the circumstances, they wish to hear me, am willing to attend.

2. Nationalisation in any sense cannot be judged on grounds of general principle. What would work well under one kind of Government would work badly under another; and what, under any given Government would work well for one industry would work badly for another. The desirability or otherwise of the nationalisation in any sense of any industry can only be determined after a detailed study of the characteristics of the industry in relation to the qualities of the country's Governmental machinery.

3. What is desirable in respect of one industry depends in part on what is being done in other industries. Thus if railways and electric power are nationalised, from one point of view the case for nationalising coal mines is strengthened. But from

another point of view it is weakened, because of the danger of overweighting the Governmental machinery. It does not follow, for example, that because, say, the Government is fitted to run the Post Office, it is therefore fitted to run 200 other industries of the same general type.

4. When an existing method of running an industry is up for trial as against a proposed new method, there is a tendency to exaggerate the advantages of change, because the defects of the existing method are demonstrable and those of the proposed method are not. The existing method in practice comes to be contrasted with the proposed method in ideal. But the proposed method, whatever it is, when applied, is certain also to involve a great deal of friction and waste. Evidence of inefficiency in the present system is, of course, *pro tanto* an argument for change, but it is not a decisive argument.

5. To the present system of working the coal industry the principal alternatives appear to be the following: (1) unification under a private combine subject to Government control in the matter of prices and conditions of work; (2) the transference by purchase of the mines to a special "public utility" authority on the pattern of the Port of London Authority; (3) the continuance of the mines in private ownership but the permanent establishment over them of Government control empowered to issue orders not merely about prices and conditions of work but also about organization and methods of production; (4)

23 April, 1919.]

PROFESSOR ARTHUR CECIL FIGOU.

[Continued.]

the purchase of the mines by Government and their leasing to private concerns covering suitable areas, subject to various conditions as to co-operative working and prices: (5) the purchase by Government of a "controlling interest" in all mines and the appointment of Government representatives on the Boards of Directors: (6) Government ownership *plus* Government management through a Minister of Mines.

6. *Plan 1.*—Unification in a private combine under the auspices of the State would involve the creation of a dangerously powerful monopoly; and no promise of safeguards would bring people to tolerate it. This is not practical politics.

7. *Plan 2.*—Under the Port of London Authority scheme it is provided that if the Authority fails to obtain sufficient income to meet the interest on its stock (with which the Company was bought out) its charges shall be raised until it does obtain sufficient. This arrangement provides a safeguard against the danger that under direct Government management political pressure should cause the concern to be carried on at a loss, or, in other words, with the help of a bounty from the taxpayers. It should not, however, be impossible to provide against this danger under nationalisation proper. Apart from this, the Port of London Authority plan seems to have no advantage over the other *for an industry of national scope*; and it is very improbable the Parliament would agree to set up an *imperium in imperio* of this kind.

8. *Plan 3.*—The continuance of mines in private ownership working under a Government authority empowered to issue orders is preferred by some to full nationalisation on the ground that under it the advantage of private initiative and enterprise would be retained. It must be noticed, however, that under this scheme, the control contemplated does not merely refer to prices as in various plans that have been proposed for controlling "Trusts." One of its chief purposes is to improve efficiency by regulating organisation and productive methods. It seems to me that this plan as a permanent arrangement—it is different if all parties regard it as a temporary war measure—is open to very great objection. It seems probable that the existence of so large a measure of control would really sap private initiative, while the existence of so much private power would prevent the full benefits of unification from being reaped. Private initiative has good points and unified Government management has good points. This plan, by trying to compromise, might fail to secure the advantages of either.

9. *Plan 4.*—Under the system of Government ownership, plus private working on conditional leases, it may be presumed that the conditions would be laid down once and for all in the terms of each lease, so that private initiative would not be obstructed as it would be on the preceding plan. If the conditions imposed were framed judiciously this plan would enable a good part of the economies expected from unification to be secured. The conditions might include provisos about joint Councils of management on the Whitley plan. Moreover, it would be open to the Government under this plan to lease certain mines as it were, to itself. It might in this way safeguard, for example, the supplies needed for the Admiralty. If it seemed to work satisfactorily the range of Government management might be from time to time extended. Meanwhile, what advantages there are in private initiative and enterprise would be retained. This is the policy of caution and safety. Its chief disadvantage is that, under a leasing system, when there was always a chance that the lease would not be renewed, arrangements for compensation for "Tenant's improvements" could hardly be perfect enough to prevent the tenants from adopting a policy of parsimony towards the end of a leasing period. It has also to be remembered that bids for these leases might not always be forthcoming; and that there might sometimes be a difficulty in collecting rents.

10. *Plan 5.*—It is of course cheaper for the Government to purchase a controlling interest in all the mines than to buy them all up completely, but, since

its policy of unification would be certain to alter the relative values of different mines, the shareholders who retained their shares, in some of them would get a windfall, and in others would suffer serious loss. Theoretically, a controlling interest all round would enable the Government to do everything that it could do after full purchase. But it would be very difficult to work the plan fairly; and the greater cheapness is no real advantage, for, though the Government has, in a sense, spent less, it has also got less.

11. *Plan 6.*—Under full nationalisation there are possibilities of results better than any other plan can offer. With complete control over the whole mining industry of the country, operating through officials and workmen who felt themselves servants of the State, a perfectly wise autocrat could do wonderful things. He could fit every mine exactly into its proper place, apply all improvements to all the mines immediately, and work each mine exactly to the most advantageous extent. All these and many other excellent things a perfectly wise autocrat could do. Whether an actual Minister of Mines, whose political complexion has always to be that of the Government of the day, would in fact do this, is a different question. It is common to charge against the present system that the methods and appliances ruling in the best mines are not also found in the worst, and it is urged that under nationalisation, this would no longer be so. I agree that the standard in different mines would be *more uniform*, but I am not clear that, taking a long view, it would be *higher*. Under private initiative many people are seen lagging behind because a few got ahead. Under nationalisation none would be seen lagging because none would be interested to get ahead. The best methods and appliances current anywhere would be applied everywhere, but there would be no inducement for individual pioneers to devise still better methods and appliances. In like manner promotion by merit and dethronement by bankruptcy might yield to promotion by rule. No doubt devices are available by which the dangers of stagnation could be lessened. A special section of the Ministry of Mines might be appointed to study the possibilities of improvement, both directly and in the light of the experience of other countries. Systems of "comparative cost accounting" of the kind adopted in a number of American Trusts might be made use of to stimulate the energies of the managers of various mines. And other plans of a like tendency might be adopted. As to what would happen an academic outsider is quite incompetent to judge. The best guess—and it would only be a guess—could be got from someone familiar with the mentality, both of large businesses and of Government Departments. But there is certainly a real danger that full nationalisation might universalise the good at the cost of preventing the emergence of the better.

12. The importance of this consideration, in a comparison between full nationalisation or the lease system—which seems to me to be the best of the other plans—depends in part on how far under that system competition between the separate lease-holding companies would really be maintained. If the whole industry was leased out to one single company there would be nothing in the argument. The more numerous the lease-holding companies are the more weight it would have; but, on the other hand, the less opportunity there would be for economies due to large scale operations.

13. The importance of the above consideration also depends in part on how far the Coal Industry is one in which the best methods and appliances in use now may reasonably be regarded as the best that are ever likely to be discovered. It might, perhaps, fairly be claimed that in the Post Office this condition of things is almost completely fulfilled. Plainly, if no improvements are possible in any event, the establishment of an organisation that tends to discourage the search for improvement can do no harm. I have no knowledge as to how the Coal Industry stands in this matter.

14. I should like to add that one general economic argument often urged in favour of nationalisation seems to me to be largely invalid. It is said

23 April, 1919.]

PROFESSOR ARTHUR CECIL PIGOU.

[Continued.]

that, owing to the superiority of Government credit, the State can raise at, say, 5 per cent. the money required to buy out a private concern paying 6 per cent. or 7 per cent., with the result that, if the concern is worked by the Government with the same efficiency as before, a real gain, which can be used either as profit or as a means for lessening prices, must result. The reason, however, why people ask 6 per cent. or 7 per cent. from a private venture, and only 5 per cent. from the Government-owned venture, is that, if the private venture fails, they will bear the loss and, if the other fails, the taxpayers will. Lenders to the Government are insured against risk by the taxpayer. Lenders to private concerns are not. If the same proportion of ventures turn out unprofitable under the two plans the real cost involved under them is substantially the same, and the better terms on which the State can borrow involves very little real saving.

15. If it is decided to nationalise the mines the question will arise as to what should be done about distributing their products. I am not competent to discuss the suggestion that the Government, through municipal authorities or otherwise, should take over the work of distributing coal within the country. I am, however, distinctly opposed to Government conduct of the export industry. It seems to me that this might lead to political difficulties, particularly when the purchasers were foreign Governments.

I am very much obliged to you for your testimony.

10,526. *Mr. Sidney Webb*: You say very definitely with regard to your Plan No. 1, that a private combine would involve the creation of a dangerously powerful monopoly, and that no promise of safeguards would bring people to tolerate it. That applies, I gather, in your mind to any plan of complete unification under private ownership?—Yes.

10,527. It has been suggested that such a combination might be controlled by schedules of prices and schedules of wages and maximum hours. Do you suggest that that amount of control would not be adequate?—I suggest that it is not practicable: people would not accept it.

10,528. I agree with you. Similarly the same argument applies to your "Public Utility" Authority Plan, does it not? Even with a Port of London Authority, it would be still in the position of a private monopolist?—Its profits would not go to private persons.

10,529. How would the coal consumer look upon it? The question is whether the consumer would be prepared to trust to a public utility authority the power of putting up prices to any extent?—I think the main objection would be that Parliament would not allow such a powerful body alongside itself dealing with a national concern.

10,520. Then you suggest that the other plan of mere control by orders has the drawback that it interferes with private enterprise and initiative?—Yes.

10,521. Do you think that you could arrange any plan by which you could secure the control adequately, and yet allow sufficient freedom to tempt private enterprise?—If the control was extended to methods of organisation, it would be very difficult, I think.

10,522. And if the control was not extended to methods of organisation you would then fail to get any improvements through economy?—Yes.

10,523. You indicate some approval of the system of conditional leases. Does not that rather depend upon how many separate enterprises there are?—Yes.

10,524. You indicate that later on—that unless you had a large number of separate leases and leasehold enterprises, you would not get competition and the results of emulation?—Yes.

10,525. But if you had a large number of separate leases, you would not get the profits of unification?—Yes.

10,266. Therefore we are in a dilemma. In order to get the advantages of unification you must forego the advantages of competition?—Yes.

10,267. I think that is clear. That brings you practically to nationalisation. You point out that a national department of mines might have a department of research and discovery into new inventions. Do you attach any importance to that? Do you think that could do very much?—I think it would be essential if the mines were nationalised. I think it would be of great importance.

10,268. You say it is essential if the mines were nationalised. Does not that rather indicate its absence is a loss now in the unnationalised system?—Yes.

10,269. Competition will do very much, but it hardly makes discoveries, does it?—The separate people have an opportunity for trying things. Of course, with regard to discoveries in a large sense perhaps that is not so.

10,270. You point out that there would be an advantage in having a system of "comparative cost accounting," which is very common in America. Would not that be of equal advantage at present with the separate ownership of mines?—Well, it is hardly practicable with separate ownership.

10,271. It is a drawback of separate ownership that you do not get this comparative cost accounting?—Yes, but you have a partial substitute in the competition of the mines.

10,272. In so far as that competition weeds out the bankrupt mine, that may be the case, but is it your experience that these mining concerns do go bankrupt?—I have no knowledge of mining concerns.

10,273. Is it not conceivable that a concern might be below par for a very long time and yet not go out of existence?—Certainly, but I did not mean competition between mines. If a manager in one mine does not seem to be working so well he is more or less set against the other mines.

10,274. But there is so little knowledge of the achievements of the different managers—Yes. The less the knowledge the less the force of the argument.

10,275. You suggest one of the advantages of nationalisation would be that we might expect a certain uniformity of excellence: that such things as had been discovered in one mine would be applied universally—that is an ideal—but there is the drawback that you might tend to prevent new inventions and improvements. That is the suggestion, is it not?—Yes.

10,276. At present what inducement is there? Of course, there is the inducement of pecuniary gain, but what inducement is there to make improvements now?—The manager, I suppose, has a certain liberty to try. It is like this: If you have a number of plants, they vary in different directions, and so you get the chance of a good variation which can be copied.

10,277. And it is not merely the chance, but it results from an attempt to get a good variation?—Yes.

10,278. What is the motive for that attempt?—I suppose there are several motives.

10,279. What is the motive we should lose under nationalisation?—My doubt about nationalisation is that the thing might be run so much by rule that it would check the initiative of the management.

10,280. But the point is about the motive to the managers, or rather not to the managers, but to the management?—Yes; I should have said "management."

10,281. The motive to the management at present is practically pecuniary profit or the expectation of getting more profit?—Yes.

10,282. I want you to carry your mind to some of the possible improvements which do not depend upon pecuniary profit. Take, for instance, the question of accidents. It has been said, as you know no doubt, that it costs less to pay for accidents than to prevent them. Assuming that to be true, the motive of

23 April, 1919.]

PROFESSOR ARTHUR CECIL FIGOU.

[Continued.]

pecuniary profit would not lead to the prevention of accidents, would it?—That depends upon the arrangement for compensation.

10,283. My question to you practically is, How do you think we can best get the greatest attempt at the prevention of accidents?—You mean as between nationalisation and private management?

10,284. Yes.—Of course it depends upon what the general law is under nationalisation.

10,285. Take another case which has been given in evidence, that miners as such have a very large infantile mortality in their families and, in fact, are very badly housed and generally live under less sanitary conditions than is desirable. How do you think we can best get that altered?—I should have thought that the housing question should be treated generally rather than with reference to a particular industry.

10,286. Of course, as you know, the question of the roads is treated generally. But whenever there is a case of extraordinary traffic it is not made a charge on the authority maintaining the roads, but is recovered from the industry causing the extraordinary traffic. Supposing in the case of the miners the housing was an extraordinary item of expense for various reasons, would it be quite fair to charge it on the local ratepayers?—I do not mean it should be charged on the local ratepayers, but there should be a general law about the minimum conditions of housing.

10,287. You would merely have with regard to housing a general law which prescribed the minimum?—Yes, I think so.

10,288. Has that not proved to be a little inadequate? Then there is a very interesting point here which you make as to the difference between the interest which the Government pays on its loans and the interest which people expect from private concerns. You say there is not really a saving of expense because in so far as the risk is the same there is the same deduction by whomsoever it is borne?—Of course the risk is not exactly the same.

10,289. That is what I was going to ask you?—I say it is so largely.

10,290. Is there not the possibility that the risk is not the same?—The risk may be slightly less.

10,291. Is it slightly? It is not a question of greater or less risk, but are there not some kinds of risk which are eliminated if you have a Government enterprise?—Yes, to some extent.

10,292. Take it in stages. Take the difference between separate colliery concerns and a unified colliery trust. You would avoid the very considerable risk of litigation between the different colliery concerns and possibilities of their encroaching on one another underground, leading to romantic tales of, I will not say, fraud. By unification you would abolish that risk?—Yes.

10,293. Take the case of a mine. I do not know whether I use the right expression, but it is always apt to "peter out"?—Yes.

10,294. You find suddenly that the seam is not so good or there is a fault, and if you put your money into a mining company, you have to run the risk of that particular loss which may be a temporary one or a considerable or permanent loss. Does it not seem that that risk is to a large extent got rid of if you spread it over the whole of the mines?—Yes, but that is partly accounted for already if you are taking the average over a long period.

10,295. But the individual cannot very well do that and he cannot insure against that?—No, but off my 6 or 7 per cent. you would be taking the average of all the mines.

10,296. Do you think the market rate takes the average?—Of course it would be much more than 6 or 7 per cent. if one is concerned with the market rate of those mines which succeed.

10,297. If you buy shares in a joint stock company you are exposed, theoretically at any rate, to a certain risk of fraud and sharp practice—we have seen a good deal of it in America, let us say—whereas if you lend your money to the Government, you have a certain reliance that you are not exposed to that risk

of fraud and sharp practice. That is a real difference in risk, is it not?—Yes.

10,298. Consequently there is a real difference in risk between the Government enterprise and separate private enterprises, quite apart from any question of insurance?—Certainly.

10,299. And that real difference of risk is a national advantage?—Yes, the real difference.

10,300. Consequently, in so far as there is a real difference of risk, nationalisation is a gain to the whole community whoever gets it?—Yes.

10,301. With regard to the export trade, you hold out certain difficulties with regard to that under nationalisation. I suppose it would be quite possible, would it not, to leave the export trade in the hands of the firms which are now doing an export trade, the State simply selling the coal to them?—Yes, I should imagine it would.

10,302. Do they not buy the coal now very largely from collieries?—Yes, that is what I intended to suggest.

10,303. Therefore, it would be possible to nationalise the coal mines and run them under the Ministry of Mines, and yet sell the coal to export firms who take the whole business of export trade on themselves?—Yes; I intended to imply that.

10,304. And in that way take the whole export business upon themselves?—Yes.

10,305. *Mr. R. H. Tawney*: You have given a list of six possible forms of organisation, and I gather that of those six you think that the two against which there is least presumption is either leasing or nationalisation?—Yes.

10,306. Then you go on to state some of the possible criticisms on nationalisation, and I should like to ask you one or two questions about that. In the first place, is it not the case that these criticisms are very largely criticisms not merely upon nationalisation, but upon any kind of large scale organisation of industry?—Anything in the nature of unification.

10,307. That is to say, it is sometimes urged against nationalisation that it would produce the evils of bureaucracy and red tape?—Yes.

10,308. But I presume that is also a criticism upon any large scale organisation of private industry like railways, for example?—Yes.

10,309. That is to say, if one is considering the relative merits of public and private ownership, one must not ascribe to public ownership vices which are found in large-scale private ownership?—There is a distinction between "large-scale" and "unified."

10,310. There is a distinction of degree. Anything sufficiently large-scale is unified, is it not?—Yes.

10,311. With regard to nationalisation, is it not important to draw a distinction, which I think you do draw, between public ownership and public working?—Yes, certainly.

10,312. I mean, "nationalisation" is rather an ambiguous word, is it not?—Yes.

10,313. Sometimes it means public ownership alone and sometimes public ownership plus public working?—Yes.

10,314. And the criticisms made upon public working do not necessarily apply to public ownership, do they?—No.

10,315. That is to say, it would be quite possible to expropriate persons who now have a legal interest in coal mines without by doing so incurring the criticisms which are brought against management or administration?—Yes. The State could buy and then lease them out, as I suggest.

10,316. To take the first point, the question of private and public ownership. I should like to know a little more clearly, if you can develop it, what you feel about the relative merits of those in the case of coal?—It so largely turns upon the prices at which the mines would be bought.

10,317. We have heard a good deal of evidence as to the differential profits which are made by the more fertile or better situated collieries. Would it not be a fair criticism to say that it is somewhat wasteful to

23 April, 1919.]

PROFESSOR ARTHUR CECIL FIGOU.

[Continued.]

allow those differential profits to pass into private hands?—That, of course, depends entirely upon the price at which the State would buy the private interests out.

10,318. These profits are in the nature, are they not, of what economists call a rent or some kind of rent?—I should not call them a rent.

10,319. They are sometimes so called by economists?—I do not think they are called "rent," but they may be called the "quasi-rent."

10,320. That is to say, they are a surplus over and above what is necessary to attract capital into the industry?—Not necessarily; if you take the industry as a whole, they have to be set against the losses of the other mines.

10,321. Quite so; but the surpluses on the more fertile pits are in the nature of quasi-rent, and are not, therefore, discounted when people invest?—I should think they were discounted—except as regards profits got during the war.

10,322. Or during a boom in trade?—I should have thought they were. The price at which a man would sell, if people think they would make a lot of money in booms would be higher than if they do not.

10,323. As to the efficiency of State administration, I gather your argument against it is that if you remove the incentive of private profit, energy and initiative will fall off?—Not only that, but there is the fear of every one going by rule and doing exactly the same thing. I do not think it is merely profit.

10,324. Have you considered whether it is conceivable that the attitude of the workman might be wholly different if he were working for the public? For instance, workmen at the present time are bound by rules even although they are not employed by the State. Is it not possible that they might be in a position to work with better will and throw more energy into their work and even offer constructive suggestions if they were employed by the State?—It would be a gain if they did, but I have no knowledge with regard to that subject.

10,325. In speaking of State control discouraging initiative, one should take account of the fact that although it may be discouraging certain persons, it will greatly encourage the initiative of a much larger number of other persons, namely, the workmen whose initiative is rather discouraged now?—Yes, but on the other hand it may discourage them.

10,326. That is a matter for evidence?—It is largely a matter of guessing, I think.

10,327. *Sir L. Chiozza Money*: May I ask you one or two questions on the relative efficiency of public and private enterprises? I think it is your opinion, is it not, that when an economic undertaking reaches a certain size there is no great difference in the amount of efficiency likely to be expected from it, whether that undertaking be a private or public enterprise?—It depends entirely upon the nature of the Government and the nature of the administration. I do not think one can say in a general way that one is likely to be more efficient than the other without reference to the nature of the Government.

10,328. That is what I gather from your précis. Has it been the result of your enquiries that if, for example, you take a great American Trust, such as the United States Steel Corporation, its relative efficiency is less than that of the individual members of the British iron trade?—I have no knowledge of that.

10,329. You could not give any testimony on that?—No.

10,330. You have no reason to believe the American Steel Trust is less efficient than the little, petty ironmasters of our own country?—Of course, it has effected a great number of economies in unification, but I think to give evidence of that sort of thing one would have to have detailed knowledge of the industries.

10,331. You have no reason to believe it is less efficient than our ironmasters?—No, I have no knowledge on the subject.

10,332. It does not follow that as an economic undertaking grows in size it becomes less efficient automatically, does it?—No, it does not follow.

10,333. So that it is not on the score of size that any accusation of inefficiency necessarily lies?—I do not think anything could be demonstrated about these comparative advantages in a general way.

10,334. As a matter of fact, is there anything to show that, for example, the national railways of Germany are less efficient than the individual railways of our own country?—There, of course, all the conditions are so different. They were laid down largely as military railways and run on military principles. It is extraordinarily difficult to draw any inferences from these statistical comparisons, because the conditions are so different.

10,335. It is not statistical, but comparing locomotives with locomotives and carriages with carriages and wagons with wagons. They are purely technical matters. Have you ever had the opportunity of comparing them?—I have been in the railway carriages.

10,336. Have you any reason to think the railway wagons of our own country were more efficient than the railway wagons of Germany? As a matter of fact, were they or were they not?—If the answer had to be yes or no, I should say no.

10,337. It is well known that our own wagons are not so efficient as those of Germany?—Of course, efficiency ought to be taken with regard to cost.

10,338. Are you aware that some of our railway companies were so impressed that they sent a commission over to Germany, and they found that not only were their wagons standardised, as ours were not, but that they were working on a system of pooling which these particular railway companies who were interested in the commission thought it wise to adopt here?—I will take it from you that that is so.

10,339. Does not that rather point to the large national State organisations of Germany being more efficient and not less efficient than ours?—There are two questions, and first of all there is the question of fact.

10,340. Yes; it is a question of fact purely, and I am asking you on the question of fact?—By "efficiency" you mean absolute efficiency without reference to what the things cost?

10,341. Yes; absolute efficiency?—My knowledge merely consists in having gone in them. I could not notice much difference, but I have no knowledge, because I have not studied it.

10,342. Have you had any opportunity of considering the electrical undertakings of London?—No.

10,343. Are you aware that the municipal electrical undertakings of London under public management and control do produce electricity cheaper than the privately owned undertakings of London? Have you any information on that?—I should have to go through the statistics before I could answer.

10,344. If I may bring you to the coal industry, is it within your knowledge that the products of coal cover a very wide range such as dyes, colours, medicines, explosives and so on? Are you aware that in this country before the war these industries, both in their final and intermediate stages, were gravely neglected?—I am aware they were not carried so far as in Germany.

10,345. Are you aware that they were so gravely neglected that when the war broke out we were plunged into imminent danger?—That is a matter of opinion.

10,346. Is it the fact that we were without toluol in any large quantities?—I do not know really about that.

10,347. It is within your knowledge that the Government set up an Explosives Supply Department that took these things in hand, and in the course of about 2 years or less produced enormous quantities of these by-products and final products and saved us from the disaster which threatened us?—I know the Ministry of Munitions produced these products.

10,348. Are you aware that the Explosives Department, a State Department, saved this country from the consequences of the capitalistic neglect of these industries?—I could not answer that.

23 April, 1919.]

PROFESSOR ARTHUR CECIL PIGOU.

[Continued.]

10,349. If you were told, as a matter of fact, that large quantities of these products were produced under Government initiative and control in about 2 years, whereas they had been neglected for a generation in this country, would you consider that a testimony to Government control, operation and initiative?—I think when a lot of explosives are wanted for a war the Government must make them, but one does not want them in peace time.

10,350. Are you aware that these intermediate products which, in one sense, branch off to explosives in war, in another sense branch off into valuable peace products in times of peace; in other words, was that not a neglect for peace just as much as for war?—I do not think that follows. From the fact that we did not produce these things it does not follow that they were things we should have produced.

10,351. Will you take it from me that those relative industries are just as valuable for peace as for war, and the neglect for peace was as great as that for war?—That is not my point. My point is that because we did not produce them it does not follow there was real neglect; it may have been more economical to make other things and import what was not made with the produce of these other things which were made.

10,352. Are you aware that it is agreed we must have these basic key industries?—I follow that.

10,353. Therefore, it follows it was real neglect for peace time before the war?—I do not think that follows.

10,354. Take one other industry on the question of public enterprise and private initiative, namely, housing, which has relation to miners and other people. That is a great industry, is it not? It is an obvious industry?—Yes.

10,355. If, then, we can confidently look to private enterprise for the best results in every industry, how do you account for the condition of the housing question in this country at the present moment?—I have never advanced an argument that we can confidently look to private enterprise in every industry.

10,356. I suggest to you there is an obvious thing. Toluol you might not think of because it is out of sight and mind, but houses you can think of because they are not out of sight and mind. If houses are neglected how can you account for the neglect of such a thing as houses and the housing of civilised people? If we can confidently look to capitalism for the solution of these problems, how do you account for the capitalistic neglect of houses?—It is not part of my contention that we can confidently look to capitalism for everything.

10,357. You do not want to press it so far as that?—No, not to make a universal general statement. I state carefully at the beginning of my proof that the thing cannot be settled on questions of principle.

10,358. *Sir Arthur Duckham*: With regard to this Plan No. 1 of yours, when you say unification in a private combine is not practical politics, would that include any system of syndicalism where you have the ownership absolutely and presumably with the workers and private ownership in that way?—What I was thinking of was the suggestion that the whole of the mining industry should be unified under State auspices and handed over to a private concern.

10,359. Any sort of private concern?—Yes.

10,360. So that it would include syndicalism?—You mean a system under which there is a sort of internal combination? Yes, I think it would include that, but I suggest here that the thing is not practicable.

10,361. I did not know whether you would give it the full breadth?—Yes. I was not thinking of it at the time.

10,362. You speak of the "perfectly wise autocrat." I presume you feel from this that an autocrat is the best way to run a concern. You want someone who has the final word. Is that the way you put the "perfectly wise autocrat"?—My contention was that these things could be done if the Government always acted perfectly wisely, but the question of doubt was how wisely the Government would act.

10,363. You would not use "autocrat" in the sense of a single person, but, possibly, the Government?—I was thinking from the point of view of the Government.

10,364. Or a Committee?—Yes, there might be a Committee assisting the Minister.

10,365. But, ultimately, an autocrat?—There must be someone ultimately responsible to Parliament under a national organisation.

10,366. *Mr. Evan Williams*: You have simply devoted yourself to making a comparison between the alternatives to private ownership?—Yes.

10,367. If you had made a comparison, would you say there is any advantage attached to nationalisation or any sort of unification that cannot be brought about by private ownership?—My difficulty in all of this is that most of the things could be brought about under either plan, but the thing is what would happen or is likely to happen. I do not think there is an absolute impossibility on either side.

10,368. Do you not think private enterprise and initiative have been the strongest factors in progress in the history of this country and every other country?—I know that is partly so because it has gone on so much longer than Government action.

10,369. Is it your view that it is likely to continue to be so?—Of course, every improvement in the machinery of government increases the case for Government action, and the machinery of government is much better than it was, say, one hundred years ago.

10,370. With regard to efficient management of a concern, I take it you will agree that the ultimate responsibility must rest with one man?—The ultimate responsibility, I should think, must.

10,371. Is a concern likely to be more efficiently managed when it becomes so great that one man cannot keep it under his eye, so to speak—if it becomes so great that it is beyond the power of one man?—I suppose with improvements of organisation one man can supervise a larger concern; it depends upon how it is organised underneath him.

10,372. Do you think the coal industry is such that it is possible to have very large units of organisation?—It depends upon the detail of the coal industry, of which I have not any actual knowledge.

10,373. Do you think there is any industry in the country which has so many differences between one unit and another as the coal industry?—That is really outside my knowledge.

10,374. You are aware, are you not, that there are differences between district and district, pit and pit, and seam and seam?—Yes, but my knowledge of all that is quite second-hand.

10,375. Assuming that is so, is an industry that has so many variations and differences in it one that lends itself to nationalisation so well as a simple one?—No, the greater the differences the greater the difficulties of nationalisation, but I cannot evaluate it at all.

10,376. But if an industry is such that there are large variations and differences in it, that industry is consequently more difficult to nationalise than an industry which is comparatively simple in every department, is it not?—I should have thought so.

10,377. If the coal industry is the most varied industry in this country, do you think it should be the first to be nationalised, or the last?—Of course, the variations are not the only relevant factor.

10,378. But they are relevant factors, are they not?—They are relevant factors, of course.

10,379. And they increase the difficulty of nationalisation?—Certainly.

10,380. Or of unification?—Of unification, so far as management and organisation go, but, of course, not necessarily for the transport of the coal.

10,381. Generally speaking, taking the advantage to the nation as a whole, do you expect that there would be any increased advantage from nationalisation that cannot be obtained by private ownership?—Of course, that, again, depends upon the detail. As I say at the start, it cannot be settled by general principles and I have no knowledge of the details.

10,382. You have not enough knowledge of the coal trade to say?—No.

23 April, 1919.]

PROFESSOR ARTHUR CECIL FIGOU.

[Continued

10,383. *Mr. R. W. Cooper*: Have you studied any of the coal trade statistics at all?—No, not properly. I have really no special knowledge of the coal trade.

10,384. For example, have you addressed your mind to figures or Government returns to see what has been the growth of the coal industry in Great Britain?—I only know in a general way.

10,385. Merely that it has grown very largely in the last 30 years?—Yes.

10,386. Of course, in an equally general way, I suppose, you know that coal-mining is a very risky speculation?—Yes.

10,387. And that it becomes particularly risky when you are winning—you know what I mean by the word "winning"—an unknown coalfield?—Yes.

10,388. The winning of that coalfield, if it be successful, is a public benefit?—Yes.

10,389. But the risk attached to it is great and the length of time involved before the coal is won is great?—Yes.

10,390. That is until you can command the coal. Do you think the State would be willing to run the risk of embarking large sums of public money in a speculation of that description?—That, again, depends entirely on the kind of State Minister appointed.

10,391. It depends upon the "perfectly wise autocrat"?—Yes. I have no means of estimating how wise he would be.

10,392. I gather, from your using the expression, that you have no reasonable hope that in the present we shall ever see such a man?—Not a perfectly wise autocrat.

10,393. On the question of housing for the moment, I gather you say that that in your opinion is a national concern?—I do not mean that the nation should build houses.

10,394. No. That is my insufficient language. It rather is a matter for those branches of the Executive Government of the nation which are charged particularly with looking after the health of the people?—I should have thought so.

10,395. As regards stimulating other individuals or minor local authorities to do their duty, you probably know as a matter of common knowledge the present Government are now promoting a Bill giving increased powers to the chief executive authority, the Local Government Board, to compel the minor authorities to do their duty?—Yes.

10,396. Of course, the views or complexion of the minor authority depend upon the persons who compose that authority?—Yes.

10,397. That depends upon the voter who sends them there?—Yes, and the people who influence the voter.

10,398. I quite agree. Do you think that under State management there is the same likelihood of promotion by merit as there is under private enterprise?—That again depends entirely upon the wisdom of my autocrat.

10,399. With the present standard of wisdom exhibited in the British Government do you think there is the same likelihood of promotion by merit as there is in private enterprise in Great Britain just now?—I would not like to say.

10,400. Now with regard to the question of the payment of these officials, I suppose even with the most perfectly organised State the question of pay is not a matter of no importance?—No.

10,401. I mean the payment of the officials?—No, it is of considerable importance.

10,402. Do you think the State would be likely to pay its officials as well as persons engaged in private enterprise?—Probably not; but against that there is the fact that people might be willing to work for the State for less than they would require from private enterprise.

10,403. Why should they, except on the off-chance of earning their pension at the age of 65?—Because they like to do a public service.

10,404. Do you really think all the thousands of clerks and officials from the highest to the lowest in the British Government service now are animated

simply by the desire to render a public service?—Not simply. A man might be quite prepared to take less as a Government servant than as a private employee.

10,405. Although he might have a chance of ultimate promotion by his private employer. Take the young man who sees a chance of becoming a partner and obtaining a position in the world; which would he do, go into the service of a first-class firm or into the service of the Government?—A great number of people from the Universities take Civil Service appointments in which they earn less than they might in other employment.

10,406. In India, for instance?—Yes, it depends upon the man.

10,407. Do you not think there are special attractions about the Indian Civil Service that do not apply to the English Civil Service?—Yes, the best go for the English Civil Service.

10,408. The best?—The people at the head of the Civil Service lists generally take English appointments.

10,409. I am not for a moment saying anything in disparagement of any English Civil Servant. You suggest a possible plan of the Government owning the minerals and leasing them?—Yes.

10,410. The Crown at present, which is the Government, own minerals and do lease them?—I mean buying up the mines and leasing them.

10,411. And imposing as a result certain special conditions which at present the Government do not impose when they lease their own minerals?—Yes.

10,412. *Mr. Arthur Balfour*: Provided it was decided to nationalise the coal mines, I take it you agree the present owners should be adequately compensated?—That the shareholders should be bought out?

10,413. Adequately compensated?—"Adequately" is ambiguous.

10,414. They should be compensated?—Yes, certainly.

10,415. The only way of doing that would be to provide public money or pledge the public credit by the means of Bonds, and so on?—Yes.

10,416. That being the case, Parliament would insist upon having control and the Treasury would insist upon having some complete control over the industry?—That would depend upon the terms on which the Minister of Mines was appointed.

10,417. Would the House of Commons agree to appoint a Minister of Mines who did not have control?—I do not think the Treasury would have control over the Minister of Mines any more than over the War Office.

10,418. Parliament has control of the Treasury?—Yes, Parliament has control of the Treasury.

10,419. And Parliament would insist again if the public credit was pledged, that they had complete control over the industry?—Parliament would have control over the Minister of Mines in the same way that it has control over the Secretary of State for War to-day.

10,420. The Minister of Mines must have control or he would not be responsible to Parliament?—He would possess ultimate responsibility, but that does not prevent him being assisted by a council.

10,421. He would be responsible?—Yes, he must be.

10,422. There is no means of removing nationalised coal mines from political influence?—Parliament would insist upon having control.

10,423. The ownership of the coal mines would be under the influence of political pressure?—In the sense that the War Office is under the influence of political pressure.

10,424. Have you any experience of any industry which has been managed by the Government under normal conditions?—No personal experience of any industry at all.

10,425. Do you know of any precedent anywhere in the world to which we can turn, which would be valuable to us in considering the nationalisation of coal mines in this country?—I do not myself think much can be got out of these comparisons, because, as I said, the conditions are always so different. There are a great number of things run by central or local governments in various countries.

23 April, 1919.]

PROFESSOR ARTHUR CECIL PIGOU.

[Continued.]

10,426. Would you be prepared to risk such a big thing as the nationalisation of the Empire's coal with no experience to go upon of any consequence?—I make it quite clear I am not advocating any definite plan. I have not any special knowledge of this industry. I am not advocating any particular arrangement; I have not the knowledge to do it. If I had six months in which to think it over and go into it I might have an opinion.

10,427. You realise there are 3,000 different undertakings. We are not talking about a thing in which there are only 20 or 100; but we are talking about 3,000 different undertakings at the present time?—Yes.

10,428. Can you conceive any Government Minister of Mines who could properly control 3,000 different undertakings?—I think it would be very difficult. I am not prepared to say it would be impossible; I have no knowledge.

10,429. How would you make it possible, by the appointment of hundreds of inspectors who would inspect the coal mines?—I suppose he would make use of the experts. He would not manage them off his own bat from an office in London.

10,430. He would have to pay them at least what is paid by private enterprise at the present time?—There or thereabouts.

10,431. You would not reduce them?—It would be somewhere thereabouts.

10,432. A question was asked regarding the German railways. The German railways were run as a military machine?—Largely, I believe.

10,433. Can you conceive the workers of this country being willing to be treated as military units as the employees of the German State railway were?—No, I do not think they are at all likely to agree to that.

10,434. You know, of course, the Germans had a large nationalised standing army before the war?—I know that.

10,435. It is stated the Navy and the War Departments paid the railways for the transit of their military stores, &c., who made profit out of the arrangement?—I do not know the arrangement of the payment. It was run on a strategic basis.

10,436. A good deal of the profit or much of the profit produced on the German State railway was taken out of the Navy and Army estimates of Germany?—Possibly.

10,437. And it was not an ordinary trading profit in the sense our railways have to show a trading profit?—I should think so; I have no knowledge of it.

10,438. On the question of housing, Parliament years ago passed Acts instructing Local Authorities to deal with the housing question which was not dealt with adequately by private enterprise or private capital, as you say?—Not as I say. That was not my phrase.

10,439. I thought it was your expression. You said private capital had not found sufficient housing?—That was the questioner's point.

10,440. It is a fact, is it not, that there were these Acts authorising the Local Authorities to erect the houses if they were not provided in the ordinary way?—Yes, but I cannot remember the details of the Acts.

10,441. Will you take it from me there were Acts?—There were some Acts.

10,442. Why has Parliament neglected to see that that public service was done?—Why has it neglected it?

10,443. Yes?—I cannot answer that.

10,444. You feel willing to entrust to a Parliament, which is neglecting the housing of this country, the running of the coal mines?—You are again making me an advocate.

10,445. I am asking you, are you suggesting that Parliament which has neglected such an obvious thing as the housing of the people in this country, is a proper and capable body to control the coal mines of this country?—I should like to have six months and all the evidence available before me before I give an answer to that.

10,446. You told us that with regard to the schemes for nationalisation the one you advocated was the ideal?—That was not my intention. My intention was to set out these various plans and suggest certain lines of relevant considerations. I cannot myself estimate the quantity of importance of these different considerations; I have not the detailed knowledge.

10,447. I will take you to another point. Sir Leo asked you a question why certain explosives were not produced in this country, and was it not neglect on the part of the Government of this country not to produce the explosives necessary for the defence of the Realm?—In a sense it was neglect; whether it was a blameable neglect is another question of course. Nobody expected a war like this to happen.

10,448. The Government who should have provided those explosives and in providing them would have produced the by-product do you consider are competent people to place the whole coal-mining industry in this country in the hands of?—I quite agree the Government is certain to do inefficient things, and in any other form of management there would be inefficient things done; but proving that the Government has certain inefficiencies does not demonstrate they ought not to undertake the work. In every system you have inefficiency.

10,449. The providing of houses and providing the necessary explosives is probably a simple thing to running 3,000 coal mines in this country?—The providing of houses is ambiguous. There are two things. The providing of houses and paying for them, and the passing of rules as to the minimum conditions in which you allow the houses to be.

10,450. The Act of Parliament passed by the House of Commons was that if sufficient houses are not provided the local authorities should levy rates on the district and build those houses?—I have forgotten the details of that; I remember them very vaguely.

10,451. *Mr. Herbert Smith*: Tell us where we can find that?—It is in part 3 of the Act. It is the Housing Act, I think.

10,452. *Chairman*: 1890 was the Housing of the Working Classes Act?—It is in the 3rd part of that Act.

10,453. *Mr. Robert Smillie*: Might it not be one reason why the Government did not manufacture explosives because Mr. Balfour's class did not want them to do so?—I do not know about the explosives. It has been rather dragged in.

10,454. Is it not a fact that the owners of industries and the capitalist class have not evinced any desire for the Government to take part in producing anything as a Government? Have they not told the Government it is not their business to enter into competition with private producers?—Yes, as far as my knowledge goes. There was no suggestion of providing these explosives before the war.

10,455. Nor of building houses either. Have you ever known a capitalist class encourage the Government to build houses?—The capitalist class is a vague phrase.

10,456. I mean the employing class; the people who live on invested capital. Have you ever known them to encourage the Government to go in for building or manufacturing or anything else? Have they not always told the Government that is not their business? Is not that the general feeling now? There ought to be an answer to a question of that kind?—With regard to 45,000,000 people I cannot answer for their opinions. I gather your real point is that people engaged in private industries are more or less against the Government competing in industry.

10,457. Do you think the coalowners, to come direct to the point, or the colliery owners, are anxious that the Government should take over the mines and work them?—I understand not.

10,458. That is well known. Are the employers in any other industry anxious that the Government should take over the industry and work it?—Not that I am aware of.

10,459. Have they ever been?—It depends partly on the price they expect to get. I imagine, not on the whole.

23 April, 1919.]

PROFESSOR ARTHUR CECIL FIGOU.

[Continued.]

10,460. You said, in answer to Mr. Cooper, you know the coal was a risky industry in which to invest capital?—To try a new mine.

Mr. Cooper: I put a new mine.

10,461. *Mr. Robert Smillie:* Do you know sufficient of coal mining to know that it is a risky business to begin to develop a new mine?—I have no detailed knowledge of the coal industry at all.

10,462. Can you give any facts to justify your answer that it is a risky business and, if so, where does the risk come in?—I have no special knowledge of that.

10,463. You said Yes to that question, which is a most remarkable thing for a Professor to say. I understood you to give a direct answer. You did say Yes on that occasion. Mr. Hodges said you would not say yes or no, and I said you would before you finished to-day?—I suppose the idea was if you dig down for coal and you do not find as much as you expect you lose your money.

10,464. Are you aware in good mining they usually bore before they dig down?—Yes. I know that.

10,465. Are you aware it is not the owners of the minerals that bore, but somebody else?—It is the company, I suppose.

10,466. It is not the owner of the minerals or the owner of the mine who is ultimately to get the royalty rent that does the boring; he leaves that to other people to do. Are you aware of that?—I did not know that.

10,467. Are you aware, perhaps you are not, and I put it that it would be a foolish thing to sink a pit at some place unless you had first endeavoured to find out if there was coal there?—Yes, to sink a complete pit.

10,468. Do you know where they bore for coal they cannot merely ascertain if there is coal there but tell the thickness of the seams there?—I do not know about the industry.

10,469. Are you aware by boring you can tell the thickness, generally speaking, and the quality of the coal?—I had a general idea of that.

10,470. Where does the risk come in?—I imagine they did not know how much coal there was in the mine. If you tell me that they did, all I can say is I have no knowledge of this.

10,471. You may take it that careful mine managers and mine owners intend to make sure whether or not coal is in the ground before they sink and the extent of the coalfield, the thickness of the seams and the quality, and if it is there which can be ascertained by boring.

Mr. R. W. Cooper: What about the intervening strata? I am thinking of a place in Durham where it took 10 years before they got to the coal.

Mr. Robert Smillie: You put it as a risky business.

Mr. R. W. Cooper: So it is; it took 10 years before they got to the coal.

10,472. *Mr. Robert Smillie:* You know it is not a risky business. You say one thing should be done and that is the Government should buy out the mines and lease them to companies. What difference would that make? Would not that be still leaving the mining industry in the hands of private individuals?—It would make a difference in that it would give the Government a greater power of control. It could always stop a lease if it did not think this particular mine was being worked well. It would have the power of operating a particular mine itself experimentally.

10,473. It would not have power to stop the lease until the period expired?—No, I mean at the end of the lease.

10,474. Do not you know the present owners or the people who claim to be the owners of the minerals have the power to stop at the end of the lease and refuse to grant a new lease?—Yes. If the Government had that in its hands it could exercise great pressure. I should have thought its position against the operators would be stronger than when it stands entirely outside.

10,475. Would it not still leave the public open to the danger of being fleeced by a private mine-owner?—Not if the Government imposed certain conditions when they granted the lease.

10,476. If the Government imposed certain conditions when they granted the lease as to working the mines and the price, would it not be as well for the Government to work them themselves?—On the leasing plan it would take two bites at a cherry. It would not be committed to this big experiment all at once.

10,477. Do you know any real difference between coal mining and any other industry which would justify national ownership? Do you know any difference between the cotton industry and the coal industry?—The coal industry is much more fundamental. Supposing the Government nationalised the railways, that would be a strong argument for owning the coal it is going to use on the railways.

10,478. Is it not a very important reason that coal cannot be replaced; it is not a product of human ingenuity or skill. Does that not make coal a different industry from any other?—It is of course a difference.

10,479. Is it not the fact that other industries of this country depend almost entirely for their existence upon coal?—Yes.

10,480. Are you aware that millions of tons of coal have been lost beyond recovery because of private ownership?—I know a great deal has been lost, but whether it would not have been lost under Government is a different question.

10,481. Have you read the evidence upon the question?—Some of it has been sent to me.

10,482. Have you read the evidence of mining experts dealing with the question of barriers which were left in on account of flooding?—I know nothing of that; that is a technical point.

10,483. I suppose you are aware that a million persons, men, women and children, are engaged in the mining industry?—Yes.

10,484. I suppose you might take it that the care of that million of human beings ought to be a very important question in the working of the coal mines?—Yes, certainly.

10,485. Not only their safety when at work, but their care when they are away from their work?—Yes.

10,486. Do you think if the coal mines of this country had been Government property and been exploited by the Government that the Government dare have left their miners in the kind of houses that many of the miners are living in to-day?—I have no special knowledge of that.

10,487. Do you know anything about the housing conditions of a large body of miners in this country?—I have read some of the evidence about it.

10,488. Is not that sufficient, if it is true, and I do not think you have read anything that is nearly as bad as the thing really is; but if that is true, could you not give an answer to the question: Dare the Government, had they owned the mines, have kept their workmen in such houses as you have seen described in that evidence? Could they have remained a Government for a very long time under those conditions?—I think the probability is the houses would have been better, but I do not think that is a conclusive argument for the Government owning the mines. The Government might make rules about the houses.

10,489. Ought it not to be a good reason why there should be a change?—As regards the companies, certainly.

10,490. I am dealing with houses owned by the mining companies, erected by the mining companies and owned by them which are unfit for human beings to live in. If that is so, ought it not to be a strong argument why these people should give up the mines to somebody who could take better care of them?—It is a strong argument that the Government should prevent houses of this class being lived in.

10,491. Are you aware that German firms sent over representatives to this country and built coke ovens at many of the coal mines in this country, and extracted the by-products from the coal and carried those by-products away to Germany and made dyes with those by-products that entered into competition in this country and wiped out our industry here?—I do

23 April, 1919.]

PROFESSOR ARTHUR CECIL PIGOU.

[Continued.]

not know about that. I have no knowledge of that. I am not suggesting it is not so, but I am without knowledge.

10,492. It is, of course, known to many people that that is so. Are you aware that a large number of our soldiers were killed in the recent war by explosives made from by-products produced in Yorkshire and other counties?—I was not aware of that.

10,493. If that were so, that the Germans came over here and put down coking plants at our works and exploited the by-products, did that show very much initiative on the part of the mine owners in this country?—No; so far that would be evidence against their initiative.

10,494. If you were told, or if you could conceive yourself from the evidence, that national ownership of the mines would improve the safety of the mine workers, would that be a strong reason for nationalising mines?—Yes, certainly.

10,495. If it could be proved by unmistakable evidence that in many cases the output was the first thing considered before safety, would that make any difference to you?—Yes, certainly.

10,496. I am not saying at the moment that that is so. I am putting to you if it is proved to your satisfaction that that were so?—Certainly.

10,497. Have you any idea as to what the record of the managers, generally speaking, in the coal industry is in the matter of salary?—No.

10,498. It was put that probably the Government would not pay as huge salaries as private people. Would you be surprised to know that up till the war broke out there were managers of collieries in Great Britain at less than £300 a year?—Yes, I should be surprised to know that.

10,499. Would you be surprised to know there were colliery managers managing some 300 or 400 miners whose salaries were less than £200 a year?—Yes.

10,500. Would you be surprised if the Government nationalised the mines they would offer such salaries as that to managers who are responsible for the safety of the mines?—You mean a manager of a mine?

10,501. Yes, in the mines a manager holding a first class certificate?—My guess would be the salary would be much higher.

10,502. I suppose you would guess about £1,000 for a job of that kind?—You put that figure, perhaps it would be something like that. I have no knowledge of the subject.

10,503. I suppose the Government pays £1,000 a year to so many people who do far less than coal managers, and would you not risk saying they pay £10,000 a year to people who do a great deal less?—I had better not answer that question.

10,504. I am leaving the Chairman out for the moment. His turn has not come yet. I think a great many business people have given their services to the Government during the last four years free?—Yes.

10,505. You have heard of that?—Yes.

10,506. Perhaps you yourself have been in that position; a great many professors have, as well as business people. They say they have done so on the ground that their country required their services, and they gave them free?—Yes.

10,507. Many round this table, business people, have given their services quite free because they thought it their duty. Do you think that if the question of the elimination of private property in the mining trade was brought about that those people who have given their services to the country would suddenly withdraw all their services? I mean to put it to you could you not trust a mine manager or one of the present mine owners to give his honest service to the State the same as to the present company he is attached to?—If he got no money at all he could not do permanently what he could do for a short period during the war.

10,508. Do not you think that in addition to serving the State he would get a salary, that would be an inducement to do his best?—I think the feeling of serving the State would enable a person to accept a smaller salary from the State than in private enterprise, in the case of a good number of people.

10,509. Might I take it from you that if you think an employer or a colliery manager would give his best service to the State, do not you also think that ordinary workmen would in all probability give better service to the State than if they knew they were working and producing a profit for other people?—I think a number of people would be prepared to take less from the State than private enterprise.

10,510. *Mr. Frank Hodges*: I would like to draw attention to the second paragraph in the précis of your evidence. You say "Nationalisation in any sense cannot be judged on grounds of general principle." What do you mean exactly by that?—I mean you would want to consider every particular industry and that a large part of the relevant evidence would be the detailed state of that industry and the detailed nature of the Governmental machinery available. One cannot say in the air nationalisation is better than private enterprise in a general way or the reverse.

10,511. Does that really prevent you making the generalisation that a given industry should be worked at the greatest point of efficiency in the interests of the greatest number of people?—That is rather ambiguous.

10,512. Not so ambiguous as it appears, I believe. I put it to you, you say that nationalisation cannot be judged on the ground of a general principle. Suppose you had as a general principle that a given industry should be worked at the highest point of efficiency and that it should be worked in the interests of the greatest number of people?—Efficiency being used with some reference to cost.

10,513. With reference to productivity?—You can increase a product by employing a great deal more resources. If to double the output you required 40 times as much resources, that would be in one sense an increase in efficiency but not in another. I do not know in which way you are using the word.

10,514. Not the cost, but the value of the commodity. I appreciate your point. It might not then be described as efficient?—I want to get clear the sense in which you use the term "efficiency." In one sense I agree with what you say.

10,515. The increase of productivity?—Yes.

10,516. Relatively to cost?—Yes.

10,517. If some such scheme as nationalisation indicates you can have those two things would you not arrive at a general principle that was sound?—Yes. If you take your principle far enough off. You say as a general principle that the better system should be introduced, but my difficulty is to find a more proximate principle than that. If nationalisation produces better results than private ownership you ought to have nationalisation. I can lay down a general principle in that sense.

10,518. Look at the paragraph more closely. I do not quite understand it. You say what would work well under one kind of government would work badly under another. Do you mean to say the Post Office is worse under liberalism and better under conservatism, or *vice versa*?—I meant under one kind of Government, say, a bureaucratic as against a democratic system.

10,519. All kinds of Government hitherto have been bureaucratic?—I draw a distinction between, say, the German system of government and the British system of government. It does not follow that a system that could be worked well under one sort of Government could be worked well under another. I did not mean one political party; I mean the way in which the Civil Service is worked, and things like that.

10,520. Did you not have any historical basis for the generalisation that what would work well under one Government would work badly under another. If you have no historical basis, then that is a pure speculation?—In a sense it is a pure speculation; surely that is obvious; if your Government is sufficiently bad it could not work anything.

10,521. That depends upon the degree of power the Government exercises over the industry which it presumably owns. For example, take the Post Office. I do not suppose it can be urged by you that the Post Office is worse administered under one form of

23 April, 1919.]

PROFESSOR ARTHUR CECIL FIGOU.

[Continued.]

government as compared with another. The Post Office has been in being during many different Governments?—We are at cross purposes as to what one means by "form of government." I did not mean to distinguish between liberalism and conservatism.

10,522. I only used that term; I mean the different forms of government that have been in the past?—Suppose you had a Government the essence of which was that anybody would do anything he was bribed to do; that Government would be less suitable to conduct the industry than one in which there was no bribery. That is a mere general statement. Surely it is obvious.

10,523. I thought the impression you wanted to create in that paragraph was that an undertaking nationally owned would be subject to some form of political pressure?—That was not my intention at all in that paragraph. Perhaps I put it badly. I merely meant to suggest you have to consider the character of the industry and the nature of the Government machinery to be applied before you can say whether nationalisation is desirable.

10,524. What constitutes an industry like the Post Office is not the Government; it is the permanent staff?—Yes.

10,525. From the postman to the Postmaster-General, who is the only man affected by political changes?—Yes.

10,526. The industry remains intact apart from the political changes?—I include under my notion of Government all the machinery. Perhaps we are at cross purposes.

10,527. The impression you wanted to convey in that paragraph was the industry in some manner or other would be affected by the kind of political personages that were on the field of activities at the time?—No, you had the spoils system in England under which the staff went out as the Government changed. Now you have all the people there and only the political heads change.

10,528. Now come back to private enterprise, which appears to give us a considerable amount of concern. It has been stated in evidence before the Commission that there are 37,000 shareholders in the mining industry, and, if you put those included in the allied industries, there are 94,000 shareholders, that is holders of capital. How do these 37,000 shareholders function as holders of capital in the initiative required in the industry or do they function at all?—I am a very small shareholder, and I certainly do not function at all.

10,529. Therefore why should you be so exercised that private initiative will be destroyed if these 37,000 shareholders pass out of existence?—It is not the merely passing out of existence of 37,000 shareholders. That will bring you to the leasing system.

10,530. As a matter of fact, these shareholders are already divorced from the active participation in the control of the industry?—Yes, the shareholders are.

10,531. They are holders of private capital?—Yes.

10,532. The initiative, if there is any initiative at all, is the initiative of people who act as trustees for the shareholders?—Yes.

10,533. Who may have capital in the industry and who may not?—Yes.

10,534. What is the particular lure for these men to put more into the industry on behalf of the 37,000 shareholders as against the whole nation?—I do not understand.

10,536. What makes the people who are working for 37,000 shareholders display greater initiative than they would, in your opinion, display if they were working for 40,000,000 people, which would represent the nation?—The main distinction, it seems to me, is if you had it nationalised they would all be liable to work according to one rule, so you would do away with such stimulus to suggest improvements as there is when there are a number of different concerns acting more or less independently.

10,537. Is that borne out in fact? Take the Army. The Army had 6,000,000 men comprised in it and was a national institution. The war was

fought on a nationalised plan. The Army was not a private company, neither was it run by a private company. Did these 6,000,000 men display any lack of initiative, or any number of them?—Of course, that is a question of military history.

10,538. Not at all. Is it not a question that the Army is a nationalised institution; it is nationally owned. I am not suggesting the Army could be anything else?—It is a thing that must be nationally owned.

10,539. Is initiative permissible in the Army?—So far as I know, initiative is rather difficult in the lower parts of the Army. I have no knowledge.

10,540. Is there any initiative in the Army, or is it worked to a rule, as you suggest?—It was worked largely to a rule. I do not quite see the drift of all this.

10,541. I want to put to you, it is stated the war has been won by 6,000,000 men, and those 6,000,000 men are in a nationalised institution?—Yes.

10,542. A Government controlled institution. I put it to you, all the initiative that has been necessary for the winning of the war has been secured within the nationalised institution. Why should there not be a similar institution where you have only 1,000,000 men concerned in industry?—The conduct of an army is entirely different from the conduct of an industry; they do different things.

10,543. One produces, the other destroys; I agree with that. In effect they are both performing national services, are they not?—Yes.

10,544. Do you suggest that it could conceivably be better for the Army to be run by a private company?—Certainly not.

10,545. What do you consider is the motive in industry at the present moment?—There are several motives. One obvious motive is to get profit out of it.

10,546. That is the whole of it?—I gather people in industry work because they really like to do it well when doing a thing.

10,547. Take the case of a coal manager, he may not be a holder of capital in the industry at all. What he is doing is exercising all the initiative that a colliery manager can exercise in the interest of getting profit for someone else?—Largely. If a person is doing a job he likes to do it well.

10,548. Exactly. Therefore, do you suggest that because he is serving a larger number of individuals he would display less interest in his work?—No, certainly not; that would not be the reason.

10,549. Have you considered syndicalism as a solution to the problem of initiative?—I have read a little about syndicalism.

10,550. Suppose I were to put it to you that if industries were to pass from private ownership to the ownership of the workers because of the fears you have about bureaucratic control, justifiable fears, I might say, what would be your attitude towards that proposition?—Of course, it would have to be guarded against the danger that this syndicate should mulct the general consumer of coal.

10,551. In what way?—By charging high prices. If you have a complete monopoly, whether syndicalist or any other monopoly, there is that danger to be guarded against.

10,552. Are you aware there is a growing feeling amongst the workers that they could take over the industry?—In a general way, yes.

10,553. You would regard it as a source of danger to take it over exclusively and own it exclusively without any relation to the nation?—Yes.

10,554. If you have to choose between syndicalism, that is the ownership of the property by the men engaged in it, and the ownership of the property by the nation and controlled jointly with the men engaged in it, which would you prefer?—That would partly depend upon the terms upon which the thing was taken over. On the whole, I would prefer that if you are going to have the thing unified at all, it should be unified through the nation rather than through a private concern, whether consisting of the men or anybody else.

10,555. That would be a private firm syndicalised in that sense?—Yes.

Sir L. Chiozza Money: May I now ask one question?

23 April, 1919.]

PROFESSOR ARTHUR CECIL PIGOU.

[Continued.]

Chairman: Yes.

10,556. *Sir L. Chiozza Money:* With regard to a point put to you about the explosives, it was suggested to you that it was Government neglect before the War that failed to give us explosives. Are you aware that the real neglect was the neglect of nearly the whole commercial industries of this country by capitalism?—It depends on what you mean by "neglect."

10,557. You compared with Germany the system we had with regard to chemical industry in the alkali branches and one or two others?—Yes?

10,558. Is it not a fact it was capitalistic neglect that led to our loss of explosives, and is it not the fact those explosives were provided from the use of by-products of coal and other things?—We had a small chemical industry relative to Germany. It

does not follow it was blameworthy of these people. It might be more profitable to get them from Germany.

10,559. With regard to this, it is now acknowledged this is the key industry?—I am suspicious about key industries.

10,560. With regard to housing, it has been suggested that housing is a national industry. Is housing a form of national industry in this country?

Witness: If you mean built by the nation, no, certainly not.

Mr. R. H. Tawney: We have had some references to salaries on both sides of the table. Can we have a return with regard to those?

Chairman: Will you put on a piece of paper the returns you want, and I will see that they are got for you, if possible.

(The Witness withdrew.)

Mr. Leslie Scott: Might I ask for your ruling as to the most convenient time to make an application on behalf of the Mineral Royalty Owners?

Chairman: Immediately we have concluded the evidence of Sir William Ashley, if that suits you. Professor Ashley wants to get back to Birmingham.

SIR WILLIAM JAMES ASHLEY, called and sworn.

Chairman: The system we have is that I should read your evidence and then any gentleman of the Commission who desires to ask you questions can do so. Sir William James Ashley, you are Vice-Principal of the University of Birmingham and Professor of Commerce at the same University. Your evidence is as follows:—

MEMORANDUM ON THE NATIONALISATION OF THE COAL INDUSTRY.

1. In the absence of any personal experience or recent investigation of the conditions—technical, commercial and industrial—in the coal industry of Great Britain, or of information with regard to the coal industry of other countries (beyond that readily accessible in Walker's treatise on *Monopolistic Combinations in the German Coal Industry*, 1904, and the two volumes issued by the *Federal Trade Commission of the U.S.A.*, 1916), it is impossible to present anything that can be called evidence. All that can be done is to make a few general observations on the situation.

2. The primary question is whether or not the Coal Industry shall be placed under a control which shall substitute for "the present system of ownership and working" the pursuance of a single policy, enforced by a single supreme executive, with regard to each of its important aspects, including not only the getting and marketing of the coal, but also the remuneration of the several factors of production. The term "control," however, may easily be misleading, since by itself it may denote no more than the imposition from outside of certain restrictions, while leaving the present system in the main intact. What is now in question is the replacement of the present system by a single authority which shall have at least the powers of the directorate of an amalgamation. For convenience this may be spoken of as a "Single Authority" organisation. The constitution of this Single Authority—whether in various possible forms of what has come to be known as "Nationalisation," eliminating private capital, or in various possible forms of "Unification," retaining private capital—is logically, and in many vitally important respects practically, a secondary question.

3. It is evident that—however weighty may have been the arguments in favour of a Single Authority, based on the importance of the nation's fuel, the economy of large-scale undertakings and other considerations—the British coal industry, before the War, had not, in fact, reached, by internal evolution, a situation in which the imposition of a Single Authority had become relatively easy. There are some industries in which, by the mere operation of competitive commercial motives, the processes of amalgamation or combination have gone so far, and the business brought to so large an extent under direc-

tion from one or a few centres, that the completion of the development by the imposition of a Single Authority, whether by the State or by the dominating commercial forces themselves, becomes a comparatively simple thing, since most of the preliminary obstacles to unity have already been overcome. This was clearly not the case before the War with the British Coal Industry; so that, from the merely evolutionary point of view, it could not be described as ripe for the creation of a Single Authority. This is, of course, not a conclusive consideration, but it should be borne in mind when comparing the British with the German industry. In Germany, the output of the Ruhr district, which is about three-fifths of the whole, was controlled before the War to the extent of 88 per cent.* by one of the most successful combinations in the world—the Westphalian Coal Syndicate, which has been in existence since 1893. The second main source of supply, the Upper Silesian Field, has been in the hands of another, somewhat looser combination, the Upper Silesian Coal Convention, since 1890†; while the third main source of supply, the Saar field, was owned and managed by the Prussian State. The minor fields and the lignite or brown-coal industry are governed by similar cartels.

Combination has been facilitated in Germany, both by the geographical conditions, which give each of the chief fields a quasi-monopoly for a large contiguous territory, and by the historical conditions which have brought it about that the mining concerns are few in number and mostly large in size. Apparently there are no more than 85 concerns engaged in the Westphalian trade,‡ and 15 in the Silesian.§ Britain, with its approximately 1,500 separate concerns, presents a marked contrast. The twelve largest colliery companies in England and Wales mine between them, it appears, only between one-eleventh and one-twelfth of the total British output. In South Wales a notable effort was made by Lord Rhondda for several years before the War to bring about "community of interest"; but "the Cambrian Combine," in its widest sense, controlled less than one-sixth of the Welsh coal production and less than one-thirtieth of the total British production.|| And it is notorious that nothing

* Report of the Federal Trade Commission on Cooperation in American Export Trade, part II., p. 27.

† According to Walker, p. 112, to the extent of over 74 per cent. of the total production of the district and over 94 per cent. of the non-Governmental output.

‡ Federal Commission II. 29. It is not clear that this number does not include concerns outside the Ruhr district.

§ Walker, p. 112.

|| Federal Commission I., p. 331.

23 April, 1919.]

SIR WILLIAM JAMES ASHLEY.

[Continued.]

in the way of commercial combination between the several coalowners has ever been attempted beyond short-lived and commonly informal local understandings as to price, which has always broken down when put to a severe strain. It is generally understood that it was the absence of any effective unity among coalowners which compelled the Government to intervene against its will, both in the Minimum Wage Act of 1912 and in the Restriction of Prices Act of 1915.

4. It may, on the other hand, be observed that on the side of labour unity of policy and action has been achieved by the Miners' Federation of Great Britain.

And the establishment during the War of the office of Coal Controller has presumably created something like a central control alike of production and distribution. How far the compulsion of war has in fact anticipated the evolutionary process, created organs of supervision capable of becoming organs of administration, and accumulated experience with respect to the supply of industrial needs which can be utilised for post-war requirements—all this can only be judged by those who have worked through the evidence no doubt available.

5. It is unnecessary, however, in this Memorandum to carry further this line of argument, because, as the Note for the Information of Witnesses points out, "the Government, having adopted the Chairman's Interim Report, it may be assumed that the pre-war system of individual and uncontrolled ownership will not be re-established." The Interim Report has further decided that the alternative must be "either nationalisation or a method of unification." The Coal Industry Commission is, therefore, already committed to the establishment of a Single Authority, and it only remains to decide what that Authority shall be.

6. The real question now at issue is whether, in the constitution of the Authority, the present private ownership of the mines shall be retained, and the owners, accordingly, represented on the Authority, or whether the present property interests shall be purchased by the State and the reason for their representation on the Authority disappear. It will be convenient to designate these alternatives simply as Unification and Nationalisation.

7. The following are among the possible merits of Unification as compared with Nationalisation:—

- (1) It avoids the necessity for valuing the property interests, together with the large financial operations involved in national purchase.
- (2) It retains, in some measure, the influence of the existing motives of self-interest and "individual enterprise" on the part of the existing owners.
- (3) It does not directly involve the National Government in the difficulties and probable odium incident to the determination of the price to be charged, from time to time, to the industrial users of coal.
- (4) It does not directly involve the National Government in the difficulties, and probable international complications, incident to the regulation of the export of coal with respect to quantity, direction and price.

8. With regard to the preceding considerations, it may be observed:—

- (1) The weight to be attached to the first mentioned can only be estimated after detailed scrutiny of the situation. The terms of "expropriation" have apparently, so far, only been considered with any particularity by the advocates of Nationalisation; and it would obviously be improper to arrive at any settled conclusion until detailed calculations have been put forward both by coalowners and by independent accountants.
- (2) How far the self-interest of owners (as distinguished from salaried management) has in the past been effective in the public interest by enlarging or cheapening the supplies of coal can only be judged by those who have an intimate inside knowledge of

the industry or the advantage of expert evidence. Considerations of safety will doubtless continue to confine the actual "management" of mines to technically trained men; and it would not seem difficult to give them at least equally strong motives for efficiency under national as under private ownership. The only doubt is whether salaried officials, however highly placed, will be enterprising and courageous in undertaking large new operations. But it must be remarked that under any system of Unification the initiative of the capitalist as such tends in any case to be replaced by salaried directorship.

- (3) and (4) With regard to relations to other industries and other countries, it would seem pretty clear that the establishment of a Single Authority, not by spontaneous agreement within the trade, but by Parliamentary enactment, with the inevitable element of governmental supervision attending it, would, in the eyes of other industries and other countries, make the Government ultimately responsible for the Authority's decisions.

9. To bring the whole of the coal production of Great Britain under control, in the interest, on the one side, of economy of production, and, on the other, of the highest possible standards of comfort and safety for the miners, will be an enormous task. How great they are, when they have not gradually been overcome by internal competitive evolution, but remain in all their complexity to be dealt with by deliberate and all-embracing plan, does not seem to be realised in every quarter. Such as they are, however, they are the same for Unification as for Nationalisation. The Government, by the acceptance of the Chairman's Interim Report, involving in principle a Single Authority, has committed the country to undertake the task; and there seems no obvious reason to suppose that the retention in the Authority of the element of private capital will make it easier to secure success.

10. And, finally, Unification has the very great demerit of retaining the present apparent conflict of interests between coalowners and miners, and all the difficulties apparently inseparable in this industry from the adjustment of wages with proprietary interests. Any form of Unification which seems feasible involves "joint control." But a genuine Joint Control, in industry as in international affairs, has the disadvantage of weakening responsibility and giving occasion for mutual recrimination; and when one has regard to the general tendencies of modern life, Unification with Joint Control can hardly present itself as a stable solution of the problem.

11. The general conclusion would seem to be that, since a Single Authority has been decided upon, there is no very clear advantage to be obtained by a form of Unification which retains the present property interests and some obvious advantage to be secured by out-and-out Nationalisation.

12. If Nationalisation should be recommended, it would seem to be desirable that, in the form of control which is set up, the consumers should be definitely represented. Officials dependent upon an Authority on which the miners were represented might feel embarrassed in wage negotiations with the Miners' Federation, and controversies in the House of Commons between the group of Miners' Members and the Cotton or Steel or other industrial groups are to be avoided if possible. It would be well to give representatives of the consumers as such, if not a share in determining price, at any rate a regular opportunity of expressing their opinions with respect to proposed changes in price. The Co-operative organisations and the great municipalities (the latter perhaps by some system of rotation) might be regarded as sufficiently representing the domestic consumers, and the Federation of British Industries, the Association of Chambers of Commerce, and the Associations in the Cotton and Shipping trades would perhaps sufficiently represent industrial users.

23 April, 1919.]

SIR WILLIAM JAMES ASHLEY.

[Continued.]

10,561. *Mr. Sidney Webb*: I will only ask you a few questions. You point out that unification as compared with nationalisation avoids the necessity for valuing the property interests. I do not understand that. Would not unification involve a merger of the financial interests?—It would seem to depend upon the form of unification adopted. I think I must grant that any very complete unification would probably pretty soon at any rate involve the necessity for a valuation of the interests, but not the necessity involved in the actual purchase of them.

10,562. That is true. There would have to be an issue, to put it in the concrete, of the new stock in the Unified Authority in exchange for the existing stock of the separate companies?—Yes.

10,563. Would not that be almost identical in its effect on the money market with the issue of Government Stock in exchange for the existing companies stock?—I should like to consider that. I have not considered the question of the form which the capitalisation would take.

10,564. That is not a point of very great importance. You point out that unification without nationalisation would have the advantage of not directly involving the National Government in the probable odium of fixing the price of coal. I ask upon that whether you contemplate a unification which would have power to put the price of coal at what it chose?—I do not contemplate any particular form of unification; but such a unification as has been reached in Westphalia does have the power of fixing the price of coal and there arose considerable odium.

10,565. That of course is the case. We have not hitherto had it suggested to us that it would be possible to set up in this country a unified trust without Government control over its price. Do you think it is practically possible to set up a unification of the coal industry without safeguarding the public interest by a very effective control of the maximum price?—That is not really a question of economics at all.

10,566. That is a question of politics. If the price is to be fixed by the Government and controlled by the Government under one form as well as the other the special advantage of the Government avoiding the odium would no longer accrue?—Under sub-paragraphs 3 and 4 of paragraph 8 I have pointed out that it is not a question of contrast between no Government odium and Government odium but that it is simply a matter of degree, and that any form of single authority established by Parliament would practically involve a Governmental responsibility.

10,567. I am anxious to bring that out. It did not leap to the eye at first sight. It seemed to me a contradiction. Under paragraph 9 you point out that the organisation of the industry under the one form as under the other will be a very considerable task; it will involve a survey of the whole thing and a fitting in of the different units and so on. Then you say: "There seems no obvious reason to suppose that the retention in the authority of the element of private capital will make it easier to secure success." Is not that rather under-stated? Is it not obvious the interests of separate capital interests would make it much more difficult to organise?—I was assuming a degree of single control, a power on the part of a single authority to start with, which would be free from those limitations of the private interests involved.

10,568. That is to say a complete autocracy as far as the capital interests are concerned?—Yes.

10,569. If you have that capitalised autocracy the effect will be felt on the rest of the community?—Yes.

10,570. You point out under paragraph 8 (2) that as regards enterprises we have to depend upon salaried officials in every large enterprise. You mean under joint stock companies, and under great Trusts the management is more or less tending to pass into the hands of salaried persons?—That is the case. I wanted to express myself with caution there. I did not know to what extent in the coal industry, the owners, as distinguished from salaried managers, had in fact developed the industry. One can imagine in

the earlier stages of the industry they did a great deal, but as to the state of things before the war I am ignorant.

10,571. To a certain extent it is a matter of a new generation. The property passes to the families and it is always tending to pass out of the hands of the actual administrator?—That is the tendency certainly.

10,572. You make a suggestion about consumers' representation. I was wondering whether the Government was not the representative of the consumer as a whole?—Yes, I know it is in theory, and I realise the strength of that argument, but it depends in practice whether you mean by the Government the officials or you mean Parliament. If you mean the officials, I am not sure that the ordinary bureaucratic tendency towards not creating trouble and taking things easily and so forth, and also, in some cases, the desire for promotion might not cause them to be less keen about consumers' interest than you otherwise might desire. If you mean Parliament, it seems to me undesirable that on the floor of the House there should be a set-to between groups representing the several industrial interests, and therefore, as a matter of practical expediency, I should have thought it desirable to, in some way, have the consumers represented as such.

10,573. I am in entire agreement. I am anxious to bring out the suggestion that this or that municipalities should be accepted as representatives of the domestic consumer?—Yes.

10,574. You see the difficulty of putting all these persons, or any sufficient quantity of them, in a single executive council. I think your suggestion would cover also a separate consumers' council, for instance, which would have the right to be consulted?—Yes.

10,575. *Mr. R. H. Tawney*: In para. 8 (2) of your evidence you discuss certain administrative questions. I gather you think the question of efficiency of administration under a public system really depends on the kind of men you get and the kind of conditions upon which you employ them?—Yes.

10,576. It has been put, I think, several times, and that is the crux of the matter, that in the first place you will not get able men who are able to run the business to undertake the position in a State concern. Can you tell us whether that is so? You have had a lot of experience in that kind of thing?—I should not like to generalise, and with regard to the coal industry I have no special information, but, so far as business management is concerned, I am alternately struck with the great ability of a comparatively few men led by the ordinary business motives (which are not purely financial) and the low degree of ability of a very large number of those who at present are in actual control of businesses.

10,577. Might I put it in this way? Even at the present time, with all its deficiencies, the public service does draw on a body of men who are very distinguished intellectually, and whilst it is suggested the public service does not offer the same prizes as industry provides, do you think that fact is quite conclusive? Business men after all work for other motives as well as for profit. They have a constructive gift often, and might not that kind of motive be more generally appealed to?—Yes, but here again it is dangerous to commit one's self to very general statements or expressions of opinion. I think, to begin with, that the motive of public service is a very powerful motive, and one which could be more appealed to, and I think our Civil Service illustrates that, because at the top of the Civil Service you certainly very often get a degree of ability which is remunerated by other advantages, other sources of satisfaction than the mere salary. How far that motive with the present education can be counted upon to spread down I should not like to say. I think that among what people call the working classes, there are a considerable number and an increasing number of men to whom the feeling of working for the public interest is a real stimulus, and one would hope that in futuro that number will increase, but I should not be very sanguine as to the actual strength of that motive upon the great mass of men

23 April, 1919.]

SIR WILLIAM JAMES ASHLEY.

[Continued.]

in an industry. I should like to add with regard to the other thing you asked me, that I think although in private industry there are opportunities for pecuniary advancement which are greater than in perhaps a large part of the State service, yet one of the great difficulties of English business, I think, is the inadequate opportunities for young men of ability to make themselves felt and to get commensurate positions—that is to say, comparing England with America, I think a young enterprising man in most businesses has a more attractive future before him in America than he has in England.

10,578. That, of course, is a very relevant fact, when considering the relative efficiency of public and private officials. It has been suggested that one of the difficulties is the appointment of persons on other grounds than that of efficiency. Would it not be true to say in private industry there is great nepotism, and the difference between private and public industry is in this respect, that in public industries it is noticed, whereas, of course, in private industries it is not. Is it not the case that sons succeed fathers in the administration of their fathers' business though they may be singularly unfit for any administrative position?—I think what you say is largely true. I should avoid the use of the term "nepotism."

10,579. It was a convenient word, that was all. I do not attach any importance to it. Public administration has been criticised, and it has been said that you might have excessive centralisation, everything run from Whitehall. Is that necessary? You could decentralise a public coal service in exactly the same way as you can decentralise a private coal service. Again, it is an administrative problem?—If you mean by "private" subject to a unification which retains private property, there is no difference between "public" and "private" in this respect.

(The witness withdrew.)

Mr. Leslie Scott: I have to appeal to the Commission for leave for the royalty owners to be represented by counsel. I appear on behalf of two-thirds of the royalty owners of the United Kingdom, measured in rent. The suggestion which I make to the Commission, knowing the extreme importance of saving every minute of time—(*Chairman:* That is quite true)—is that I should be permitted to examine those witnesses that the Commission think fit to allow to be called to express the views of the royalty owners, and to be allowed to cross-examine within certain limits that you might lay down, where issues affecting the royalty owners are concerned, and, at the end of all the proceedings, to make a short address, say limited to two hours, on any matter that may affect royalty owners.

Chairman: Do you mean at the end of the case for the royalty owners or the end of these proceedings?

Mr. Leslie Scott: At the end of the proceedings with regard to this portion of your report, so that I can comment on the different views that have been put forward. I think I can be of most use to the Commission at that stage.

Chairman: With regard to examining the witnesses, what might be done to meet the wishes of your clients is that their proofs should be read. You appear for them. You cannot do it better than have the proofs read.

Mr. Leslie Scott: I observe the procedure of the Commission.

Chairman: You will be here to protect the witness if he wants protection.

Mr. Leslie Scott: I am entirely in the hands of the Commission with regard to that. It is really, I think, more for the purpose of putting one or two questions in re-examination that the right is important. I do not think I should seek to ask any questions in examination in chief. The practice of reading the proof seems to be the most convenient.

Chairman: With regard to your making a speech you would not want to make that until after some weeks or days, or at the end of the proceedings.

Mr. Leslie Scott: Yes.

Chairman: The Commission will meet in private to-morrow at half-past ten, and we shall be sitting here at 2 o'clock. We will announce our decision to-morrow. You need not personally trouble to be here, Mr. Leslie Scott, unless you have nothing better to do. We do not intend taking your witnesses until Friday.

Mr. Leslie Scott: There is another matter which I want to raise with regard to the prints of the evidence. There are two or three points that are suggested to me. One is that we might have copies of the tables put in by the witnesses. The evidence already given is difficult to follow without having copies of the tables.

Chairman: If you will let me know which tables you want, I will do my best to let you have them. I do not know if we have spare copies, but, if not, you shall have my own. I have given Mr. Pawsey already my own copy of the evidence.

Mr. Leslie Scott: May we have further copies of the evidence, in order that the witnesses we put before you may know what has been said before they give their evidence? Again, with the object of shortening their evidence, or, if there is not a sufficient supply, may we have the copy we have already been furnished with reprinted?

Chairman: I do not think there is any objection to that. It will not be an authorised reprint. We cannot give you any further copies, for one very good reason, there are not any. I have already given Mr. Pawsey my copy, which you are at perfect liberty to reprint. They will be reprinted not as Government reprints, but for your private education.

Mr. Leslie Scott: For the future, might extra copies be printed, so that day by day 20 copies can be supplied to us?

Chairman: I will endeavour to get that done; it is a reasonable request. You understand the copies you have are not copies revised by the gentlemen who have given evidence. The reason there has been some delay is we have sent to each witness a print of his evidence in order that he might correct the mistakes, if any, and then a proper draft is printed.

Mr. Leslie Scott: I observe that the proofs of the evidence to be given by the witnesses are printed and are available when the witness goes into the witness chair. Could a sufficient number be printed to supply us at the time the witness takes the chair with, say, 20 copies? Might I make a suggestion also that a sufficient number of copies of the witnesses' proofs be supplied to the Press at the time the witness goes into the chair? I think it would be for the convenience of everybody if that could be done.

Chairman: As far as the Press are concerned your application has already been acceded to. We have always given the Press not to-day but from the very beginning a copy of everything. We will certainly endeavour to give your clients copies. We will have more printed.

Mr. Leslie Scott: Will you be taking witnesses for the royalty owners on Friday or not?

Chairman: It very much depends upon how far the members of the Commission are tempted to cross-examine the witnesses who will be called to-morrow. I think I can assure you we shall take some witnesses for the royalty owners on Friday.

Mr. Leslie Scott: Then could you see your way not to take any witnesses for the royalty owners on Tuesday but continue them on Wednesday? I will give you the reason. I am Chairman, as you know, of another Committee dealing with mining matters. We are sitting on Monday and Tuesday, and we hope to give our final report on Tuesday. That may be of some use to this Commission.

Chairman: We will not take royalty witnesses on Tuesday. There will certainly be some taken on Friday, I hope, and we shall resume them on Wednesday.

Mr. Leslie Scott: If you please, Sir.

(Adjourned to to-morrow at 2 o'clock.)

SECOND STAGE—SECOND DAY.

THURSDAY, 24TH APRIL, 1919.

PRESENT :

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. ROBERT SMILLIE.

MR. R. W. COOPER.

SIR ALLAN M. SMITH.

SIR ARTHUR DUCKHAM.

MR. HERBERT SMITH.

MR. J. T. FORGIE.

MR. R. H. TAWNEY.

MR. FRANK HODGES.

MR. SIDNEY WEBB.

SIR LEO CHIOZZA MONEY.

MR. EVAN WILLIAMS.

SIR RICHARD A. S. REDMAYNE (*Assessor*).MR. ARNOLD D. McNAIR (*Secretary*).MR. GILBERT STONE (*Assistant Secretary*).

Chairman: Gentlemen, I have an announcement to make to the members and the public with regard to the date by which the next Interim Report will be produced. At the conclusion of our first sittings I had the honour of seeing Mr. Bonar Law for a short time, and he asked me how long I thought it would be before we could produce our second report. After considering the matter, I thought that we might do so in two months, and it was because of that that I said to Mr. Bonar Law that we hoped, barring accidents, to produce our next report by May 20th, which was two months from March 20th. The Miners' Federation of Great Britain felt themselves, quite properly, if I may be allowed to express my opinion, in a position where they ought to consult their constituents, and they resolved to have a ballot. That ballot was taken with very great care after due deliberation, and a very great number of men voted at it. I had hoped when I gave Mr. Bonar Law my undertaking to publish the next report by May 20th that the Commission would be sitting within a day or two. As it turned out we were not able to sit for a month. We adjourned on March 20th, and we were not able to sit again publicly until yesterday, April 23rd. I have consulted the members of the Commission this morning, because I was personally quite prepared, and they too were quite prepared, to publish our next report by May 20th, but it meant this—it meant, having regard to the number of witnesses we should have to call, sitting at least 10 hours a day for six days a week. If we did that, I am afraid many of my colleagues before May 20th would be appearing upon the list of distinguished invalids, and we should not be able to produce our report for physical reasons. Another consideration which weighed with us was that on both sides of the table there are gentlemen who have their private business to attend to and who cannot be expected to work 10 hours a day for six days a week without getting to their business or their home in the country even for a week-end. So we have decided to sit four days a week; namely, Tuesdays, 10.30 to 4.30, Wednesdays, 11 to 5, Thursdays, 10.30 to 4.30, and Fridays, 10.30 to 4. That enables the Commissioners, who, after all, are giving their services on this Commission to the country gratuitously, to get Saturday and Monday to attend to their private business, but it makes it quite impossible to produce the report by May 20th. I am satisfied the Government and the country

under those circumstances would not desire us to do it. The subject is of such vast importance that it is not right that we should work for such a number of hours each day as not to be able to give proper attention to the matter. Under those circumstances we have resolved—and the resolution I desire expressly to say has been come to unanimously—that the report will be presented not later than June 20th, and that gives us the time that I originally had in my mind when I told Mr. Bonar Law that we could do it in two months—May 20th being the date on which the two months would expire, of course, after the date of our last meetings.

We shall now proceed to call evidence, but before doing that I have to give an answer to Mr. Leslie Scott, who made an application yesterday that Counsel should be heard. The Commission have very carefully considered the application at their private meeting this morning, and they have come to this conclusion. At a former stage of the enquiry there were interests who appeared before us who had no representative separately upon the Commission itself. We were not able in our discretion to grant them representation. We felt, too, that there are a large number of other interests beyond those of the royalty owners—to take a short example, distributors, or the factors—who are not directly represented upon the Commission, who, if we acceded to the present application, would be entitled to say that they too must be allowed to have Counsel. Under those circumstances we have come to the determination that we cannot allow Counsel to appear, but we shall do this:—Proofs of the witnesses can be handed in, and I, or some member of the Commission, will read the whole of the proof verbatim, and therefore the whole of the evidence that any party desires to place before the Commission will be not only before the Commission, but will be read publicly. We do not think we can allow cross-examination, and we do not think we can allow re-examination. Up till now I have, except in one or two instances, refrained personally from asking any questions. I have purposely, however, asked certain questions of gentlemen who appeared for an interest which was not represented upon the Commission, in order that their case should not be neglected. The Commission have asked me to do this, and I purpose to do it and am willing to do it; I myself will conduct any re-examination of any witness who is called. The

24 April, 1919.]

[Continued.]

position therefore will be this. The whole of the evidence will be read out, every word of it, publicly. The members of the Commission themselves will ask any question which they desire to ask in cross-examination, and, if I think it is necessary, I will myself re-examine any witness on any point which I think ought to be brought out or of which in my judgment they have given a confused account. With regard to the speeches of Counsel, what we propose to do is this. Counsel will be good enough to send us their speeches either typewritten or printed, and we will read them. If I may be allowed to say so, in some ways that will put Counsel in even a better position, because the members of the Commission, instead of relying upon notes they make of Counsel's speeches, and the memory they may have of Counsel's speeches before them in print, and those speeches will be read. So that we shall have (1) the sworn evidence, and (2) Counsel's arguments in the way I have described, if they like to address them to us. Those speeches by Counsel will be placed at the end of the evidence, so that they will appear as part of the proceedings. Therefore, in one way, there will be a more permanent record of Counsel's speeches than there would be if they merely uttered them verbally and members of the Commission made notes of them for their own assistance.

That, Mr. Leslie Scott, is the determination which we have arrived at, and which we must adhere to.

Mr. Leslie Scott: Sir, before the witness is called, may I ask whether the submission which I respectfully made on behalf of the Committee in writing this morning, has been laid before the Commission,

Professor EDWIN CANNAN, Affirmed and Examined.

10,580. *Chairman:* I believe you are a Professor of Political Economy in the University of London (London School of Economics) and author of various works on economic subjects?—Yes.

10,581. I have had the pleasure of reading your report, and I do not think it is necessary to read now the whole of it, but there are some parts of it which I am most desirous that the Commission and the public should hear and appreciate, and I will read out those parts which appear to me to be most useful to us. You say, first of all: "I have known few miners and fewer coal-owners, and have never lived in a coal district, nor even been down a coal-mine. I have never owned royalties or wayleaves or ungotten minerals, nor held shares in a colliery undertaking, having, perhaps unfortunately, been brought up to regard such things as unduly risky."

Then you go on to state that you have not any practical experience of it, and then in your fifth paragraph you say: "I have never seen any statement about the size or shape of mineral properties in this country, and such of the evidence as I have read does not seem very conclusive on the question whether they are such as to cause much obstruction: if they are, I should say appropriate the owners or rearrange the properties wherever this is the case. If not, it is not worth while, as expropriation itself must cost something. I don't think that more rapid discovery and development of new sources would be a recommendation if it could be proved probable, as I doubt the desirability of accelerating the exhaustion of the coal."

The same considerations apply to way-leaves. The importance of the actual charge imposed as way-leave is often exaggerated, owing to neglect to notice that it is all the same, whether payment for mineral extracted is paid to the owner of the surface under which the mineral is found or to the owner of neighbouring surface over which the mineral must be carried; if more is paid as way-leave, there will be less left for royalty. But the more interests there are to be satisfied, the more difficult it is to get on,

and whether that application will be incorporated in the record? You will remember the two letters I had the honour to submit to you this morning.

Chairman: The letters you were good enough to send me reached me at No. 2 Queen Anne's Gate Buildings, where we were having our meeting, and I opened them and read them out aloud to the members of the Commission.

Mr. Leslie Scott: I should be glad if they could be incorporated in the record.

Chairman: I will consult my colleagues with regard to that, and let you know.

Mr. Leslie Scott: I understand that the request in the second of the two letters, that Counsel might be permitted to appear on behalf of both royalty owners and the colliery owners jointly, is acceded to within the limitations indicated by you.

Chairman: Counsel are entitled to send in their speeches, as I say. I should like to say, if I may, that I think those speeches will be very helpful, so that I hope Counsel, if they find themselves at liberty to do so, will not think themselves circumscribed in any way. The arguments will be of great assistance, not only to me personally, but to each member of the Commission.

Mr. Leslie Scott: But there will be no cross-examination of the witnesses under any circumstances.

Chairman: No, that is not quite accurate. There will be twelve cross-examinations of every witness.

Mr. Leslie Scott: I apologise—I meant, of course, by Counsel.

Chairman: Yes, no cross-examination by Counsel.

and in case of any minute sub-division of surface ownership, way-leaves would be likely to stifle mining enterprise altogether if each owner and long lessee could hold out for what he liked. I see no reason why way-leaves should not be obtainable compulsorily on the same principle as land required for an ordinary authorised railway, but, of course, by some less cumbersome and expensive process.

To whom royalties or other payments representing the value of the mineral before it is touched should go, seems to be practically an unimportant question. The amount does not appear to be large to start with. It is reduced by 1s. in the £ by the mineral rights duty, and as most of it notoriously belongs to wealthy owners paying high and continually rising rates of income-tax and super-tax, about half of it is likely to go to the Exchequer now or in the immediate future, and more later on. Of the remainder, doubtless much more than half will be invested by the owners in providing new capital for industries, the proportion being high, not only because they are wealthy, but also because they regard the receipt not as permanent income but as a wasting income, which must terminate in measurable time. As a matter of general principle, however, whatever the sum is, it should be maintained as a surplus over cost of production, and not frittered away in working mines which are below the level of profitable exploitation. To apply the surplus gained on the fertile mines as a subsidy for working some which it is not really worth the community's while to work would be like applying the rents of lands in Middlesex to growing corn on the top of Ben Nevis or reclaiming the Goodwin Sands." Then later on in your proof you address yourself to this question: (1) Would nationalisation benefit the taxpayer? and you say: "The answer to this is most obviously in the negative. One of the principal objects of the advocates of nationalisation is to get rid of certain profits which, on the average, pay high rates of taxation in income tax, super-tax and death duties. With the disappearance of these profits the taxation levied from them will disappear also. If it be objected that the State will then get, not the percentage now levied in

24 April, 1919.]

PROFESSOR EDWIN CANNAN.

[Continued.]

taxation but the whole, the answer is "It will not get a penny." Everyone knows how extraordinarily difficult it is for a State or even a municipal enterprise to get itself allowed to make even that low rate of profit which must be got in good years in order to cover the losses of bad years, to say nothing of anything over and above. As soon as profit appears, the consumers clamour for lower prices, and the producing employes for higher remuneration; the advocates of the State or municipal enterprise side with one or the other, and its opponents are secretly pleased that it should not look prosperous judged by the ordinary standards; in the end the authority, unless peculiarly strong, as that of Prussia used to be, almost invariably gives way." I need not trouble with the remainder of that, because that is the gist of your argument on (1). Then the next question is: (2) Would nationalisation benefit the consumers of coal?—and you say: "Here again the answer, I think, is an unhesitating negative. I do not profess to know much about the subject, but I cannot believe that the finding of coal deep below the surface, the sinking of shafts at the right places and driving of galleries in the right directions, and all the other things which are required to initiate a mine are very easy matters to arrange for. Even the subsequent working must often present problems of considerable difficulty. And the distribution of the produce, some of which may be consumed in the miner's house close by and some in a ship or a factory thousands of miles away, seems to be not altogether plain sailing; 'let each colliery and coalfield supply the places nearest to it' sounds easy till you reflect that it is possible for variations in the supply and demand, both temporary and permanent, to occur, that different consumers require different sorts of coal, and all kinds of other complications with regard to size, time, and method of delivery. To suppose that all this could be well done by the Government of the United Kingdom because that Government has long managed with some success to collect letters from receptacles in which they are placed by their writers, take them to an office, sort them out, dispatch them to other offices, and thence deliver them to the houses to which they are addressed, seems to me very absurd. In difficulty the post business is child's play compared with the coal trade, and, after all, it is not so very well done. Till lately it was sure, and probably will soon be so again, but it is generally slow, and the charge of a penny for a letter, though it looked cheap in 1840, did not look so in 1900, compared with many charges of a penny for other things. At first, when it took over this coal business, the State would no doubt take into its service a large number of those now engaged in it. Probably that number would not include many of the ablest. Some of these, in middle life or beyond, having secured sufficient to live on in comfort or luxury, would retire into private life; others, young and ambitious, would filter away to more promising fields than Government employment. Gradually the staff first secured would die out, and the Ministry of Mines with its subordinate district offices would sink into an ordinary bureaucracy with all the usual characteristics, and totally incapable of managing a business like the coal trade with any tolerable satisfaction to the consumers." I need not read any more about that. Then the next question is (3): Would nationalisation benefit the miners?—and you say: "No one doubts that during the war persons engaged in Government service connected with the war, with the exception of the army and navy, were in clover compared to others in all the belligerent countries. But the means to pay them were then provided by borrowing, stimulated and assisted by watering the currencies, a method which cannot endure for any long time." Then you say: "But as the field of employment by the State enlarges, the policy of favouring those employed by the State at the expense of the consumer becomes more and more difficult, and at last impossible. Industries cannot all be favoured by subsidising each other. A subsidised telegraph system can be supported with ease, but it does not follow that a subsidised railway and canal system, a

subsidised mining system, and so on, can be added without ever-increasing difficulty. And the project of making everyone well-off by the process of writing up the value of the services rendered by everyone to everyone else is just as illusory as the project of making everyone the recipient of the proceeds of the taxation of everyone.

So, and especially if the railways are nationalised, as seems likely, the nationalised miners are not well-advised if they expect to enjoy a specially-favoured position such as State employees are supposed to have enjoyed in pre-war days. They are likely to retain almost their present place in the scale of occupations. They will not be much pushed down, because if in wages, hours and disagreeable incidents, taken together, mining came to compare much worse with other industries than it does, it would become impossible to get recruits for the work, even if men already engaged to the work did not abandon it either singly or in combination." I do not think I need read further until I come to some important observations which are as follows: "If nationalisation is to be rejected what thence?"

It is not I, but the Commission and the Government which has apparently decided that 'something must be done' before finding out whether they knew of any remedy better than the disease. But if I am told that it is certainly determined to do something, and that though I know almost nothing about the coal trade and have not had time to get it up, I may just as well give any suggestion that occurs to me for what it is worth, leaving the Commission to do what they can with it, and remembering that even ridiculous proposals sometimes lead to something better by bringing out some unthought of aspect of the case, I venture the following:—

In the first place satisfy, as far as may be, the desire, so ably expressed by Mr. Straker, of the miners for knowledge of the manner in which the industry is conducted. It is high time we dropped the notion that trade is a kind of war in which everything must be kept secret for fear of information being conveyed to the enemy: it ought to be regarded as co-operation between friends, none the less friendly because they bargain or even haggle. Most certainly provide for the periodical publication of the accounts of all colliery-owners, properly audited, and in such form as will satisfy the miners' representatives that they are getting a true account.

As soon as this has got into sufficiently good order to enable the profits of each company or individual to be ascertained shortly after the termination of the year or half-year, let some definite percentage be paid from these profits into a common fund, which shall forthwith be divided among the miners who have been employed during the year or half-year in proportion to the amount of wages earned by each of them in that period.

It will be said that the benefit derived from the 'miner's dividend,' as it might be called, would be very like that derived from the working of the sliding scale—the miners would get more in good years and less in bad ones. The intention is the same, but the proposed method seems to carry it out better." I do not think I need trouble with the next paragraph, but you finally deal with the objection by saying: "Lastly, it will be objected—by some, and perhaps observed with pleasure by others—that the proposal is the thin end of syndicalism. It may be said that the publicity of accounts and the necessary participation of the miners in order to ensure their correctness will lead to the miners' organisation in a very few years getting to know a great deal more about the trade than it does at present: that, no matter if the dividend starts at quite a low percentage, more will soon be demanded and have to be granted: that as the miners' organisation acquires more knowledge and the proportion of the miners' dividend to the whole increases, the miners will get more and more into the saddle, until at last capitalist management is altogether pushed out, existing capital rented, and

24 April, 1919.]

PROFESSOR EDWIN CANNAN.

[Continued.]

future necessary capital provided out of profits or borrowed by the Syndicate at a fixed rate of interest: and finally, that the organisation, not being in any way a State organisation, might spread and take in the Belgian, the French, or even the Westphalian miners.

Something of that kind might well be the course of events. It does not seem to me very alarming, "bourgeois economist" though I am. It involves no sudden revolution such as is invariably followed by reaction: its difficulties would be met one by one, not in overwhelming battalions. Details we cannot expect to foresee, but of one thing we may be perfectly sure, and that is that the economic organisation of the 19th and early 20th century will not endure for ever, but will gradually be replaced by something else more suitable, not for the 19th century but for its own day and generation. Some such arrangement as I have suggested in which free associations of free men, able to go out and come in as each pleased, would voluntarily give service for service, irrespective of domicile and nationality, seems to me far more probable and far more desirable than any restoration of the feudal system basing economic organisation on the territory of the lord, even if the personal lord of the Middle Ages is replaced by a parliament elected by universal suffrage and proportional representation.

Monopoly such a Miners' Syndicate would certainly have—as indeed the Miners' Federation has at the present time—but I do not think it would be, or appear to be, the interest of the members to make coal scarce and dear, nor that the Syndicate would be half as likely to make it so by mere blundering as a Ministry of Mines, even if that Ministry took in and assimilated (as it would) representatives of every side of the industry as now constituted.

10,582. *Mr. Sidney Webb*: I have only a very few questions to ask you, because time is so scarce. I see that you do not in your suggestions make any reference to the more economical use of the national resources, especially coal?—No, I do not think they would be more economically used.

10,583. At the present time the private interests of the mineowners are to work the coal in the way which will yield the largest profit for the moment, or at any rate for the period of their lease, irrespective of the future. Is that not a defect?—Well, I think the proprietors of the minerals can enforce control, and they ought to protect themselves against that in their leases.

10,584. Do you think they do?—I expect they do.

10,585. We have had evidence that the mines are being worked in the interests of the largest profits and not in the interests of the wisest disposal of the mass of the coal?—I have not seen the evidence.

10,586. Turning to another point, you speak all through your proof, so to speak, in terms of money profits. Have you considered what influence that may have upon the occurrence of accidents?—I do not see why it should cause accidents to occur. I should have thought accidents were expensive.

10,587. Supposing it were found by experience that it costs less to provide workmen's compensation for accidents, or the insurance premiums covering it, than to prevent the accidents, and accepting that hypothesis for the moment, you might have the interests of the coalowners in conflict with the interests of the workmen?—Well, I should ask the Miners' Federation to look after that.

10,588. It may be the Miners' Federation are trying to look after that by asking for a change in the management?—Possibly.

10,589. There is nothing at any rate in your statement which bears on that possibility?—I do not see any difficulty about preventing accidents being profitable, if they are profitable, which I very much doubt—but I am not a coalowner.

10,590. With regard to profit-sharing, you point out that one of the good effects of trade unionism is to provide that workmen should get equality of pay and other advantages for the same work?—Yes.

10,591. Is not profit-sharing for the whole trade rather inconsistent with that: I mean, though the workmen in one particular year may be on a level, you would be making a great difference between the return to the workmen in different years?—I do not see how that can be avoided. The return to the labour of the community is different in different years. The labourer has to share in the general ups-and-downs somehow; he cannot contract out of it.

10,592. Do you think it is an advantage that he should share in the ups-and-downs to that extent?—He must; he cannot help it.

10,593. It is conceivable, is it not, that the capitalists may, in consideration of their profits, themselves bear the ups-and-downs and act as a sort of buffer, for instance?—They do to some extent, but they cannot possibly do the whole thing. That is the mistake made at present, that everyone thinks someone else is to bear the loss at the present time.

10,594. Can you not imagine that by a system of insurance it might be done?—No, I cannot. I think when the product varies downward people will have to suffer from the product being lowered.

10,595. At any rate, you do not regard it as any drawback, that you would introduce the workman to this, so to speak, gambling element?—I do not think it is a gambling element, but a matter of Nature. I think it is very desirable that the workman should be introduced to it, and that he should take some interest in the ups-and-downs of things.

10,596. I do not understand quite what you mean by "Nature" in that connection. The profits of the coal mines from year to year do not vary because of the difference in the harvest, as in agriculture, for instance, but the profits vary perhaps by some effect upon price, which in a sense is not natural?—But, surely, it is the harvest and other things which affect the price and cause the profits from coal to vary.

10,597. May not the prices vary because, let us say, of the superior bargaining of one party as compared with another, or the exigencies of Italy and the neutral States at this moment?—I do not think the powers of bargaining vary very much from year to year.

10,598. But the exigencies of other countries vary from year to year?—That depends upon natural causes, when it does not depend upon something worse like war.

10,599. That is to say, it depends upon natural causes. To come back to the profit-sharing, you do not see any disadvantage in the workman's livelihood going up and down in the way that has been suggested?—It would not depend entirely upon it, of course.

10,600. Then, I see, that you quite contemplate that mining will almost certainly eventuate into some sort of a monopoly in one way or another, but you contemplate if it is in the hands of the workmen themselves there would not be the same disadvantage as if it is in the hands of the Government. Is not that the meaning of your last paragraph?—Yes. I think there is not so much danger in monopoly in the hands of the people who provide the work as there is in a monopoly in other hands.

10,601. You think the consumer would be safer if all the coal were in the hands of the Miners' Federation than in the hands of an elected Government?—Yes, provided the Miners' Federation had an interest in the long-run yield of the whole business.

10,602. Is it not rather difficult to give any voting generation of men an interest in the long-run yield?—What I thought about it was this—that the people employed have an interest in providing employment for themselves and possibly also for their children,

24 April, 1919.]

PROFESSOR EDWIN CANNAN.

[Continued.]

and, consequently, they are not very likely to adopt a restrictive policy of trying to keep down the output, because keeping down the output by a restrictive policy means restriction of employment. I think that is universal experience. If you have an independent producer you do not often find him holding up his product and find him refusing to work a reasonable number of hours a day or only two hours a day so as to raise the price of his product. He likes to give himself full employment, and finds that pays best.

10,603. I have heard it suggested that such combinations in the past have tended to restrict numbers with a view to securing that employment and, consequently, to reduce the quantity?—My recollection of what is contained in "Industrial Democracy" or other works by the same authors, is that that was rather shown to be not a very considerable danger.

10,604. It was shown to be a tendency which was passing away, because it was not suggested that the miners or anyone else should be put into possession of the mines, but supposing the miners were put into possession of the mines is there any reason to suppose they might find an interest in making coal dear?—I do not think they would, as a matter of fact. I came to the conclusion, after considering this matter for some time—and I am inclined to stick to it—that it is not very likely. My scheme, of course, is a gradual scheme, and, if you saw that danger approaching, some method might be taken to meet it.

10,605. You count on a gradual increase of economic knowledge amongst the miners while it is going on?—I think that is probable, and I think the fact of receiving income from the profits of the mines would be educative in itself.

10,606. *Mr. R. H. Tawney*: I have only a very few questions to ask you. I notice you say you think nationalisation would not benefit the consumers of coal. Have you considered the distributive side of the coal industry?—Yes, I have considered the distributive side, and we all have lately.

10,607. You know the price of coal is fixed?—I do not find my price of coal is fixed.

10,608. But you know it is fixed by a Public Authority?—At present?

10,609. Yes?—Yes, I know it is fixed at present.

10,610. Are you aware that that price is sufficient to enable the co-operative societies of coal to distribute to their members something between 2s. and 4s. per ton (I mean societies engaged in coal distribution) while it is alleged only to leave merchants and factors a living profit?—I really do not know about that. All I know is that I used to deal with the co-operative society and I gave it up because the private merchant served me so much better.

10,611. Assuming that is the case, and that we have had evidence to that effect, does not that suggest that a co-operative method of distribution is responsible for certain economic advantages, even although you may not like your particular society?—I should doubt if it was the case.

10,612. You would doubt if what was the case?—What you say has been shown in evidence.

10,613. Have you read the evidence?—I have not had the opportunity.

10,614. You say you doubt if it is the case. Have you any reason for doubting it?—Well, I do not accept everything that Commissioners suggest in leading questions.

10,615. I will not make the obvious retort.—Oh, please do.

10,616. You may take it from me it has been given in evidence, and I understand the evidence, such as it was, was not disputed. I ask you only the hypothetical question: Supposing it to have been the case, do you not think it suggests certain financial economies?—It does not prove that the State will do it better.

10,617. No, it does not?—Of course, you can say any system is wasteful.

10,618. It suggests one system is more wasteful and another is less wasteful?—All it suggests is that the co-operative system is less wasteful. That system is open to everyone, I submit, and they may well continue in it, unless they have the same experience as I have had.

10,619. Now may I take you to the end of your proof? You make certain attractive suggestions, and I understand the first of them to be publicity. Could you develop that a little more? Do you mean publicity with regard to profit?—Yes, certainly, I meant publicity with regard to the whole of the accounts: that you should publish the accounts in a way that the accounts are quite open, just as those of many statutory companies are public, and make them available to anyone and give the miners the power of seeing that they are all right.

10,620. You think in fact it is of great importance that there should be complete publicity in industry?—Yes.

10,621. Would you add to that publicity with regard to costs when that is possible?—Certainly.

10,622. That is to say, there would be publicity with regard to costs and profits. Have you any suggestion to make as to how that may be brought about? Would the publication of a balance sheet by a limited company quite realise the thing you have in view?—No, there would have to be, of course, auditors, as I suggest, appointed by the miners' representatives and, possibly, by some representative of the consumers or the Government.

10,623. That is to say, it really involves a public audit, does it not?—Yes.

10,624. And you think one of the first conditions of importance which you give is that there should be a public audit which would establish complete publicity with regard to costs and profits. That is the case, is it not?—Yes. I think, whatever you do, that is desirable.

10,625. I was very much interested in the last paragraph of your proof. Am I right in thinking that you are in favour of syndicalism?—Do you mean as a general proposition?

10,626. No, as a proposition relating to the coal industry in the connection in which you deal with it?—I certainly should not be in favour of a sudden revolution introducing syndicalism the day after tomorrow, or even on June 20th, but I am not at all afraid of it as something which may be led up to by a gradual process.

10,627. You are in favour of its gradual introduction?—Yes. People will make a great mess of things if they are put in charge of a new system all at once. If you give them time and an educative process it can be done, and in a shorter time than some people imagine.

10,628. By "Syndicalism" I understand you mean the government of an industry by the workers in it?—By everyone engaged in it.

10,629. By workers, I mean that. In the last paragraph of your proof you say that a monopoly of that kind would not be open to certain criticisms which are sometimes brought against it. For example, I understand that you think it would be less dangerous than a monopoly established by a combination of capitalists. Is that correct?—Yes, I think there is a difference. Where the capitalist has some particular interest, either philanthropic or possibly in a long distance view of his own profit which causes him to desire to keep a large number of persons in constant employment and not reduce his number, in that case you constantly find that acts as a protection to the consumer and causes prices to be lower than otherwise they would be, because he wants to go on giving this amount of employment. If you put men in the position of employing themselves, they feel the same thing only much more strongly.

24 April, 1919.]

PROFESSOR EDWIN CANNAN.

[Continued.]

10,630. If you had to choose between a monopoly of the workmen engaged in the industry and a monopoly of capitalists engaged in the industry, you would choose the former?—If you had to make a sudden choice between the two, it would be such a bad thing, it would be difficult to say which would be the worst.

10,631. I do not say a sudden choice but the only choice, which is the suggestion I put before you?—The future is all with the workmen's side.

10,632. *Sir L. Chiozza Money*: I think on page 2 of your *précis* you rather express the opinion that nationalisation or public ownership almost necessarily leads to subsidies to be paid by the public?—Yes.

10,633. Is that opinion of yours based upon an examination of the facts?—I think there are a great many facts to support it.

10,634. May I ask you, have you examined the facts relating to the Commonwealth of Australia, for example?—There may be some profitable things in Australia.

10,635. I asked you if you based your opinion on an examination of facts. Have you examined the facts with regard to Australia?—No, I cannot say that I know much about Australia. I know more about this country.

10,636. You are not aware then that the railways in Australia are based on very low fares and very low freights for merchandise and yet make a profit?—The only thing I remember about the State Railways of Australia was a very serious strike there, which the Government suppressed.

10,637. I asked you, with regard to the points you make in your paper, whether or not they need a subsidy, is it within your knowledge that the Australian State Railways need a subsidy?—I do not know.

10,638. Then so far as Australia is concerned your opinion was not based on facts?—There may be one or two instances.

10,639. May I ask you to pass from a very democratic position of affairs to the—much as we deplore it—bureaucratic position of affairs in Germany. Is it within your knowledge whether subsidies were required in Germany?—I mentioned something about Prussia. At the bottom of page 2, column 1, you will see there is a suggestion which covers the profits made by the Prussian Railways.

10,640. Are you aware that a very handsome profit was made by the Prussian State Railways?—Yes, but I believe now they are making a great loss.

10,641. I am speaking of peace conditions?—I am aware that the Prussian Railways used to make a profit.

10,642. So that both under the democratic conditions prevailing in Australia and the bureaucratic conditions of Prussia—which, as I say, we deplore—a profit was made and not a loss?—Yes, I suggested that it was possible in Prussia. The Authority in Australia seemed to be strong—at any rate it was able to defeat a strike.

10,643. At any rate, Australia is a very democratic country?—I believe so.

10,644. Now, to go to our own country, and taking the electric light and power undertakings of this country, do they require a subsidy?—Some of them.

10,645. Do they as a whole? Let us come nearer home and take the London Companies: do the electric municipal enterprises of London, for example, require

a subsidy?—I am not able to say about the London ones for the moment.

10,646. I am asking about the London ones. Can you give me an answer?—I do not know.

10,647. I take it that your opinion expressed on page 2 was not expressed with a considerable knowledge of the facts?—Yes, I have considerable knowledge about municipalities altogether.

10,648. May I ask you, have you seen the return with regard to the municipal undertakings of this country? Does that allege that a subsidy is required?—It shows that subsidies are required in many cases.

10,649. Did you see the return which I made when I was a Member of Parliament?—I have seen a return, but I do not know whether it was yours.

10,650. Are you aware that it showed that a subsidy was not required on account of public ownership? However, I will not press that any further?—I may say that you will observe that I do say "State or municipal enterprises."

10,651. At any rate, there are a number of cases which do not bear out the opinion you have expressed to me?—There are cases on both sides.

10,652. Is it not the fact that the majority of cases do not bear out the opinion you have expressed?—I doubt that.

10,653. *Mr. Evan Williams*: In your projected scheme of evolution you advocate giving fuller knowledge to the men of the facts of the industry?—Yes.

10,654. Do you regard it as essential that those facts should be given by individual pits, or would the facts given by districts be sufficient in your view?—I think that is rather too technical a matter to ask me about.

10,655. I am asking you because you say that if the colliers at an individual pit were to benefit by the results of that pit it would not be quite the best thing?—Yes.

10,656. Does it not follow from that that district returns and district information would be more useful and better for the industry than individual returns?—I should have thought that district returns would have to be made up from the individual returns. It might be necessary to have a good deal of the individual returns public to make the district returns reliable.

10,657. The district returns have, of course, to be ascertained by the investigation of individual figures?—Yes.

10,658. If that is done by a reliable means, say affidavits on both sides, to ascertain the district returns, would that be the sort of thing you have in your mind?—I would rather not express an opinion about that. I really do not know about the way in which pits are divided between companies, and so on, so as to be able to express a useful opinion.

10,659. *Mr. Arthur Balfour*: On page 5 of your proof you say that one of the best public services performed by the trade unions is the insisting on equality of pay and other advantages for the same work?—Yes.

10,660. Do you know whether the miners, the hewers, who employ boys underground, pay them on that basis?—I have no technical knowledge of the industry at all. I was speaking of trade unions generally.

10,661. You do not know?—No.

(The Witness withdrew.)

Mr. HAROLD COX, Sworn and Examined.

10,662. *Chairman*: You are the Editor of the "Edinburgh Review" and the author of a number of publications upon economic subjects?—Yes.

Chairman: Mr. Cox has been good enough to send the Commission a very short *précis* of his proof, and he has brought with him this afternoon a careful analysis, somewhat extended, of what he proposes to say, which I will circulate at once. What I propose to do is this. I will read Mr. Harold Cox's short *précis*, and then ask any members of the Commission who desire to ask him questions to do so, and later on

I will see that the whole of this further statement is read, either in the middle of his examination or by way of further examination. For the moment I cannot read it, because it has only just been put in my hands. Mr. Cox says:

"The demand for nationalisation is not due to material grievances but to an agitation carried on by theorists in favour of State Socialism.

The Fabian Society has played a prominent part in this agitation.

Many of the arguments used in the Fabian pamphlet

24 April, 1919.]

MR. HAROLD COX.

[Continued.]

are irrelevant; other arguments are inconsistent with the actual scheme proposed.

The Miners' Federation in 1912 adopted a scheme practically identical with the Fabian scheme, but has since modified its proposals.

Other miners' organisations are even more emphatic against State Socialism and demand the control of the mines by the miners.

The question of royalties is relatively unimportant. Existing royalties cannot honestly be confiscated. There is a theoretical case for the expropriation of future royalties by the State, but the practical gain—if any—would be small.

The essential problem is to reconcile as far as possible the interests of the people who work the mines with those of the rest of the nation.

Direct State ownership involves the dead hand of bureaucracy, combined with intermittent interference from the House of Commons on purely political grounds. Both influences are fatal to industrial and commercial efficiency. Experience shows that employees of all grades work better for private employers than for the State.

The control of the mines by the miners gives no hope of efficient management, and no guarantee for the protection of the interests of the consumer.

It is an advantage to the community that the private capitalist should be interposed as a buffer between particular groups of workpeople and the rest of the nation.

Any advantage that occurs through the existence of a multiplicity of separate mining properties has a valuable effect in the stimulus to efficiency and the check on profits that competition provides.

Where considerable economies can be secured by amalgamation, private owners will tend to amalgamate their properties without any assistance or pressure from the State.

As regards distribution, a multiplicity of small agencies is costly, and it is desirable to encourage the formation of large distributive agencies on the analogy of United Dairies in London. The interests of the consumer should be protected by a provision similar to the statutory rule in the case of Gas Companies, which provides that prices must be lowered when dividends are increased, and that prices cannot be raised unless dividends are lowered.

Both for production and for distribution it is imperative to preserve private enterprise."

I will read your further statement later, when it will come more convenient in re-examination.

Witness: Might I suggest that it would save the time of the Commission, I think, if I read this now, and then I could be examined on it.

10,663. If you please?—"The demand for nationalisation is in no way the outcome of present conditions of service in the mines. The Nationalisation of Mines and Minerals Bill was adopted by the Miners' Federation of Great Britain in October, 1912. The Interim Sankey Report states: 'To some of our colleagues, whose opinions we greatly value, nationalisation has been the study or ambition of a lifetime.' The demand springs from a theoretical pre-conception in favour of nationalisation as an ideal solution of social problems. Certain people adopt this conception with enthusiasm and it assumes in their minds all the force of a dogmatic creed. They then begin to look about for material arguments in support of it. A generation ago the popular creed was that the State should appropriate the land, or any inherent value in the land, leaving capital untouched. Under the inspiration of this earlier creed royalties were attacked, but not profits. In 1886 the Trade Union Congress meeting at Hull unanimously passed the following resolution:—

"That, in the opinion of this Congress, the royalty rents and other charges demanded by the landlords of this country are iniquitous and injurious; iniquitous, because they form a monopoly of our mineral resources, where they should be used for the good of all; injurious, because they place a tax upon our staple industries, interfering with, and hindering our commercial prosperity, restricting the profits of the capitalists, and limiting the already too small wages of the workman."

"It will be observed that in 1886 the representatives of Labour were apparently anxious to secure larger profits for the capitalist as well as larger wages for the workpeople. This resolution was quoted with approval in the House of Commons in 1894 by Mr. Woods, a miners' representative, in bringing forward a motion in favour of the abolition of royalties. Mr. Woods and his supporters disregarded the fact that a Royal Commission, which had been sitting for three years, and which included prominent miners' leaders, had reported unanimously that mining royalties were not injurious to the mining industry and only required subsidiary amendments. The subsequent decline in the agitation against mining royalties is indeed in no way due to the logic of facts; it is due to the influence of new theories. Henry Georgism is no longer fashionable; the prophet of to-day is Karl Marx. The agency which has done most to propagate State Socialism is the Fabian Society, a middle-class organisation drawing most of its brain-power from Mr. Sidney Webb, one of the members of this Commission. The arguments of the Fabian Society in favour of the nationalisation of mines therefore require special examination. They are set forth in a pamphlet published in July, 1916. Prominence is given in the opening pages to the statement that it is 'imperative to place this industry outside the control of private individuals or separate classes whose interests are not necessarily identical with those of the community as a whole.' The importance of this statement will be universally admitted. But the actual scheme of nationalisation proposed by the Fabians includes a provision that every person employed in the mines of the State should be compelled to be a member of the Miners' Federation of Great Britain (p. 30). That means that the power of the Miners' Federation, already almost irresistible even by all the forces of the nation, would be further strengthened. Yet the interests of that body and of the class which it represents are obviously not identical with those of the community as a whole. During the war the importance of continuity in the supply of coal ought to have been obvious to every citizen, yet there have been many threatened or partial strikes, and the Miners' Federation has used the threat of a general strike to extort from the nation terms which involve a heavy addition to the price of coal, or alternatively a heavy loss to the national exchequer. These demands Mr. Sidney Webb has supported. Considerable space in the Fabian pamphlet is devoted to the contention that the State would obtain a profit out of the mines for the benefit of the taxpayers, and a number of figures are worked out to show that, even after full allowance has been made for interest and sinking fund on the purchase of mines and of royalties, there would be a handsome net profit to the State. It is quite unnecessary to examine these figures in detail, for they depend on a series of unproved assumptions as to the efficiency of State management. To such assumptions the best answer is that exactly similar assumptions were made when Parliament was persuaded to take over the telegraphs. The original calculations of the Post Office showed a very handsome prospective profit for the State. These figures were subsequently modified, but even when the terms of purchase had been settled, the Chancellor of the Exchequer estimated that the annual net profit to the State would enable the whole debt to be paid off in 29 years. In the first year of State working, 1870, there was indeed a small net profit; in the second year that net profit almost vanished; in the third year it disappeared entirely, and the State telegraphs have since been worked at a loss, in some years exceeding a million sterling. Before they were taken over they were yielding a handsome profit upon which the shareholders paid income tax to the Government. The experience of the telephones, though not quite as bad as the telegraphs, equally shows that the State fails to make a profit where private capitalists succeed. It has also failed to give as good a service. The telephone service in the United States, managed by a company, is immensely superior to the State-managed service of the United

24 April, 1919.]

MR. HAROLD COX.

[Continued.]

Kingdom. In view of these experiences, and in view of the entirely speculative character of the figures given in the Fabian pamphlet, no value whatever attaches to the calculation that there would be a profit to the Exchequer. It is important to add that the men who put forward this calculation in 1916 as an argument in favour of nationalisation have since supported demands by the Miners' Federation which involve a heavy loss to the State unless home prices for coal are raised even above their present level, for it will be impossible permanently to retain export prices at the present inflated figures. A similar condemnation applies to an argument used to attract the support of the private consumer of coal. It is categorically stated in this pamphlet (p. 39) that the State would be able to supply 'the best grades of household coal at 1s. a cwt. or £1 a ton delivered to the cellar free from the risk of rise when the cold weather approaches.' It is added that this would 'be hailed by millions of families as a boon.' This promised boon to the voter is further advertised and defined in the words: 'The Government coal department would by agreement with the State railway department deliver household coal to any railway station in Great Britain for 15s. a ton,' leaving the odd 5s. for the costs of the local authority who would convey the coal to the private cellar. This is the promise made by the Fabians to attract support for their scheme; Mr. Sidney Webb has signed a report which renders the redemption of that promise impossible. All the passages in the pamphlet devoted to criticism of the housing accommodation provided by colliery companies for colliery workers are irrelevant. These criticisms may or may not be justified in themselves, but they have nothing to do with the question of nationalisation; for it is not the practice of the State to provide houses, good or bad, for its employees, nor is it the practice of local authorities. Equally irrelevant are the pages devoted to the prevention of accidents. It is the duty of the mine-owner to take precautions against accident, and there are Government inspectors to enforce that obligation. To argue that better results would be achieved under State ownership is to condemn the present mine inspectors for dereliction of duty, and simultaneously to imply that the State would spend more largely on accident prevention with a consequent reduction of the promised profits on State working. The suggestion that technical improvements in working would be more rapidly adopted by the State than by private owners is contrary to all experience; and the implication that private owners have in the past done little or nothing to improve and develop the industry is negatived by actual records. In the fifty years preceding the war the output of coal from the mines of the United Kingdom increased from 86,000,000 tons to 287,000,000 tons. In the fifty years ending 1902 the death rate from accidents among miners dropped from 5 and 6 per thousand to 1 and 2 per thousand; and the death rate from all causes was reduced by more than half. Few industries can show a finer record than this. On the technical side, coal cutting machinery has been invented, electricity introduced, life-saving apparatus has been devised, and great subsidiary industries have been built up for the scientific utilisation of coal. All this has been done by private enterprise, without any assistance from the State; it has been done with capital reserved from profits, or raised in anticipation of profits. Considerable stress is laid by the Fabians, as by Sir Eric Geddes, upon the alleged waste involved in the use of privately owned trucks for the conveyance of coal. It is forgotten that a truck provides the cheapest form of storage for coal. Stress is also laid in the Fabian pamphlet on the fact that sometimes ships are waiting for coal, and sometimes coal is waiting for ships. The assumption that under State management no similar delays would occur is so flagrantly at variance with the experience of the country under the regime of universal State control that has been in operation during the war that comment is unnecessary.

The essence of the Fabian scheme of nationalisation is the creation of a Government department on the

lines of the Post Office, with a minister responsible to Parliament. The Fabian pamphlet begins with an allusion to the 'economical uniformity of the Post Office,' and with a view to the attainment of this ideal the pamphlet advocates the establishment of a standard quality of household coal at a uniform price. It may safely be prophesied that Government standard coal would be at least as unpopular as Government beer, or standard tea. I have said nothing there as to the enormous cost of bringing different qualities of coal together and blending them so exactly that every half cwt. might contain the same quantities of good and bad coal. Some collieries in the north of England supply no less than fifteen different qualities of coal to meet the wants of different classes of customers, domestic and industrial. In the South Wales export trade skilled specialists are employed to select particular coals for particular markets. The analogy of the Post Office thus completely fails. The Post Office is a favourite example for State Socialists. They are apparently unaware that, except as regards the conveyance of letters, the Post Office has for many years been virtually a bankrupt concern. The collection, conveyance and distribution of letters is as simple an industrial operation as can well be imagined. Yet the Post Office is only able to secure a profit on this simple business because it has a monopoly, which has again and again been used to suppress competition. As early as the reign of Charles II. private enterprise established penny postage throughout London and the suburbs, not only for letters but also for parcels up to 1lb. in weight and for sums of money up to £10 in value. There were eight deliveries a day in the city and four in the suburbs. The enterprise was most successful, but was crushed by the State as an infringement of the Crown monopoly. In the same way, the development of the telephone in the United Kingdom was for many years blocked by the State as an infringement of the monopoly which the Courts held to have been conferred upon the Post Office when the telegraphs were taken over, although the telephone was not then invented. A smaller example is the case of the Express Messenger service in London. This was started by private enterprise and was held to be an infringement of the Post Office monopoly. It was allowed to continue only on condition of paying a tax of a penny to the Government on each message carried. In the case of the parcels post the Post Office has no monopoly and works at a heavy loss. The Fabians, again following—or leading—Sir Eric Geddes, contend that State control of the coal industry would economise rail transport. The experience of State control during the war negatives this assumption. For example, the Leeds Corporation gas works were compelled by the Coal Controller to use Durham instead of Yorkshire coal. It was less suitable for the purpose, it involved much longer haulage, and cost more. The Corporation complained bitterly." If the Commission wishes if I can read a statement I have from the Corporation.

Chairman: Thank you, but we quite accept that.

Witness: "A peculiar feature of the Fabian scheme is a proposal for the establishment of a national store of coal, so as to secure continuity of employment in the mines throughout the year. But coal rapidly deteriorates in the open air. If kept under cover or under water the deterioration is slower; but not only is the repeated handling very costly, but it involves breakage with consequent loss of value. The proposal is quite impracticable. The importance of continuity of employment in all industries is recognised by everyone, but it must not be bought at the price of wasting national resources. A more hopeful line of development is in the direction of so organising industry that men who work in seasonal industries should have an alternative trade. A house painter who can do nothing but house paint must be idle during the winter. A great improvement could also be effected if wage-earners would enter into long contracts of service so that the employer could afford to pay them full wages for an annual holiday to be taken in slack times. This would make life less anxious and more enjoyable for the worker,

24 April, 1919.]

MR. HAROLD COX.

[Continued.]

but it would interfere with the socialist policy of the lightning strike. The scheme of nationalisation put forward by the Miners' Federation in 1912, differs little in general character from that of the Fabian Society. There is, however, a difference of principle on the question of compensation to the owners of royalties. The Fabians have never been led away by the rhetorical sophistries of Henry George, and rightly argue that there is no more reason for confiscating mining royalties than any other legally recognised form of property. The Miners' Federation, still influenced by the Henry George phase through which it passed thirty years ago, proposes to confiscate mining royalties. So far as existing royalties are concerned this would be a clear breach of faith by the State with those persons who have acquired a property in royalties under the sanction of the law. So far as undiscovered coal is concerned there is a theoretical case for treating coal and all minerals as gold and silver are already treated, namely as the property of the Crown. Whether the pecuniary gain to the State would be very great is another matter. The royalties and wayleaves now paid to private owners amount to less than £7,000,000 a year. They are subject to income tax, to mineral rights duty, to excess mineral rights duty and in many cases to super-tax: in Scotland they are subject also to local rates. Thus the State already gets with the present scale of taxation more than half of the total. In countries where minerals are in theory national property the State does not appear in practice to get as much as it does in Great Britain. It is important to add that the mine-owners, i.e., the persons who work the mines and pay the royalties, appear generally to hold that they can deal more satisfactorily with private royalty owners than they could with a government department. To show the relative unimportance of the matter it may be further pointed out that after the State and the local authorities have taken their share of the existing royalties the sum remaining to the owners represents very little more than 1s. a week on the wages of the workers. The Interim Sankey Report has awarded the workers an increased wage of 2s. a day, which is being now provided out of the public exchequer. The nation will not get cheap coal either by confiscating existing royalties or by appropriating future royalties. Apart from the difference of opinion between the Fabians and the Miners' Federation on the question of royalties, the Miners' Bill of 1912 is virtually the same as the Fabian scheme of 1916. Both propose to hand over all the mines of the kingdom to a gigantic centralised bureaucracy with a minister constitutionally responsible to parliament. Since 1912, however, the Miners' Federation appears to have changed its policy. Mr. Straker, Secretary of the Northumberland Miners' Association, laid before this Commission on March 14th last, in the name of the Federation, a scheme of a very different character. He stated that since 1912 'thought has been growing and maturing on the subject, so that now the miners are not only asking for nationalisation, but also for joint control of the mines.' He stated that 'nationalisation with bureaucratic administration,' which is the Fabian ideal, will not prevent unrest, and declared that the worker 'must have a share in the management of the industry in which he is engaged and understand all about the purpose and destination of the product he is producing; he must know both the productive and the commercial side of the industry.' With the desire of the wage-earner to have a voice in determining the conditions under which he works I have the fullest sympathy. Nobody knows where the shoe pinches but the wearer, and provision should be made to enable the workers to discuss with the management questions affecting their comfort and convenience. When, however, it is suggested that the average miner, or the average citizen of this or any other country, is competent to share in the highly technical and elaborate work of managing a mine, and organising the sale of its produce, I demur. The capacity for industrial or commercial management is a very rare gift; that is the reason why managers command high salaries. Nor does the average man want to be worried about the problems

of management. He is concerned about his pay, his hours of work, and the continuity of his employment; for the rest, he wants to enjoy in his own way such pleasures of life as his income commands. Few men even trouble to attend trade union meetings. Exactly how the miners are to control the industry Mr. Straker does not explain. He states, for example, that the Minister of Mines is to fix prices, though this might often result in miners being thrown out of work against their will. He realises that the Minister would have to be responsible to parliament, and wisely proposes to begin by educating the House of Commons (p. 344). We shall probably have burnt a good deal of coal before that process is complete. Other miners are even more emphatic than Mr. Straker in their opposition to bureaucratic control of the mines, with the House of Commons as the final authority. A pamphlet called 'The Miners' Next Step,' issued by the Unofficial Reform Committee in South Wales and published about the middle of 1911, denounces nationalisation as a device of the capitalists. The programme of this Committee is to establish a 'policy of open hostility' between employers and employed. (p. 26). Lodges are to discard the old method of coming out on strike and to adopt 'the more scientific weapon of the irritation strike by simply remaining at work, reducing their output and so contrive by their general conduct to make the colliery unremunerative.' A continued agitation for higher wages and shorter hours is to be carried on 'until we have extracted the whole of the employers' profits.' The object laid down is 'to build up an organisation that will ultimately take over the mining industry and carry it on in the interest of the workers.' This amounts to a claim that the miners are to be allowed to treat our greatest source of natural wealth as if it were their private property. They propose to substitute the profiteering of the proletariat for the profiteering of the capitalist. On the other hand, if the mines and other industries are placed under the direct control of the State the danger to the liberty of the workman becomes very grave. At the moment that danger is only dimly seen, for as the result of clever organisation and cynical indifference to the interests of the nation, a large body of men like the Miners' Federation is able to hold the State to ransom. But that power will disappear as the use of it extends. As each industry in turn becomes a burden on the national exchequer the hard realities which distinguish plus from minus will assert themselves and the collective power of the nation will be used to compel miners to work for such a wage as the Government of the State chooses to fix. Industrial conscription with all the waste and hardship that it involves will take the place of the present industrial liberty. State control of the mining industry is peculiarly undesirable because it is largely an export industry. This branch of the industry must necessarily be conducted in keen competition with foreign countries, and a war of coal prices may easily be as destructive of international amity as a war of tariffs. The interest of the nation lies in obtaining coal at the lowest possible price consistent with the adequate remuneration of the persons employed and of the capital invested. The work in mines is in many respects unpleasant, though relatively healthy even when allowance is made for the high rate of accidents. It is right that the work should be paid at higher rates than more agreeable work above ground requiring similar skill. That has been done in the past. That the work has not been underpaid in comparison with other manual work of similar character may be inferred from the growth in the number of men employed. Between 1894 and 1913 the number of persons employed in the coal mines of the United Kingdom increased from 693,000 to 1,118,000. Such progress as this would have been impossible if the miners had been relatively underpaid. As regards distribution, it is probable that a good deal of economy could be effected by amalgamating many of the numerous distributing agencies now engaged in selling and delivering coal. In the case of milk this is already being done, and the United Dairies, Ltd., has by its operations removed about 1,000 horses from the streets of London. The economies in the case of coal are obviously less than in the

24 April, 1919.]

MR. HAROLD COX.

[Continued.]

ease of milk because the number of deliveries is smaller; but the example is worth noting. The interests of the consumer can be, and should be, protected either by statutory provisions analogous to those regulating the dividends of gas companies or by a voluntary agreement between the distributing agency and its customers on the lines adopted by co-operative societies. The failure of State management is finally due to the fact that individual motives operate against efficiency in the case of State-managed concerns and for efficiency in the case of privately-managed concerns. Members of Parliament and public officials are not inherently more vicious than the rest of the community. We probably all of us have about the same proportions of egoism and altruism in our composition. But in the case of a private concern the motive of self-interest or self-preservation, which is necessarily the strongest motive in most living creatures, impels a man to work for the success of the concern. But the self-interest of a Member of Parliament or of a Government official is in no way affected by the success or failure of State mines or State railways or State telephones. No Member of Parliament is likely to lose his seat or his salary because a State-managed concern shows a debit balance. On the contrary the more Government jobs a Member of Parliament can find for his constituents, however useless they may be to the nation, the more likely is he to be re-elected. In the same way a Government official suffers nothing if the State concern in which he is employed is a failure and gains nothing if it is a success. His self-interest lies in increasing the importance of his own department by multiplying the number of employees, regardless of their real utility, and in making life easy for himself by following an established routine instead of trying to think out improvements. The self-interest of private individuals in competing with one another works for the advantage of the rest of the nation; the self-interest of Government officials scheming to magnify their offices and to cover up one another's mistakes, works against the interest of the nation. It is true that persons employed in subordinate positions in any big concerns tend to have the same mentality as Government officials; but there is in practice an appreciable difference, because the risks of dismissal and the chances of promotion are greater; and also because however big a privately-managed concern may be it is very small compared with the whole nation. People who would hesitate to rob a company will smilingly rob the State."

Chairman: We are very much obliged to you for the very clear way you have put your views before us.

10,663. *Mr. Sidney Webb:* You have paid me a great compliment in assuming that I am responsible for the extensive spread of the principles of nationalisation. Do you really seriously contend that it is dependent on anything I have done?—I have always looked upon you as the brain power of the Fabian Society, and it was a Fabian pamphlet that I was criticising. My argument was that the Fabian Society has been the most prominent agency in promoting State Socialism for years past.

10,664. May I remind you that that pamphlet was not published till 1916? You do not suggest that the movement for nationalising has arisen since 1916 do you?—No; my argument is that for twenty or thirty years the Fabian Society has been the leading association, and therefore, that it is important to know what the views of that association are.

10,665. You have given the Commission to understand that in your opinion the whole movement for the nationalisation of coal mines is due to the influence of the Fabian Society, and particularly to that pamphlet to which you have referred?—No, I said the general movement of State Socialism.

10,666. Then you do not say that that is so of the coal mines?—What I stated is that the Fabian Society is the leading agency which has done most to propagate doctrines of State Socialism.

10,667. You say that the demand for nationalisation is not due to material grievances, but to an agitation carried on by theorists in favour of State Socialism in which the Fabian Society has played a prominent part?—If you look on the first page, I say that it springs from a theoretical preconception in favour of nationalisation as an ideal solution of social problems.

10,668. I was reading from your *précis* in which you say: "The demand for nationalisation is not due to material grievances but to agitation carried on by theorists in favour of State Socialism. The Fabian Society has played a prominent part in this agitation. Many of the arguments used in the Fabian pamphlet are irrelevant." Now I put it to you that the whole effect of that is to suggest that the demand of the Miners' Federation for nationalisation has been due very largely to the Fabian Society, and in particular to the Fabian pamphlet published in 1916?—No. I will try to make it clear if I can. What I mean is that the Fabian Society has instilled into the minds of the mass of people a theoretical preconception in favour of State Socialism.

10,669. I thank you for the advertisement, but I am afraid, in the interests of accuracy, I must disclaim having had all that influence which you suggest on the million members of the Miners' Federation. Of course, you put it very strongly that there are people who have, shall we say, a craze for nationalisation?—Yes, I do not mind your word.

10,670. May I not suggest to you that there are other people who have an equally strong opinion in favour of individualism?—Quite so.

10,671. You put them on a par?—Absolutely.

10,672. Therefore the assertion is rather a disparaging assertion that there are people who have this strong feeling in favour of nationalisation, because it amounts only to saying that there are people who have a strong feeling in favour of something; but there are others who have an equally strong feeling in favour of individualism—you, yourself, for instance?—Yes.

10,673. Would you suggest that your feeling is of any more value than, say, my strong predisposition on the other side?—I did not attempt to balance the two.

10,674. You did not suggest that the other people had any predisposition at all: you held those people who had a view contrary to your own up to opprobrium or criticism?—We tend always to do that in controversy.

10,675. You will agree that one strong opinion is very like another strong opinion?—If you like to put it that way.

10,676. You do not suggest that those people who believe that public advantage would be served by the nationalisation of the coal mines are any less entitled to be listened to than the people who have an equally strong opinion that the public would be better served by the mines being left as they are?—I like everybody to be listened to.

10,677. You do not suggest that the nationalisers, if I may use that word, are any less worthy of credence?—I should be very sorry to suggest it.

10,678. I put it to you that the whole of your argument might be thought to lead to that, but I may take it that you did not intend it?—No, I did not.

10,679. Then you say: "The Miners' Federation in 1912 adopted a scheme practically identical with the Fabian scheme": I take it you mean the Fabian Society's scheme of 1916?—The scheme described in the Fabian pamphlet.

10,680. That is 1916. I want to emphasise that date. The Miners' Federation appears to have been in the field, as regards coal, before that time?—In putting forward a Bill, no doubt.

10,681. That is to say, we republished the Miners' Bill after the miners had drafted it?—I do not know who were the authors of the Bill originally.

10,682. I suggest to you that it is not quite accurate to state that it was the Fabian Society who suggested the Bill to the Miners' Federation, the fact being that the Miners' Federation suggested the Bill to the Fabian Society?—Did not the Fabian Society help in drafting it?

10,683. No. I cannot tell what individual members may possibly have done. Then you say: "Other Miners' organisations are even more emphatic against State Socialism." In your fuller statement you refer, towards the end, to a pamphlet called "The Miners' Next Step," and you say that was issued by the Unofficial Reform Committee in South Wales and published about the middle of 1911, and denounces nationalisation as a device of the capitalists. Then you go on to say: "This amounts to a claim

24 April, 1919.]

MR. HAROLD COX.

[Continued.]

that the miners are to be allowed to treat our greatest source of natural wealth as if it were their private property." Does it not occur to you that a little misapprehension might be caused by your use of the word "miners" there? Generally speaking, you use the word "miners" as referring to the Miners' Federation, or the great bulk of the members, and there you are using the word "miners" in relation to this unofficial Committee in South Wales. On page 15 do you suggest that that pamphlet at all related to the views of the Miners' Federation?—I did not say that.

10,684. No, you only said that it related to the views of the miners?—I say this amounts to a claim by this particular body.

10,685. You say "This amounts to a claim that the miners are to be allowed," etc.?—It is a claim by this organisation that the miners are to be allowed.

10,686. You did not mean to imply that the horrible conduct which you are there denouncing in that pamphlet was at all typical of the miners generally?—I certainly do not say so.

10,687. What I am asking is, Did you imply it? You are a master of literature, and you know it is possible to imply a thing without saying it?—I should be very sorry to do so. I say this is a special body in South Wales, and that they put forward a particular proposal which amounts to a claim that the miners are to be allowed, etc.

10,688. You did not mean to create the impression that that was at all characteristic of the Miners' Federation? If you did not mean to give the impression that that was typical of the Miners' Federation, would it not be well that we should have that clearly on the notes?—I have no evidence that the Miners' Federation have accepted that.

10,689. I take it that you would not make the statement without the evidence?—I have not made the statement.

10,690. You do not wish to imply that the Miners' Federation are sharing in this view?—I say the contrary higher up.

10,691. Then you can answer yes or no as to whether you meant to imply that?—Of course I did not mean to imply the contrary to what I said.

10,692. Then you turn to the question of royalties, and you explain very properly that there has been a change in the opinion of a number of people with regard to royalties. May I ask you to look at page 2, where you say: "The subsequent decline in the agitation against mining royalties is indeed in no way due to the logic of facts: It is due to the influence of new theories. Henry Georgism is no longer fashionable: the prophet of to-day is Karl Marx." Then you go on to say: "The agency which has done most to propagate State socialism is the Fabian Society." Did you wish to suggest that the Fabian Society had passed from the doctrines of Henry George to those of Karl Marx?—No, I did not, because I say later that the Fabian Society was not touched by that doctrine.

10,693. Did you mean to suggest that it was chiefly remarkable as propagating the doctrine of Karl Marx?—No.

10,694. You would not wish to imply that the Fabian Society has ever had anything to do with propagating the doctrines of Karl Marx?—No. My recollection is that the Fabian Society has always looked on Karl Marx as a colossal humbug.

10,695. There again I wish to give you the opportunity of saying that you did not mean to imply that?—Certainly.

10,696. Do you suggest that that transition from Henry George to Karl Marx is characteristic of the Miners' Federation?—That is my impression.

10,697. Is there anything in the Miners' Federation of Great Britain, either in their constitution or in their publications, which has any relation to the teachings of Karl Marx?—I should say generally that the whole socialist movement in this country is not easily distinguished from the Karl Marx doctrine.

10,698. I asked if the Miners' Federation has ever betrayed any affinity to Karl Marx?—I can only speak of their general policy.

10,699. Then I may take it that you did not intend to imply that the Miners' Federation is at all influenced by Karl Marx?—I think that it is.

10,700. I asked you whether you wished to imply it?—I have tried to make my meaning clear.

10,701. You point out that the Miners' Federation attacked royalties, as you suggest, under the influence of Henry George. Then you say: "Henry Georgism is no longer fashionable: the prophet of to-day is Karl Marx." The implication would be that the Miners' Federation has done that?—Yes, I think it is probable.

10,702. Do you suggest it?—Yes.

10,703. Do you remember anything that Karl Marx has said about mining royalties?—No, I was not dealing with mining royalties there.

10,704. On page 2 you set out the resolution of the Trade Union Congress, moved by the Miners' Federation, with regard to mining royalties?—Yes.

10,705. And you explain that the decline in the agitation has been due to the change of influence from Henry George to Karl Marx?—Yes.

10,706. Surely that is a suggestion that the Miners' Federation has come under the influence of Karl Marx?—That does not affect the mining royalties.

10,707. I am giving you an opportunity of repudiating the mistaken inference that may be drawn from your statement that the Miners' Federation has been guilty of these things?—The Miners' Federation has come under the influence of Marxian doctrines, and the essence of that doctrine is an attack on profits, and the Miners' Federation is now attacking profits.

10,708. Have you noticed any weakening in their willingness to attack royalties?—No, but less importance is attached to it than attacking profits. In 1886 they did not attack profits, and now they do. That is the whole point of my remark.

10,709. On page 3 you say: "The actual scheme of nationalisation proposed by the Fabians includes a provision that every person employed in the mines of the State should be compelled to be a member of the Miners' Federation of Great Britain." You rather imply that that is some new wickedness which the Fabian Society has invented for the enslavement of the workmen. Do you suggest that it was the Fabian Society that invented that?—No, I do not suggest that the Fabian Society invents everything that it advocates.

10,710. You suggest, at any rate, that the scheme proposed by the Fabians includes that provision?—Yes.

10,711. That rather indicates that you think it was in some way peculiar to the proposal of the Fabian Society?—No, I was drawing a contrast between this provision and the statement made by the Fabian Society that the industry must be outside the control of a class whose interests are not identical with those of the community as a whole.

10,712. You make a reference to page 30, and on that page you will find that, as a matter of fact, in 1916 in South Wales all the men in the pits except the officials were required to be members either of the Miners' Federation or of the corresponding Society of Enginemmen. On that same page where you make that statement may be found the fact that it was already in existence in South Wales?—What is the relevancy of that?

10,713. The point is that you suggest here that the actual scheme of nationalisation proposed by the Fabians includes a certain provision. What the Fabian Society in its pamphlet did was to point out that the Government had already brought that into effect. What I want to ask you is whether you think there is anything peculiar in the Fabian Society in having suggested that this would happen when, as a matter of fact, it was already in application in South Wales?—I did not intend to suggest that it was peculiar. All I intended to state was that there was a direct conflict between the one statement that the industry is to be free from control by classes whose interests are not identical with those of the rest of the community, and the other that every miner must become a member of the Federation.

24 April, 1919.]

MR. HAROLD COX.

[Continued.]

10,714. The implication of your statement is that it was the Fabian Society in particular which made this proposal. Would it not have been clearer if you had said that this has already been carried out by the Government as regards South Wales?—It would be irrelevant. The point is to draw a contrast between the Fabian proposals and the Fabian theories.

10,715. Would it not be clearer if you had said, between the Government proposals and the Fabian theories?—No, because the Fabians advocated it on page 30.

10,716. They do not advocate it; as a matter of fact, it is merely suggested that the State would necessarily be led to make membership compulsory?—Then you mean that you do not approve of it being compulsory?

10,717. I did not say anything about that. I was only saying that you were misquoting. You begin at the beginning by suggesting that "Prominence is given in the opening pages of the statement that it is imperative to place this industry outside the control of private individuals or separate classes whose interests are not necessarily identical with those of the community as a whole." Do you agree with that statement?—Yes, quite.

10,718. You do agree?—Yes.

10,719. You say, and I will read it: "It is imperative to place this industry outside the control of private individuals or separate classes whose interest are not necessarily identical with those of the community as a whole"—I entirely agree with that.

10,720. I am glad to find that you are still in agreement with the Fabian Society upon that point?—I said I agree.

10,721. You suggest because it is pointed out that a Trade Union will necessarily exercise great influence that that is in some way in conflict with it?—Certainly.

10,722. Surely there are two ways of placing it outside the control of private individuals or separate classes and that is one way to keep all classes out of it, in which case it would be carried on by the angels. The other is to bring all classes into it. Can you suggest any other way by which it might be done?—It is insisted that every person employed in the mines should be a member of the Federation. You place in the hands of the Federation the power of the control of the industry in the interests of itself.

10,723. Do you place them in a position of power to control the interests autocratically. There is such a thing as balance of power?—It is difficult when every man is compelled to belong to a Trade Union to resist the orders of the Committee.

10,724. Is there any way of preventing any man being a member of a Trade Union?—I say I should think that the Fabian Society having put forward this first proposition, it ought to go on to argue we ought to use our utmost endeavours to prevent every member becoming a member of one Trade Union.

10,725. You suggest the alternative would be like the simile of rats in a bag, so that each should be cutting its own throat?—I think the community gains by competition between individuals.

10,726. No doubt you do think that. At any rate, we have cleared up that particular point. You believe it is imperative to place this industry outside the control of private individuals or separate classes whose interests are not necessarily identical with those of the community as a whole. How would you apply that to coal owners?—The coal owners do not form a syndicate or ring; they are in competition with one another.

10,727. They form a separate class?—No, they do not form a separate class.

10,728. You did not mean a class of landlords?—No; landlords are in competition with one another.

10,729. You have said twice you agree with the statement, but now you are specifying something else. You said a ring or a trust?—That is what I object to.

10,730. You said you object to either being in control of the capital classes?—I object to uncontrolled trusts.

10,731. Is that the same as a ring or trust?—A ring or trust I should regard as a class.

10,732. That is a simple conversion of A. You have not forgotten your logic. A ring would be a separate class, but is a trust a ring?—I do not understand what you mean.

10,733. Then let us pass from that. You point out this particular pamphlet of the Fabian Society which described for the first time the nationalisation of the coal supply. I think I may say it went into the question for the first time, and gave a number of details?—Yes.

10,734. You put it with great triumph those figures have become absolutely impossible?—Quite.

10,735. I suppose that is almost inevitable in the course of three years such as we have had, that figures quoted from 1913 would be out of date at the present time?—Yes. I should have thought the people who put forward those figures as an argument for a particular class would be trying to get back to them as far as possible and not go away from them as far as possible.

10,736. You are not casting a doubt upon these figures?—I say they are all speculative.

10,737. So far as they are quotations of the figures of 1913 you are not impeaching them?—I daresay the particular figures are right, but so far as based upon fact they are really speculative.

10,738. Your criticism again implies the figures are something not so good as that?—I say they are speculative. I do not suggest they are dishonest.

10,739. I am very glad you have made that clear. Some of your statements seem to be rather to the contrary. You point out that since that time the miners have received an increase of wages. Do you suggest it was wrong for the miners to have received an increase of wages since this pamphlet was written?—No, my suggestion is the Fabian Society was advocating a course in conflict with the prospects it previously held out to the public.

10,740. Can you suggest any way in which a pamphlet printed in 1916 can be in some way remedied if the circumstances have changed?—You mean withdrawn from sale?

10,741. Yes?—Has it been withdrawn from sale?

10,742. No, it has not. Do you suggest it ought to be withdrawn from sale?—Your argument seems to tend in that direction.

10,743. It is not my argument. My point is, you are rather contemplating the bottom has been knocked out of the calculation by saying that the miners have received several advances in wages?—Yes, and more are being advocated.

10,744. Do you think that is inconsistent with the argument?—Quite, because there is no chance of profit. One of the main points of this pamphlet was a profit would accrue to the State. I say that is impossible.

10,745. On certain terms of purchase or compensation. Does it not occur to you those terms of purchase or compensation depend absolutely on so many years' purchase of the net profits of the owners, and if wages rise so the industry pays less profit to the owner, and the compensation to them becomes smaller?—It depends upon prices.

10,746. It does not depend upon prices at all. If the compensation is so many years' purchase of the profits, and if a rise in wages reduces the profits to an extent, to that extent the compensation payable to the owners would be reduced?—Not if the price of coal is simultaneously high.

10,747. I say there is, to the extent to which there is a reduction in profits. If on the one hand the net profits are lower, so on the other hand the compensation payable will be lower?—What do you mean?

10,748. Do not you see that that leaves the calculation unaffected? You have not worked that out. You have not taken that into account?—I certainly have not taken into account that you meant the mine-owners were to be compensated on the basis of their having no profit.

10,749. You do not wish them to be compensated in any other way than in exact relation to their profits?—I imagine their profit is as high as it was then.

24 April, 1919.]

MR. HAROLD COX.

[Continued.]

10,750. Then the increase in wages has done no harm to them?—I was not looking at it from the point of view of the owners. I do not care about them.

10,751. If the profits are the same, then again the figures are not affected?—Yes, there is no profit to the State; that is what I think about.

10,752. The calculations remain as they were?—No, there is no chance of getting any net revenue for the State.

10,753. You assert that because of the theory with regard to efficiency, and the figures remain unimpugned?—Yes.

10,754. As a matter of efficiency that is a matter of production and neither can found a reasonable argument upon that.—I agree.

10,755. I grant you have as much to say for your side as I have for my side. Except that I have the experience of other States.

10,756. Have you as much experience as I have?—Yes.

10,757. Of other State Departments?—Yes.

10,758. Really we will not argue about that. There are experiences and experiences. You say "It is categorically stated in this pamphlet that the State would be able to supply the best grades of household coal at a shilling a cwt or £1 a ton delivered to the cellar free from the risk of rise when the cold weather approaches." It is added "This would be hailed by millions of families as a boon." This promised boon to the voter is further advertised and defined in the words that the Government Coal Department would by agreement with the State Railway Department deliver household coal to any railway station in Great Britain for 15s. a ton, leaving the odd 5s. for the cost of the local authority who would convey the coal to the private cellar." Then you say that has become impossible?—Yes.

10,759. The level of prices as you know has been altered to a very considerable extent quite irrespective of coal.—Yes.

10,760. Therefore any prices quoted six years ago would not be the same to-day?—No.

10,761. The currency change affects that?—Yes.

10,762. You do not suggest there is anything wicked in that?—Except this pamphlet as you told us is still in circulation so anybody who buys it would think the Fabian Society are promising coal at £1 a ton.

10,763. On the basis of 1913?—They would still think it held good.

10,764. They might be misled. With regard to the housing accommodation. You suggest that the criticism of the miners' houses is irrelevant. The housing accommodation has been to a large extent provided by the coal proprietors themselves?—Yes.

10,765. Is it irrelevant to criticise the houses that have been provided by the colliery proprietors as being very bad?—It depends upon the point of view from which you criticise them.

10,766. From a sanitary point of view?—From a sanitary point of view or from showing the colliery owners are stupid people or immoral. From the question of nationalisation it is irrelevant. The State does not provide houses for its employees.

10,767. That is to say, the State has not at present and you infer if the State were to put itself into the place of the colliery proprietors it would cease to provide houses for the colliery employees?—It might or might not.

10,768. You predict that?—I do not know.

10,769. You think it is probable the State would sell off all the cottages it took over from the colliery concerns?—No, it would probably keep them.

10,770. You suggest the State would find itself saddled with an obligation to house its colliery employees?—Because it would only inherit that obligation.

10,771. You do not suggest it would not agree to it. You did not mean to suggest that?—No, I meant to suggest on your argument for nationalisation the question of housing is irrelevant.

10,772. It did not occur to you the colliery proprietors actually provide the houses in a great many cases?—I know that.

10,773. Did you imply the State would sell off those cottages and give up that obligation?—No, I said it was an irrelevant argument with regard to nationalisation to criticise the existing housing accommodation. The State has not hitherto made it a practice to house its employees.

10,774. You admit the State would find itself charged with an obligation to house the colliery employees?—That is a different point.

10,775. Do you think if the State were directly responsible for providing a certain number of houses for colliery employees the State could be able to go on supplying the one room or two room house which has been supplied?—It depends upon the state of public opinion at the time.

10,776. Do you think it is probable?—No.

10,777. If the State were in position of the colliery proprietors do you think that the houses supplied would not be of a rather better standard?—I think the probability is the State would spend money lavishly on miners' houses at the expense of the general body of tax payers.

10,778. How is it hardly relevant to the question of the housing of the miners if you think the houses would be improved upon. Do not you see as a matter of fact nationalisation would be calculated, as you say, in all probability greatly to improve the quality of the houses provided for the miners?—Yes, where the State inherits the liability I think it is probable.

10,779. Therefore, it is not altogether irrelevant from the point of view of death-rate?—You apparently forget if the State spends money lavishly on housing it makes no profit for the tax payer.

10,780. Not so much profit possibly. The Fabian Society provided for housing accommodation for the miners at the cost of £5,000,000 a year. You say all questions about the prevention of accidents is irrelevant and we do not know what will happen with regard to accidents. Do you suggest it is quite reasonable to speculate that if the State were directly responsible for the accidents, if there could be a row in the House of Commons whenever there was an accident do not you assent there might not be a tendency to have fewer accidents and to take more precautions?—It is possible.

10,781. Therefore it is relevant, at any rate?—If you look at the argument you will see what I meant. We have already an agency for preventing accidents.

10,782. What is that agency?—The Mine Inspector.

10,783. The Mine Inspectors do not prevent accidents. It is not their duty to prevent accidents but to see to the enforcement by the colliery proprietors of their obligations?—That is what I meant.

10,784. That is not put on the Mine Inspector?—I mean the same thing as you do.

10,785. Is not that of importance; the Inspector has not any duty to prevent accidents; it is not the man's duty?—We mean the same thing.

10,786. It is an important duty whether the State has an obligation to prevent accidents and has the necessary power to make safeguards. Whether the State has the obligation or has knowledge the duty of enforcing the law on a set of capitalists without providing the precaution itself is important?—You would get better results that way.

10,787. Therefore it is not irrelevant?—You would get better results in the existing way.

10,788. Therefore the argument cannot be irrelevant. You keep saying in your statement that the question of the prevention of accidents is irrelevant. Did you mean that?—Yes, I mean there is no necessary deduction that the State would better provide against accidents if it owned the mines than it can do now.

10,789. Is that what you meant; it must be a necessary deduction?—I have given my answer.

10,790. You do not mean to confuse relevancy with its being a necessary deduction. Do you really mean because the State might if it were directly responsible and had the power to put safeguards into the mines which would have better results, or might do, do you mean to say that that is to argue that the Mine Inspector who has no power to put in new plant and who has only the power not to insist upon everything that might be desirable but only on the minimum the law provides—do you suggest it is to accuse

24 April, 1919.]

MR. HAROLD COX.

[Continued.]

him of dereliction of duty because he does not prevent accidents whereas the State might?—I adhere to my point.

10,791. Is it the duty of the Mine Inspector to require from a colliery proprietor more than the law exacts?—No.

10,792. The law exacts a minimum?—My contention is the law will under private ownership exact what is necessary to prevent accidents as far as that is possible.

10,793. You say it is a dereliction of duty of the Mine Inspector. The Mine Inspector cannot get the law altered?—They have to carry out the law.

10,794. If they have to carry out a minimum law you consider it implies a dereliction of duty on the legal authorities; whose duty it is to see that there are fewer accidents?—There would be a dereliction of duty on the part of the House of Commons.

10,795. Would you not wish to withdraw your argument with regard to the dereliction of duty?—No.

10,796. You still stick to that?—Yes.

10,797. You suggest that mining accidents have greatly diminished during the last 50 years. I agree with you. That is definitely stated in this pamphlet?—Yes.

10,798. You notice it is only the fatal accidents for which the figures are available. Have you considered the figures with regard to the non-fatal accidents?—No, frankly I have not.

10,799. That is rather an important item. You do not accept any suggestion apparently that there was a waste involved in the use of privately owned trucks?—I should think the waste is very small.

10,800. You do not give any importance to the fact of the unnecessary haulage?—No, for this reason, that the trucks are owned by the colliery proprietors and they pay for the haulage themselves both ways. I am quite certain they would not do that on the average unless it was the most economical way of dealing with the coal.

10,801. Unless it was the most economical thing to them individually?—It is a question of the railway companies charging higher rates.

10,802. It might not be the most economical to them collectively?—I do not know what you mean.

10,803. It is not so long as they are disunited. If all the 1,500 colliery concerns in the United Kingdom were united there might be another economical discovery?—There might be. If all the companies provided trucks on the same system as the North Eastern, possibly it might be more economical.

10,804. You do know there would be economy in having united ownership of railway trucks?—I doubt if there are many trucks wasted.

10,805. In your statement you seem to give the indication there would be no economy in a union of trucks. You state now there would be economy?—There are possibilities of economy all through life. I did not mean to imply there could be no improvement in the industry.

10,806. Is the point of the private ownership of trucks the only point in question. That can only have been to throw doubt on the possibility of there being any economy there?—When you say, "any economy," I admit in all things there can be some economy.

10,807. On the specific point of united service, you think probably there would be economy?—Probably; there is very little in it.

10,808. You said you thought there would be economy?—I said there might be a little economy. You are misstating me.

10,809. I am sorry. Your considered judgment is, there would be next to no economy?—It would not be worth thinking about.

10,810. On that we have the opinions of the railway experts and the coal experts?—I think Sir Eric Geddes' statement on that point was entirely stupid.

10,811. I daresay such a great man as Sir Eric Geddes makes foolish statements. He was making that statement not necessarily from his own experience, but on the faith of the reports of the experts who have gone into the matter from the point of view of the railway managers. Do you

think they have been wrong?—I still think the matter is one that can be quite easily settled between the coal owners and the railway companies. If there is any great economy that could be got, they will get it between them, one way or the other.

10,812. Your confidence in the power and ability of the coalowners to get economy leaves out of account what may suit them individually; it might not suit them if they were able for other reasons to combine. There are many practices which a number of separate traders have to adopt which would not pay them to adopt if all united?—If there is to be a big economy by combination the probability is the men will combine of their own accord.

10,813. That is an optimistic statement. You made that in your proof. In the next paragraph you said: "As regards distribution, a multiplicity of small agencies is costly, and it is desirable to encourage the formation of large distributive agencies on the analogy of the United Dairies in London. The interests of the consumer should be protected by a provision similar to the statutory rule in the case of gas companies, which provides that prices must be lowered when dividends are increased, and that prices cannot be raised unless dividends are lowered." Apparently what you mean is that the prospect of profit by combination does not seem to prevail in the coal-distributing industry, and in many specific instances they might be united. Did you mean to limit your statement to the private owners who will tend to amalgamate their property without assistance or pressure from the State? Did you limit that to coal production or eliminate coal production?—People in charge of the collieries take a larger view and look more ahead than people who are carting coal about.

10,814. Do you think the distributive agencies are small compared with the collieries?—Some are, some are not.

10,815. Some collieries are small?—Yes.

10,816. In both cases there are a lot of separate interests which did not combine?—Yes.

10,817. You suggest there might probably be a considerable economy in the combination of the distributive interests?—Yes.

10,818. Yet you do not see that there might be economy in the combination of the producing industry?—As far as I can form an opinion, the economy is more likely to be obtained in coal distribution than in working the mines. I am anxious to keep as much competition as possible between the mines so as to keep down the price for the benefit of the consumer.

10,819. You are anxious to keep up competition amongst the mines, but you are not anxious to keep up competition amongst the different distributors?—No, I suggest another way of getting the same result.

10,820. That is to say the interests of the consumer should be protected by the gas companies sliding scale?—That is so.

10,821. That is the suggestion you make?—Yes.

10,822. Do you suggest that is applicable to the distribution of coal?—I am inclined to think so.

10,823. Do you think it is applicable to the distribution of milk?—Yes.

10,824. We have been placed under a combination for the distribution of milk, we know such a thing has occurred?—It is a matter for control.

10,825. Are you in favour of State controlled capitalism exclusively in favour of milk?—I am in favour of the State control of monopolies. When there is a monopoly the State must interfere to protect the consumer.

10,826. You would interfere with the possibility of a combination of coal owners to protect their own interests or their own profits without very effective control by the State?—Certainly.

10,827. If the coal owners were to combine in a national trust you would think it inevitable or absolutely necessary that the State should control the price and various other things?—Certainly.

10,828. Consequently that would in all probability restrict the economy they would expect to get by combination. I am putting it to you that you say if there are enormous advantages to be got by unifica-

24 April, 1919.]

MR. HAROLD COX.

[Continued.]

tion you may rely upon the coalowners combining to get them. You say if they did combine to get them the State would have to take it away from them by its control, and that being so do not you think that rather discourages the coalowners from combining?—You are arguing about two different things. From the point of view of economy in production all you want is a combination in small groups according to the districts in which they are. As long as different districts are competing with one another the State need not bother with that combination. If you have a combination of all the colliery owners in the kingdom it would be necessary for the State to interfere.

10,829. In anything in the nature of what we call unification of the coal industry you think there must be safeguards, and most drastic safeguards by the State?—If you mean by unification without effective competition.

10,830. Assuming there is a suggestion of unification put up by the coalowners for the amalgamation or merging of all the coal mines in the United Kingdom into one great enterprise to secure economies which it is thought would be got, yet it is your opinion it would be absolutely necessary to interfere and have State control over the prices?—The State would have to protect the consumer.

10,831. Does not that involve the dead hand of the bureaucracy combined with intermittent interference from the House of Commons on purely political grounds?—I am not anxious that all the coalowners should combine.

10,832. If they do combine, it would involve that?—Yes.

10,833. Therefore, if the Government pledged themselves to have either unification or nationalisation, the dead hand of bureaucracy comes in both cases?—I think the Government has made a mistake.

10,834. We have some regard for scraps of paper in this country. If the Government has pledged itself to that and obtained the consideration with regard to the warding off of the strike in consequence of that, they must carry it out?—You admit by that statement that the Miners' Federation was holding the State to ransom.

10,835. I do not conceive anything.

10,836. If the Government made that pledge, there must be one or the other. You are clear that with a system of unification there would have to be a State control of the prices to protect the consumer?—I will say generally the State must protect the consumer if you destroy competition.

10,837. Therefore, there is the dead hand of bureaucracy combined with intermittent interference from the House of Commons on purely political grounds.

10,838. *Chairman*: If there is a combination of the coalowners, such combination would have to be controlled by the Government as regards prices. Is that what you say?—If you have such a combination as to destroy competition, then the State must interfere to protect the consumers.

10,839. *Mr. Sidney Webb*: Turn your mind to distribution. If you got your unified coal distribution in London which it is suggested would be desirable to encourage, similarly there would have to be State control, and you have in fact suggested it in one form?—I suggest you should have the analogy of the gas companies. I can hardly call that State control. Parliament passes an Act which continues to operate of its own accord.

10,840. The gas companies sliding scale involves not only an Act of Parliament, but absolute continuous control?—Yes, investigation of prices.

10,841. It involves an absolute audit?—Yes.

10,842. And involves a control over the companies?—Some.

10,843. The gas companies cannot issue capital as they like?—If the State passes a law it must enforce it.

10,844. It involves continual administration; there are officials whose position it is to look after the gas companies?—I call that investigation rather than administration.

10,845. They give orders. Has it been brought to your notice there are from an economical point of view some bad effects of those gas companies sliding scales. The gas directors are said to lose a great deal of their interest in economies—it is rather like the Excess Profit Tax—they get so little out of any improvement that they are not keen on making improvements. You never heard of that?—No.

10,846. You make a suggestion that a sliding scale of that nature should be applied to coal?—I knew before the war something of the Gas Light and Coke Company, and the directors were then studying improvements.

10,847. "It is imperative to preserve private enterprise." That is summing up your state of mind generally?—Yes.

10,848. You do not apply that universally?—As far as possible.

10,849. Do you apply that to water?—I think we did have as good a supply of water for London under the different companies as we now get by the Water Board.

10,850. Do you think it is useful to preserve private enterprise with regard to water?—I think private enterprise has served us well.

10,851. Do you think the town should rely on private enterprise for their water?—I do not see why not.

10,852. You think you would?—Yes.

10,853. That is going the whole hog. The opinion of the civilised world is against you upon that?—I am aware there is a large current of State Socialism to-day.

10,854. You do not say that is due to the Fabian Society?—Not entirely.

10,855. You rely very logically upon the stimulus of profit-making to induce the colliery owners to work their mines in the best possible way?—Yes.

10,856. Does it occur to you that all he is logically interested in is in the profits for the time being, and he has no interest in the nation's stock of coal. Do you think there is never any conflict between the interests of the present owners of shares and the permanent interest of the State for such things?—All through life there is conflict between the interests of the individual and the interests of the community.

10,857. Can you conceive any way in which the better interests of the community can be safeguarded than by the interests of the State?—The interests of the community are better served by people competing for private gain than by Government officials.

10,858. That is to say, to cut down the forest it is against the permanent interests of the community?—The alternative is to give the State ownership of the forests, which would mean an enormous expenditure with very little return.

10,859. In so far as the interests of the present generation conflict with the interests of the future community, you would still leave that to the profit-making of the private owner?—Generally.

10,860. We are to run a risk because you are afraid to interfere in the matter?—I think it is better to bear the losses we have rather than those we know not of.

10,861. You do not apply that to the coal in London?—I don't follow.

10,862. With regard to a coal trust, you would have the State intervene?—Where you see a particular evil it is well to seek a remedy for it.

10,863. You would allow the State to intervene where you see a particular evil?—Often that has to be done.

10,864. I think you are getting on. You say: "Experience shows that employees of all grades work better for private employers than for the State." That is a very general statement?—Absolutely true.

10,865. Do you think it applies to the Judges?—Judges have never worked for private individuals, so we have no means of judging them.

10,866. You know there used to be a great many people in magisterial offices such as Lords of a Manor, and from the manor over which they had private jurisdiction they received a profit?—My history does not go as far back as that.

10,867. You have forgotten that history?—Yes.

24 April, 1919.]

MR. HAROLD COX.

[Continued.]

10,868. You remember in the Army the work used to be carried on for the private profit of the contractors who carried the Army on?—I have heard of that and heard of that happening still.

10,869. You do not suggest an Army Officer works better for the contractors than for the State. You do not push it that length?—I think it is quite beyond the scope of any industrial problem to bring in a question of the Army.

10,870. It is only in the industry then. You do not mean employees of all grades; you only mean employees in industry?—The question of the Army is totally different. There is altogether a different human motive.

10,871. You can have a human motive and still have a stimulus with regard to profit making. Have you ever heard of the co-operative movement?—Yes.

10,872. Do you think they work for the stimulus of profit making; I mean those managers and the Committee men?—One hears stories about co-operative managers which are not nice to tell.

10,873. I do not ask you to tell me any gossip of that sort. Since you have admitted we have other springs of action than profit making, which are in the Army very effective, and, possibly, on behalf of His Majesty's Judges, there are other springs of action that are effective?—Yes.

10,874. You suggest they do not prevail in industry?—They do not prevail sufficiently.

10,875. Can you imagine that we might transform an industry from being a mere machinery for the making of profit into a public concern?—I see no sufficient change in human nature.

10,876. Have you not seen it done in your lifetime?—No.

10,877. Take the schoolmaster industry. When we were young we had private venture schools; now it is

a matter of public service. Do you suggest the schoolmasters are giving less loyal and devoted service for their salaries to the State than for private profit?—I really do not know whether you get better schoolmasters at public schools than at private schools.

10,878. A rather important example is the substitution of one motive for another motive?—Are public schools any better than private schools?

10,879. I do not say so. If you have not studied that particular instance, it is a relevant case which you might like to look at?—The case of a schoolmaster is the case of a wage-earner.

10,880. There was a time when a large portion of the schoolmasters were profit makers?—You mean they sold beef and potatoes to their pupils.

10,881. No, they were keeping schools for profit and taking the profits themselves?—There are a great many private schools still in existence.

10,882. I do not say how many there are. I suggest to you the industry as a whole has passed from being a private venture to being a salaried concern for the public. I ask you whether you thought in that transformation the motive, devotion and loyalty of the schoolmaster has been abated?—If you want me to say that I think there has been an improvement by the interference of the State, I say that is not so.

10,883. I ask, is the effect of the change a stimulus in those people?—I cannot follow you.

10,884. It is difficult to rise to a conception of a public service?—That is my experience of the mass of mankind, from Members of Parliament down to the lowest Government officials. They are thinking of themselves and not of the Government service.

10,885. Your experience has been unfortunate?—I find high Ministers corruptly using the money of the State.

(Adjourned to to-morrow morning at 10.30.)

SECOND STAGE—THIRD DAY.

FRIDAY, 25TH APRIL, 1919.

PRESENT :

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. ROBERT SMILLIE.

MR. R. W. COOPER.

SIR ALLAN M. SMITH.

SIR ARTHUR DUCKHAM.

MR. HERBERT SMITH.

MR. J. T. FORGIE.

MR. R. H. TAWNEY.

MR. FRANK HODGES.

MR. EVAN WILLIAMS.

SIR LEO CHIOZZA MONEY.

SIR RICHARD A. S. REDMAYNE (*Assessor*).

MR. ARNOLD D. McNAIR (*Secretary*).

MR. GILBERT STONE (*Assistant Secretary*).

MR. HAROLD COX, Recalled.

Chairman: I will ask Mr. Tawney to cross-examine the witness.

Mr. Leslie Scott: Sir, before the witness is further cross-examined, I want to ask your ruling on one point. Those instructing me have received a letter from the Secretary to the Commission asking that 100 prints of the *précis* of the evidence of witnesses

that it is proposed to call on behalf of the mineral royalty-owners should be handed in to the Commission in time for the Commissioners to read them in advance. Having regard to the fact that certain members of the Commission have made it quite clear that their minds are made up on the question of nationalisation, and that they—

25 April, 1919.]

MR. HAROLD COX.

[Continued.]

Sir L. Chiozza Money: Sir, on a point of order, I must really protest against this interruption of those proceedings. You have called on Mr. Tawney to cross-examine the witness. Are we to have counsel, who have been specifically excluded by the Act, and by ourselves, appearing here to make speeches in which they reflect upon the Commissioners?

Chairman: I gather Mr. Leslie Scott's application has something to do with the *précis* of the witnesses' evidence. Perhaps if I might suggest it, I think it would not be wise to suggest that some members have made up their minds. Mr. Leslie Scott will know as an advocate, just as much as I know, that very often you think you have the jury dead against you, but, after all, they are Englishmen, and I think they are open to conviction. Even if some gentlemen, apparently—I do not even say they have apparently—have made up their minds, I am sure the arguments advanced will receive the most careful attention. With regard to your application, Mr. Leslie Scott, I gather it is something with regard to sending in copies of the *précis*.

Mr. Leslie Scott: It is, sir. The application I desire to make, and which Sir Leo Chiozza Money desires to prevent me making, is that the *précis* of evidence should not be sent in in advance in that way. It is not fair to the witnesses that they should have their proofs laid before the Commission a long time in advance in order that those to whom I referred just now may equip themselves with points which the witnesses are not able to deal with.

Sir L. Chiozza Money: On a point of order I do protest that that speech is another attempt to over-ride the decision of the Act as interpreted by this Commission and by yourself, sir,—that counsel are not to appear before this Commission. That was laid down not by ourselves but by the House of Commons in its wisdom, and we have, I think, properly interpreted the voice of the House of Commons in that matter. However that may be, the decision has been given, and I do protest against these interruptions on the part of counsel on matters which you, sir, are quite competent to decide for the guidance of the Commissioners.

Mr. Robert Smillie: I want to protest on other grounds. The time of this Commission is limited.

Sir L. Chiozza Money: Hear, hear.

Mr. Robert Smillie: There are some millions of people in this country who have as good a right to come here and raise points as Mr. Leslie Scott. If they are to come, I want to know where the Commission will end. I think we have quite sufficient to deal with.

Chairman: I am very much obliged to all three gentlemen for expressing their views, and I have no doubt we shall get on now. No doubt, Mr. Leslie Scott will let us have the *précis* in the morning on which he has the witnesses to be called and the *précis* can be handed round.

Mr. Leslie Scott: I will endeavour to arrange that that shall be done.

Sir L. Chiozza Money: I ask your leave to make one other observation, sir.

Chairman: Certainly.

Sir L. Chiozza Money: As you have allowed it to be uttered—I do not say you could prevent it—but it has been uttered, that certain people have had an opportunity of examining the evidence which others have not, may I point out that we have not yet received any schemes from the other side for examination ourselves, so that those economists who come before the Commission who are in favour of nationalisation have had no opportunity of examining the other side's views, while gentlemen well qualified to do it, like Mr. Harold Cox, who is now before us, have had an opportunity of criticising in detail the case for nationalisation as presented from this side by various people. I only want to make that observation, which otherwise I should not trouble you with, because counsel has, as I think, abused his position here to make remarks which amount to an

appearance before us which we ourselves have not desired and, indeed, intend to prevent.

Mr. Arthur Balfour: Sir, I am sorry to take up the time of the Commission, but it does not seem to me that we have from the other side a definite scheme which we can criticise. Various schemes have been thrown out, and a scheme from Mr. Straker, the miners' representative, has been repudiated. I think it would be well to have from the other side a scheme which we could consider.

Mr. R. H. Tawney: I will not traverse Mr. Leslie Scott's statement about the Commissioners having made up their minds, because it is not a kind of statement worth discussing, but should not have been made on the one point about the *précis* being sent in.

Mr. Leslie Scott: On a point of order, would you refer to paragraph 3 of the First Report signed by Messrs. Smillie, Hodges, Herbert Smith, Tawney, Sidney Webb, and Sir L. Chiozza Money, in which they say: "We think that, in the interests of the consumers as much as in that of the miners, nationalisation ought to be, in principle, at once determined on."

Mr. Robert Smillie: Our side will have to retire from this Commission if outsiders like Mr. Leslie Scott are entitled to be heard. There is nothing for us to do but retire. We cannot sit here and allow that.

Sir L. Chiozza Money: Hear, hear!

Sir Allan Smith: I suggest this matter ought to have been discussed *in camera*.

Sir L. Chiozza Money: No, in public.

Chairman: At present Mr. Tawney is making an observation.

Mr. R. H. Tawney: May I return to my point? In spite of what Sir Leslie Scott says—I go so far as to say I am even familiar with the Report which he has read—I am still wishful to have as long an opportunity as possible of considering the evidence put before us, and I submit that that is a perfectly proper attitude. The only proper attitude, and the only way in which we can do justice to the evidence is to have an opportunity of reading it in advance. I have given evidence before Royal and other Commissions, and the procedure in my experience always was for the Commissioners to tell the witness that he must send in a proof of his evidence some considerable time in advance, in order that the Commissioners might consider it. Now that is the reasonable procedure. It is a procedure which makes on the whole for fairness and for the discovery of the relevant facts, and I would ask you if we cannot pursue that procedure now.

Chairman: Mr. Leslie Scott, I understand, does not want to give his *précis* in at the last moment, but he will let us have it as soon as he possibly can. I do not suppose at the moment he has his *précis* ready. There is this to be said: Supposing it turns out that Mr. Leslie Scott hands in his *précis* at the very last moment, and any gentleman on either side says: "Well, I have not had an opportunity of reading this, and I really cannot ask questions upon a *précis* that I have only just seen a moment ago," under those circumstances I shall exercise my function as a chairman and say: "I shall have the witness recalled after a duo interval."

Mr. R. H. Tawney: Thank you, Sir; that quite meets my wish.

Sir L. Chiozza Money: I am sorry to speak again, but I must really ask whether interruptions of the character which Mr. Leslie Scott has just made are to be permitted. If so, I must respectfully intimate my intention of retiring from this Commission.

Chairman: Thank you. Now we will continue with Mr. Tawney's cross-examination of the witness. We have only occupied a quarter of an hour on this discussion.

10,886. *Mr. R. H. Tawney (To the Witness)*: If I may make a digression in the direction of the subject, I do not propose to follow you into some of the

25 April, 1919.]

MR. HAROLD COX.

[Continued.]

larger questions which you have raised about the nature of Parliament and the character of Mr. Webb and Karl Marx, and so on. I gather, and I think rightly, that you are a strong advocate of private enterprise?—Yes.

10,887. And on page 7 of your typed proof you give a list of the various achievements of private enterprise?—In that particular field.

10,888. Yes, in that particular field. You say: "In the 50 years ending 1902 the death rate from accidents among miners dropped from 5 and 6 per thousand to 1 and 2 per thousand, and the death rate from all causes was reduced by more than half." Then you go on to mention certain other improvements, and then you say: "All this has been done by private enterprise, without any assistance from the State." On reconsideration would you not desire to qualify that statement a little?—No.

10,889. Does it not occur to you that the reduction in death rate from accidents has been partly due to the action of the State?—The statement here that all this has been done without assistance from the State refers to development on the technical side.

10,890. It does not refer to the accidents or reduction in death rate?—It was meant to refer to that. I should not have used the word "assistance." I quite recognise that the State has a compulsory power and a governing power which it has quite properly used both in factories and mines to establish a standard with regard to accidents.

10,891. That is to say, the reduction in the number of accidents, as you point out quite rightly, is not simply due to the action of the owners, but due partly to the action of the Legislature?—I think quite rightly that is a general view of the function of the Government, and the function of the Government is to govern.

10,892. I only want your view of the facts. This particular improvement is due partly to the State, is it not?—It is due to the State exercising its proper functions as a Government.

10,893. Do you know how many Acts dealing with the safety of miners have been passed? The first Act was in 1842, was it not?—You may be right.

10,894. I am speaking without pretence to accuracy, but I think it would be moderate to say it is not less than eight?—May I submit that this is really beside the point? I do not challenge the power of the State to take governing action, by which I include such things as the Factory Acts and the Mines Acts, and so on, but I challenge the State taking commercial or industrial action.

10,895. As you know the distinction is not always very easy to draw in practice, but I think you will see the relevance of this, if I may go on. Is it within your knowledge that when these Acts were still Bills a considerable number of them were strenuously opposed by the coalowners in Parliament?—It is quite probable.

10,896. But you have not any personal knowledge?—No, but it is quite probable.

10,897. You have not read the history of the legislation?—I have read more or less the history of the Factory Acts, and I know they were opposed by employers very largely.

10,898. You know, perhaps, Professor Jevons' book on the coal trade?—I remember reading it years ago.

10,899. I do not mean the elder Jevons, but the son?—No, I have not read it.

10,900. I think if you will consult the history of it again you will see that strenuous opposition was offered?—What is the point of that, quite?

10,901. That when the State has endeavoured to enforce a higher standard of safety with regard to miners it has come into collision with parties who have financial interests in preventing that standard being enforced?—Quite so, but I do not see what that has to do with the question of the State becoming actively an industrial factor.

10,902. I might retort that the reduction of the death rate has nothing to do with that. You raised the point and not I. Has it occurred to you that supposing the State, instead of being an external authority interfering from time to time, were itself owner of the mines, it might be able to make further advances in the direction of securing greater safety?—I think the chances are against it, because you would at once get two different State Departments quarrelling with one another. That is one of my arguments for keeping the State out of industry: I want the State to be a neutral acting outside, but keeping the authorities and the rest of us in order.

10,903. You mean the Home Office, through the Mines Inspector, might come into collision with the Board of Trade, or whatever the Authority was, for managing the mines?—Yes, that is exactly my point.

10,904. As you are aware at the present time it is not always very easy for the Home Office to enforce regulations with regard to safety?—That is a matter for Parliament.

10,905. Quite so, but is it not probable that, if a Minister were liable to be hauled over the coals in the House of Commons whenever there was an accident, a higher standard of safety would be enforced?—I think it is improbable. I think you get more efficient action by the State when it is acting from outside.

10,906. You make some statement with regard to the rarity of the gift of industrial and commercial management, and you go on to say that is the reason why managers command high salaries. Have you any knowledge what salaries managers do command?—Only generally.

10,907. Do you know colliery managers are now agitating for a minimum of £500?—I was not speaking specially of colliery managers but generally of managers throughout industry: I was dealing with the general proposition.

10,908. Of course I accept that statement, but I think if you look at the preceding statement you will see, if I am mistaken, that the mistake was natural: "When, however, it is suggested that the average miner, or the average citizen of this or any other country, is competent to share in the highly technical and elaborate work of managing a mine, and organising the sale of its produce, I demur"?—Yes, but you were using the word "manager" in a more limited sense than I was. A great deal of the management in the mine is done by the proprietors of the mine.

10,909. By the "proprietors of the mine" do you mean the shareholders?—I mean to say it is not simply the particular person. I mean the industry is also conducted partly by the people who are financially responsible for it.

10,910. When you speak of the proprietors of the mine, I suppose they are the shareholders?—I meant the directors. That is a slip of the tongue.

10,911. I will not take advantage of a verbal slip. If we may start from that, it raises an important point of principle, does it not? Let me pursue it a little further. In another part of your paper rather an analogous point, I think, occurs. You say, I think—forgive me if I do not quote you correctly—that self-interest compels the different parties interested in industry under private management to work for the good of the concern. I think you say something like that?—Yes.

10,912. Does it really apply to people who own the property to work for the good of the concern: for example, does it apply to shareholders?—To the directors. The shareholders simply look on from outside.

10,913. Quite so, the shareholders look on from outside and are important only because they are paid a dividend?—Yes. The directors are responsible to them for the production of a dividend.

10,914. It would be possible, I suppose, to get rid of the shareholders who simply "look on from outside" without in any way diminishing the incentive to the efficient conduct of the industry on the part of

25 April, 1919.]

MR. HAROLD COX.

[Continued.]

those who do conduct it at present?—If you get rid of the shareholders you get rid of the capital.

10,915. Would you? When you get rid of the capitalist do you get rid of the capital?—How are you going to accumulate capital?

10,916. There are several possible ways, are there not? You might possibly save it out of the product of the current year?—How do you mean save? —

10,917. The community might save?—Yes, but how?

10,918. It might lay aside a certain surplus?—That is by taxation.

10,919. Not necessarily at all; though, of course, it might save by taxation. Supposing a municipal tramway wishes to extend, it may borrow or, presumably, it may raise it out of the rates—although it never does—or lay aside a certain sum out of the takings of previous years?—It is conceivable.

10,920. It is conceivable, and it is possible. All I want to get at is this. It is not a mere verbal point, and I do not wish to make a score about it. It is often said the importance of private enterprise is that it offers a stimulus to efficiency and management, and I myself should go so far as to admit that that is a very weighty argument and one which should be met, but it does not really apply, does it, to all aspects of private enterprise? I mean, there are several parties interested in a concern. Assuming that, to some of them private enterprise offers a stimulus; to others, the shareholders, it does not, who, as you say, look at it from outside?—Yes, but they provide the capital.

10,921. Yes, but they do not conduct the industry?—No, but they provide the capital without which the industry could not be conducted.

10,922. That is to say, their function is merely to provide capital?—It is very important. I should not use the word “merely.”

10,923. Their function is to provide capital and to be paid for it. If it were possible to raise capital otherwise, you would not impede the efficiency of the industry?—I think the best conceivable way to raise capital is to leave it to private individuals to save their money and invest it.

10,924. You criticise the Post Office, with regard to which I am not competent to follow you, but I should like to get clear from your view. On page 5 of your proof you say: “The experience of the telephones, though not quite so bad as the telegraphs, equally shows that the State fails to make a profit where private capitalists succeed.” Do you suggest that the failure to make a profit is always a proof of inefficiency?—It is partly due to inefficiency and partly to Parliamentary interference.

10,925. Do you suggest the fact that a privately-managed Post Office might make a larger profit than a publicly-managed Post Office is conclusive on the side of private as against public management?—I do not quite see the point of your question.

10,926. I understand you to say your criticism is that certain State Services have failed to make a profit where private enterprise in those Services might have succeeded in making a profit?—Yes.

10,927. Do you suggest that the fact that profits might be lower under public than private management is conclusive against public management?—It is a strong argument against it.

10,928. Are there not some Services which it might be worth while to conduct even at a loss?—Which are they?

10,929. For instance, the provision of roads or the provision of schools?—I think there is a great deal to be said for making even the users of roads, such as motorists, pay for the use of them.

10,930. Do you suggest the roads ought to pay for themselves?—I think, on the whole, the present system is better, but we should never have got our present roads they had not begun by paying for themselves. Practically every road in England at the present time is due to private enterprise.

10,931. That is to say, in the early stages of developing an undertaking private enterprise might be eminently desirable, but within a time, as in the case of roads, it might be desirable to revise that method at a later stage?—I admit that as a general proposition.

10,932. Then with regard to this point about profits—again, I must apologise if I have not your exact words—I think you say the only part of the Postal Service which makes a profit is the delivery of letters, while the telegraphs and so on make a loss. Is that really so very severe criticism upon it? Is it not the case that even in a private business, taking shop-keeping, it may pay to sell one line at a loss and make a larger profit on other lines? That is common practice, is it not?—Yes, but the Post Office did not set out to do that, but to make a profit on telegrams and failed, and they set out to make a profit on telephones and they failed.

10,933. But it may have changed its mind, might it not?—No, I think it was due to bad management. It was also due to the fact that workpeople employed by the State work less efficiently than people employed by private persons.

10,934. You say it was due to bad management, and, of course, it may have been, but I see nothing in your paper to produce any evidence about that?—Well, I cannot go into the whole matter, of course.

10,935. Is it not the case that most of these cases are questions of evidence? We do not want to argue in the air?—The main fact is that they promised a profit which they have not delivered.

10,936. When did they promise it?—They promised a profit for telegraphs in 1870.

10,937. That is 40 years ago?—Which they failed to deliver after two years.

10,938. Do you seriously suggest that the State or public undertaking has no right to revise its financial or commercial policy?—It was not intended to revise it. There has never been any distinct statement on the part of the Government that they meant to carry telegrams for less than cost price.

10,939. I suggest the material question is not whether the State has changed its method, but whether the method now adopted is a sound method or not?—I think it is very unsound that I should be allowed to send a telegram partly at your expense.

10,940. I am afraid I cannot agree with you. I am delighted that you are able to do it, and hope that you will take every advantage of it. With regard to the miners, I see on page 15 you speak, to begin with, of the pamphlet called “The Miners’ Next Step.” That pamphlet was produced in 1911, was it not?—Yes, I think that is the date.

10,941. Was it an official pamphlet on the part of the Miners’ Federation?—It was published by the Unofficial Reform Committee. I stated that in my evidence.

10,942. What exactly is your object in bringing forward this pamphlet produced by an unofficial committee eight years ago?—To show there was a difference of opinion among miners.

10,943. Is it really relevant to the demands which are now being put forward by the Miners’ Federation?—Certainly, because it shows there is a body of miners opposed to those demands.

10,944. There was eight years ago a group of miners who, before the miners’ recent programme had been produced, held rather different views. Is that really relevant?—I think it is most relevant, unless you suggest the miners change their views every eight years.

10,945. I suggest one reason for mentioning it was *ad invidiam*?—In what way?

10,946. In order to create the impression that the Miners’ Federation produced this programme?—No, I say it is proof that a body of miners are opposed to the proposition put forward by the Miners’ Federation.

25 April, 1919.]

MR. HAROLD COX.

[Continued.]

10,947. You must not say "are," but "were?"—Yes. I have no evidence later than that of eight years ago.

10,948. Possibly that is so eight years ago. Now the circumstances to which I should like to draw your attention are these. You speak of this pamphlet and you say: "This amounts to a claim that the miners are to be allowed to treat our greatest source of natural wealth as if it were their private property." I daresay it does. Does that mean you think our greatest source of natural wealth ought not to be treated as private property?—Their proposition is in conflict with the proposition of the State Socialists. That is all I meant.

10,949. This sentence is not a criticism on the proposal?—I do not quite know what you mean.

10,950. You quote the proposal and go on to say that these proposals amount "to a claim that the miners are to be allowed to treat our greatest source of natural wealth as if it were their private property"?—Yes.

10,951. Is that system a criticism on the proposal? That is all I wish to know?—It is a criticism so far as the miners represent a single corporation.

10,952. Does that mean that you do not think our greatest source of natural wealth ought to be treated as private property?—Not by a single corporation.

10,953. That is to say, you would be against any forms of combination?—Unless it were limited to very small areas.

10,954. You are not in favour of any national combination, either of workers or capitalists?—I am absolutely opposed to it.

10,955. *Sir L. Chiozza Money*: If I may say so, I thought your evidence very interesting, and I should like to ask you some questions about it. At the conclusion of our proceedings last night, in answer to Mr. Webb, you indicated your opinion that officials, whether in the Government or as Members of Parliament, down, I think you said, to the lowest public official, are thinking of themselves first and not of the public service?—Yes.

10,956. Is that your considered opinion?—Yes.

10,957. Do you mind if I ask you, then, whether you have had any occasion to see the servants of State at work during the four years of the war?—What I meant by that was that officials in the public service, like all human beings, are primarily dominated by the motive of self-interest.

10,958. That is not the question I asked you. Have you had an opportunity of seeing those gentlemen at work upon whom you reflect in rather severe terms?—I have also seen many people in private work—

10,959. Forgive me! Have you seen them at work?—Both in public and private work and throughout the war a great many people have worked much harder than before the war.

10,960. Have you actually seen Civil Servants, in particular, in our great public Supply Departments, the War Office, the Admiralty, the Ministry of Shipping, the Ministry of Food and the other offices, who were concerned with the direct administration of the war; have you seen them at work or have you been working with them?—No, I have not. I know many of them have worked extremely well, if that is what you wish me to say.

10,961. May I suggest to you, therefore, that your phrase is a little too sweeping and somewhat unjust?—The point I wanted to bring out was that people in Government service are necessarily looking at the problem largely from the point of view of self-interest, as every human being has to do, and the motive of self-interest in public service works against the common interest, whereas in private service it works for the common interest.

10,962. May I suggest to you that the whole experience of the war has demonstrated that your thesis is not tenable. May I ask you if it is within your

knowledge that Civil Servants in these terrible four years have initiated original ideas, have initiated original policies, and have carried out the administration of work with such extraordinary ability as not only to commend their work to our own Government, but to foreign Governments, and also to the business men who have been associated with them in that way? Is that within your knowledge?—It is within my knowledge that there has been a much higher standard of public service during the war, which, again, is due to a fundamental human instinct, the love of a fight.

10,963. Is it not the fact that these same civil servants performed equally good services before the war in a more limited sphere?—The standard was much lower before the war, and will be much lower after.

10,964. If you take the gentleman, for instance, who carried out our admirable rationing schemes, which were such a success?—I can only smile when you say that.

10,965. I do not think you would smile if you knew as much about the subject as I do. May I suggest the gentleman who carried out what I call our extraordinarily successful rationing scheme?—Are you referring to the rationing of coal?

10,966. Forgive me! Of course, I do not object to your interrupting my question. I do include coal?—May I give you an illustration from Leeds?

10,967. Will you allow me to complete my question?—Yes.

10,968. Are you aware that this gentleman who carried out the rationing of food was just as competent a Civil Servant before the war, and before the war began he was a gentleman who carried out work which in a different scale was quite as successful?—It may be.

10,969. But is not that entirely at variance with the opinion you have expressed?—No. I was laying down the general proposition, and your particular cases do not refute that.

10,970. When the war broke out we found ourselves, through the neglect of private capitalism, in such dire straits that we nearly lost the war, and the whole thing had to be pulled together by a limited number of Civil Servants with a number of outside men called in to their aid?—No, I believe if it had not been for the great wealth which private capitalism built up we should have lost the war.

10,971. Are you aware that when war broke out we had not even zinc for cartridges?—It may be. I am not in a position to refute or to accept your statement.

10,972. As I sat on a Committee which dealt with it, I am only too painfully aware of it. Are you aware that we had not enough steel to go round?—You seem to have got to the limits of my knowledge of these details.

10,973. I am sorry to press you on these things, but you have expressed some very strong opinions here. I have a great respect, of course, for your intelligence, if I may say so, and I know that you will agree that opinions ought to be based upon a precise knowledge of facts, and that is why I put the facts to you so as to test your opinions. I ask you again, are you aware that when the war began we had not enough steel to go round?—It is quite possible that as the nation had not been looking forward to war, it was unprepared for war. That applied to the Army as well as to the industrial services of the country.

10,974. Are you aware that trade neglect by capitalism was not only with regard to war trades, but peace trades? Steel was wanted for peace?—I am not prepared to accept your statement that people engaged in the trade had not looked ahead and had not enough steel for peace requirements.

10,975. I called attention to it two years before the war and one year before the war in articles which had a large circulation in the north of England and

25 April, 1919.]

MR. HAROLD COX.

[Continued.]

excited a great deal of attention at the time?—Do you suggest the manufacturers did not read your articles?

10,976. Some did and some did not, and the war proved there was not enough supply?—The war proved there was not enough steel for war requirements when no one anticipated war.

10,977. But these trades were not only for war but for peace?—But what you do not prove is that the provision for the peace requirements of steel was inadequate. You have not the means to prove that.

10,978. We have this, that we were falling so behind in steel production that we were a bad third in the steel production of the world?—That raises all sorts of questions about the supply of German iron and all sorts of things, which are quite a different issue. You might get into the Tariff Reform issue over that.

10,979. Yes, but we do not want to do that. Take a thing essentially connected with capital: the by-products of coal are valuable, not only for peace but for war; they branch off from one stem, which stem, if attended to, gives you industries for peace and gives you industries for war. The stem was so neglected that in peace we had not the dye industry and in war we had not the explosive industry, which was directly related to it. Is that a proof of the efficiency of capitalism in this country?—It proves capitalism was concentrated on other things, and you, who used to be a Free Trader, would probably say they were right.

10,980. While I was a Free Trader I pointed out that these things were wrong?—I think it is a matter of argument whether it is better for the country to leave an industry to another country or conduct that industry itself.

10,981. You will allow me to use my own phrase?—word "neglect."

10,982. You will allow me to use my own phrase?—But I will not accept your word "neglect."

10,983. No, I am afraid we differ about that. I say these deficiencies being revealed, is it not the fact, to take the chemical industry, that one of our cleverest scientists, Lord Fletcher Moulton, was put at the head of the Explosive Supply Department and given the assistance of other scientists, and in two years they built up a magnificent explosive industry?—It is the case that the impetus of war brought out a tremendous volume of knowledge from the country which had not previously been used.

10,984. And that was done under State auspices by the very officials whom you denounce here?—By people trained to private enterprise.

10,985. Lord Fletcher Moulton was a judge and an official?—Quite so, but he had also the private training of a barrister.

10,986. One of the very gentlemen whom you condemn was an official, and he was the head of this Department?—He happened to be.

10,987. And you say every official is necessarily in effect a "waster," thinking of himself and not of the public, which is worse than a waster?—That is true of the average official.

10,988. No; you said from the Prime Minister down they were all bad?—I think the average is lower than in private life.

10,989. Are you aware that Lord Rhondda, who was a first-class business man, when he was at the Ministry of Food, found he could get plenty of business men, but he complained he could not get enough Civil Servants?—If you are to run a department, you want men trained in that department.

10,990. He wanted administrators to administer the food of this country?—Well, what has that to do with coal?

10,991. It has a good deal to do with it. The point and the main issue which concerns the public is whether industries can be successfully conducted by persons elevated to the position of public responsibility. That is the issue. You in very strong language say that is impossible?—I say you get better results by the methods of private enterprise.

10,992. I think I have shown you in industry after industry that private enterprise left us without these industries?—I deny that.

10,993. That is a matter of fact, and we were exposed to the gravest danger?—I deny that our industries before the war were in the aggregate in a bad condition. They were in a very fine condition.

10,994. Is it your point that the war made all the difference to the private individual and changed him into a different sort of being?—Certainly; war does that.

10,995. Are you aware during the early years of the war private individuals in charge of important trading concerns sent out of this country tea, fats and other things, which were wanted in this country, to such an extent that we were brought into a position of grave danger?—I am quite aware that private motives sometimes work against the public interest, and that is why the State must intervene as a governing body.

10,996. Are you aware that private interests sent tea out of this country in such a way, as appears from the Board of Trade returns, that we were driven to pay 4s. or 5s. a pound because of what they had done, and some of that tea went to the enemy?—I am not aware that it went to the enemy.

10,997. I have reason to know that because I served on the Blockade Committee. Take fats: Are you aware that fats had to be rationed in this country because of the neglect to store fat which had been brought into this country by British ships, and which had been sold out to the Continent by British merchants?—It is easy to make these statements, and I have no means of correcting them.

10,998. You have stated strong opinions, and therefore I submit I have the right to ask you on what basis you make those statements?—You are not asking me questions, but making statements which I say may or may not be true.

10,999. At any rate, if they should happen to be true, you would be wrong?—No, not necessarily. They would not affect my general proposition. There are exceptions to every general proposition.

11,000. Now let us start at the point you started with. You said the country would be as badly off with Government standard coal as it was with Government ale and Government tea. Let us take Government tea first. Do you know how Government tea arose?—this is your own example and not mine?—I should think it arose largely from the desire of the Government to make people uncomfortable.

11,001. I thoroughly appreciate the humour of what you say, but there is more than humour engaged here, and let us consider tea, which is not always a humorous thing. Do you know that tea rose in price in the shops from 4s. to 5s. a pound, and do you know we had very great difficulty in getting it even at that price?—I am not sure it would not have been better to let the price rise and let the thing adjust itself.

11,002. That is individualism. As a matter of fact the public were very discontented with tea at that price, and the grocers said it would go up to 7s. 6d. a pound. Have you any doubt that it would have risen to that?—I do not know what price it might have risen to.

11,003. It got to between 4s. and 5s. a pound, and it was still rising?—It may or may not have been, but I think the idea of blending different qualities of tea was perfectly absurd.

11,004. You have a logical mind enough to know that that is not an answer to my question. Do you know that caused Lord Rhondda to interfere, and with the aid of the Shipping Ministry to bring down the price of tea from 4s., which was the price at which it was sold by private enterprise gentlemen, to 2s. 8d., and do you know that that is how Government tea arose?—I also know no one liked standard tea.

11,005. Do you know that the shortage was partly, if not wholly, overcome by forming a store of tea, which private interests had not formed?—I have no means of checking your statements.

11,006. For such strong opinions as you have expressed you have very limited acquaintance with the facts relating to the war?—I have very limited acquaintance with the statements you bring forward.

25 April, 1919.]

MR. HAROLD COX.

[Continued.]

11,007. But these facts which I have given you have been before the public for more than four years?—That may be, but I came here to give evidence on the subject of coal.

11,008. But you yourself referred to the subject of tea?—Simply as an example of what was unpopular with the country.

11,009. Why should you reproach me with referring to tea?—Because you are going on a different issue with regard to tea. I say standard coal will probably be as unpopular as standard tea.

11,010. Now take Government ale. Do you know how that arose?—I do not in the least know, and I do not see in the least that it is relevant to the question of coal.

11,011. Then why put it into your proof?—I merely say that standard coal would be as unpopular as standard tea or standard ale.

11,012. Is not that rather an attempt to tickle the ears of the groundlings?—Probably.

11,013. It is not an argument which ought to be addressed to a serious Commission of this kind?—Yes, it is. I think it shows that when you standardise things you get a result which people do not like.

11,014. You are making an illogical contrast. You are comparing Government ale in time of war with Government standard coal in a time of peace, and they are things which are dissimilar in standard, time and quality and every other point?—No. We may have been compelled during the war to put up with standard tea or standard ale, but you propose to make standard coal a permanent institution.

11,015. Do you suggest there is any proper comparison between coal in peace and ale in war? I ask you again, do you know how Government ale in war arose?—No. I think my point is fairly clear. What I say is, that standard tea was unpopular and standard ale was unpopular, and you propose to make standard coal permanent.

11,016. But the point of it is that your comparison was a comparison of peace conditions with war conditions, as when you compared the figures written in that pamphlet, which was written for peace conditions, with the conditions of 1919, several years after it was written?—No; will you allow me? I say whether it was necessary or not standard tea was unpopular and standard ale was unpopular. It may have been necessary during war-time, but you propose to make standard coal a permanent institution in peace-time.

11,017. That has no relevance to the question before us. May I remind you that the standard ale had to be made weak so as to conserve the grain of this country; that is to say, we had deliberately to make the beer poor in order that there might be bread enough for the people of this country. Do you not think that that was a proper thing for the Government to do?—It may have been, or it may not, but the point is that the people did not like it.

11,018. If it may have been a proper thing for the Government to do, then why sneer at it?—I say the people did not like it.

11,019. As an intelligent man, do you use it as an argument against standard coal in the times of peace?—All I say is that there are two things which the public did not like, and you propose to follow that example.

11,020. I am doing nothing of the kind. I suggest to you that your comparison of the standard ale, which was brought about by a shortage of grain, has nothing to do with it?—Then you withdraw the proposition that we should have standard coal?

11,021. I suggest to you that you should withdraw your comparison. Will you not do so?—No, I do not.

11,022. On page 15 of your précis you are rather severe upon the Miners' Federation?—Yes.

11,023. You talk about them holding the State up to ransom?—Yes, I do.

11,024. In an article that was published in the "Sunday Times," I see you were equally severe?—Probably.

11,025. I have before me the article that you wrote to the "Sunday Times" on March 16th. You say

that the miners "ask for 30 per cent. increase in wages for a much reduced working day. Their present wages, Mr. Lowes Dickinson states, come to £157,000,000 for the year, 30 per cent. on that figure, apart from additional cost due to the reduction in the working day, represents £47,000,000, or more than the whole sum calculated to go in profits and royalties." Do you maintain that statement?—I worked the figures out at the time, and I think they are accurate.

11,026. There I am afraid you are not quite well acquainted with the facts. The miners did not ask for an increase of 30 per cent. on the whole of their wages?—Surely their demand was for 30 per cent.

11,027. They did not ask for a 30 per cent. increase on their wages. They asked for 30 per cent. on their earnings apart from the war wage, which was 3s. a day, which makes an enormous difference to your calculation?—I am very glad to hear it.

11,028. Then probably you would like to alter that statement?—I will at the first opportunity. That was the popular statement of their demand: 30 per cent. increase on their wages.

11,029. Yes, but we look to Mr. Harold Cox to give us something more than a popular statement. I want now to pass from that to the question of the telephones. You stated again and again that the Post Office, apart from the mere carrying of letters, is a bankrupt concern?—I do.

11,030. I have here the official figures of the Post Office?—For what year, may I ask?

11,031. This represents the year 1913-14, the last pre-war year, which seems to be the last fair year to take into account. Are you aware that the Post Office service in that year earned over 4 per cent. on the telephone service taken by itself?—That was after losing the royalty which the telephones had previously paid.

11,032. You said it was a bankrupt concern, and I must ask you to adhere to the point I put to you. You said it was a bankrupt concern apart from the carrying of letters. May I ask, is a concern bankrupt when it pays over 4 per cent.?—The telephones had only been a short time in the possession of the Government then. They have gone worse since then.

11,033. That applies to a great many industrial undertakings during the war unless they profited at the expense of the public, which the telephones have not. You and I, serving on a Retrenchment Committee, advised the Government to raise by one penny the price in the call office, and they took our advice, but apart from that you know that the telephone service has not profited at all at the expense of the public?—You misunderstood me. I was not referring to the effect of the war. My point is that the telephone service is progressively getting worse and worse.

11,034. I am sure you were not aware of those figures when you wrote this paper, and I have given you that opportunity to correct that error. I will repeat what I said. According to these figures, which are supplied by the Post Office itself, the amount available for dividend in the commercial sense is over 4 per cent.?—Is that the special commercial return that you have before you?

11,035. This is a special account got out for this Commission?—There are two kinds of Post Office returns, one giving the Parliamentary return and the other the commercial statement.

11,036. Are you aware that when the National Telephone service was taken over wages were raised and pensions were increased?—Yes.

11,037. If the Post Office were now paying the old, or as I should like to say, the inadequate pensions and the inadequate wages of the old days, the dividend would not be 4 per cent., but 7.29 per cent., so that the workers have got more wages while the public have not had to pay more for their telephones?—You overlook the fact that before the telephones were taken over, they were paying a very large and increasing royalty to the State which has now been wiped out.

25 April, 1919.]

MR. HAROLD COX.

[Continued.]

11,038. Are you also aware that the National Telephone Company, when it was going to be taken over, took the course of allowing all its plant, etc., to be run down, so that when the Post Office took it over it was not in a good condition?—That may have operated to a certain extent.

11,039. Do you know that the Post Office had to set to work and instal new plant, and that that operation was interrupted by the outbreak of war?—I do not know that.

11,040. Then might I suggest that you would want to amend the statements you have used?—No, I adhere to those phrases.

11,041. Then the Post Office, you say, is a bankrupt concern although it pays 4 per cent. on the telephones?—What I say is that the State has lost by taking over the telephones.

11,042. May I take you from that point to three different places where public enterprise is practised? The places I refer to show different types of nationalisation. The first is Australia. Have you had any opportunity of examining the accounts relating to the national enterprise of Australia and New Zealand?—No.

11,043. There again, is it not a little unfortunate that you should express such a strong opinion without examining these easily available facts?—One cannot examine all the facts in the world.

11,044. I have a very good collection myself?—There are people who are exceptional.

11,045. Surely it is the duty of people in your position not to tell the public things that are wrong?—I try not to tell them things that are wrong.

11,046. If you will turn to page 635 of the Official Year Book of the Commonwealth of Australia for the years 1901-1913, are you aware that the whole of the Commonwealth railways (and it does not refer to one State alone, because it includes New South Wales, Victoria, Queensland, South Australia, West Australia, and Tasmania) make a profit, over and above finding the whole of the interest on the capital?—I am also aware that a great many of the railways in Australia were built for political reasons.

11,047. Is it not then all the more remarkable that they should pay?—No, there is a sheer loss to the community.

11,048. Let us see whether, for instance, New South Wales was a case of a railway built for political reasons?—Yes.

11,049. Do you know that you can go 50 miles on the New South Wales railways for 2s. or less than a halfpenny a mile?—That may be so.

11,050. And that in spite of the political pressure on the railways?—It may be.

11,051. Would it not be advisable to have a little of that political pressure here?—It does not in the least follow that we could build railways as cheaply here.

11,052. Now let us turn to New Zealand. I find that the net revenue of the New Zealand Railways for the fiscal year 1911 is £1,990,000, and the percentage on the capital cost is £4 ls. Are you aware of that fact?—You might read out thousands of facts, and ask me if I was aware of them.

11,053. I am putting it that all these facts are so inconsistent with your strongly expressed opinions. You have expressed yourself in your paper in a most downright way, there are no bones about it in your paper?—There are not intended to be.

11,054. What you mean is, putting it shortly, that public enterprise is always unsuccessful?—No, what I say is that private enterprise is in the main better than public enterprise.

11,055. I am giving you all these facts, and I think I am perfectly relevant. I am putting them to you to show you that your opinion wants revising?—Not at all. If I had the time to go into all those facts, I could still maintain my proposition.

11,056. I think you would have great difficulty in doing so. Now I am going to turn from what I may call democratic colonies, and I turn to Ceylon: Are you aware that in Ceylon the Government owns the railways, the harbour, the docks, the salt industry, the forests, the pearl fisheries, the distilling of alcohol

and other things, and as the result of that there is such relief from taxation that an income of £1,000 a year pays only a tax of £6 lbs.—I have no means of checking your figures.

11,057. I am pointing out that the experience of Ceylon is not in accordance with the opinion expressed in your paper.—If it is worth while to go into it, my answer would be that in Ceylon you have an intelligent body of Civil Servants imported from England dealing with a really backward people, and you may get good results, especially as there is no parliamentary control.

11,058. These are public officials who, according to you, are thinking of themselves first.—In a case like that their private enterprise does not conflict with their public interests.

11,059. It seems to show that there are some little reservations to be made in your opinion?—I think there are reservations to be made in everybody's opinion who wants to be fair.

11,060. As I am sure you do. Now, shall we turn to an enemy country, and let us take Germany. Are you aware that there, under an exceedingly bureaucratic Government as compared with the largely democratic Governments we have been considering—take Prussia, for instance—are you aware that half the revenues of Prussia were received from the State railways, forests, mines and other industrial undertakings, and that the State Departments of Prussia were one of the most successful cases of State enterprise?—That does not in the least destroy my general proposition, which is that private enterprise is more efficient than public enterprise, in the main.

11,061. Now shall we come to London and take the electrical undertakings of London: is it within your knowledge that the publicly-owned enterprises of London, as compared with the privately-owned electrical enterprises of London, give the public a cheaper service and yet pay their way?—No, it is not, but it is within my knowledge that one of the greatest desiderata of the present time, namely, the amalgamation of electrical concerns is blocked by the municipalities. They are opposed to having their own concerns taken away from them.

11,062. Are they not opposed to the formation of great trusts, the very thing that you are opposed to?—No, they are opposed to having their commercial concerns taken away from them. That is the case in Lancashire, as I know for a fact.

11,063. I think you will find on the whole that the great opposition is to the formation of trusts.—On this point I can correct you. The opposition comes from the municipalities, each municipality wanting to keep its own show.

11,064. Is it not the case that that opposition somewhat arises from their own success in managing an undertaking of that size?—It may be: it arises, I think, from the feeling of municipal pride.

11,065. We are going to have here some of the engineers from those concerns, and it may be a pleasure to you to read their evidence?—It will, no doubt, be a pleasure to me to read your cross-examination.

11,066. With regard to the typical equipment of the mines, and the other matters you refer to, on one of the pages of your memoranda you refer to a number of things which we owe to private enterprise. With regard to the mines managers, you said to Mr. Tawney that the capitalist engaged in the mines had a direct share in the management of the mines very often?—Through the directors, I said.

11,067. Are you not aware that the Mines Acts throw a direct and personal responsibility on the manager of the mine, technically so-called, which is not shared by the capitalist?—I would rather not go into these technical details.

11,068. Are you aware that a great many of these men are paid only £200 or £300 a year by the capitalists?—I am not aware of that.

11,069. To come back again to the incentive of private gain, what incentive is there of private gain to a poor chap who is managing a mine and only getting £200 or £300 a year for a job that is worth £500 or even £1,000, and who cannot get any more?—Curiously enough, if a man is working for a private concern, he gets a personal interest in it. I have

25 April, 1919.]

MR. HAROLD COX.

[Continued.]

known myself agricultural labourers earning 15s. a week who would speak of "our fruit," "our crops;" though they had no other interest in the farm than the 15s. a week they were earning, they had a personal interest in it, because they were working for a comparatively small concern.

11,070. Are you aware that these mining managers are banding themselves together to fight for more money?—Of course, with regard to them the position is that their cost of living has gone up as everybody else's has.

11,071. In 1914 was £200 a year a proper remuneration for the manager of even a small mine?—I cannot give an opinion on that.

11,072. Does that not seem to show that there is a little reservation to be made on your evidence?—I do not think that point is important.

Mr. R. W. Cooper: May we take it that we are going to have information about this later on?

Sir L. Chiozza Money: Yes.

Mr. R. W. Cooper: You were making a general statement that mine managers are only getting £200 a year?

Sir L. Chiozza Money: I say that that applies to some.

Witness: You implied to me that that was the general pay.

11,073. I am sorry if I gave that impression?—It is not the case, then, that it is the general rate of pay?

11,074. I said a considerable number of mine managers are getting £200 a year. Evidence will be given about that?—It is not my job

11,075. Yes, it is, because in your paper you seem to indicate your opinion that the present position is one which is calculated to bring out of the men all that is best in them?—I keep saying, again and again, human beings are fallible and weak, but I contend that the private enterprise brings out better results than public enterprise.

11,076. The result is that after certainly 150 years' working of the coal industry, you have mine managers only earning £200 a year?—One has to know all the circumstances.

11,077. You have referred to coal-getting machinery. Are you aware that the last Coal Commission particularly referred to the fact that very little coal-cutting machinery was used in this country?—I understand that the mines in England are not well adapted to coal-cutting machinery.

11,078. Do you know that even during the war, when it was very difficult to get machinery, there has been a larger development in coal-cutting machinery than in the last twenty years?—It may be so, but again I cannot check your statement.

11,079. I do not like to give figures without perfect accuracy; but are you aware that it is the fact that there has been a much larger development in coal-cutting machinery during the years of the war?—I am not aware of that, but I should think it is highly probable, because there was a deficiency of labour.

11,080. Are you not aware that the whole application of machinery to coal mines has been retarded by the people who work the mines not being properly remunerated?—Again I cannot check your statement.

11,081. Do you not know that as machines have been applied to industry the rates of pay have been so lowered that workmen have it in their minds that machinery is not good for them, whereas in America, on the system of paying the men out of the product of what he makes, quite a different result is arrived at?—There you raise a large question which applies not only to coal in this country, and that is that both employers and employed have, by following a wrong policy on each side, led to a bad result.

11,082. Are you not struck with the fact that throughout the world in the last 20 years there has been a continual growth of nationalisation and municipalisation of various industries? Does that make any impression on your mind?—Yes, I think that is a fact.

11,083. Does it not lead to the conclusion that the experience of men in many divers countries under divers conditions, and applied to many industries,

leads to the greater and greater inclusion in what I may call public ownership of an increasing number of industries?—I think the general explanation is this, that when people have suffered certain inconveniences under private ownership they look to public ownership as a solution of their difficulties, not seeing the difficulties that they will encounter under public ownership. There is a craze for public ownership at the present time (in which I include the last 25 years) which we shall bitterly pay for in the future.

11,084. I said in the last 20 years?—Yes, I call the last 20 years the present time.

11,085. Surely that is a very long time for a mere craze to last?—Not at all. Human beings have lasted much longer than that.

11,086. Can you tell me whereabouts in the world there has been any reversion to the process of private ownership? Has it not been the case that it has been impossible to find any instance where an industry has been taken into public ownership that it has reverted to private ownership?—That is one of the dangers.

11,087. Surely the many nationalities and races cannot be so foolish, after having witnessed the spread of this conception, as not to desire to revert from it if it is wrong?—It is often in life very difficult to reverse a blunder.

11,088. Have I not reminded you that in those cases of Australia, New Zealand and Ceylon there was no need to reverse the process?—That is a matter of argument.

11,089. Will you not admit the argument?—I will admit that there have been some good cases of State enterprise, but I still maintain the proposition that in the main private enterprise is better, that the present craze for State enterprise has not yet had its full fruition, and when it has we shall be sorry that we passed through that phase.

11,090. Would you sell out the schools of this country to private schoolmasters?—Off-hand I do not like to give an opinion on that.

11,091. I am asking, would you sell out the schools or not?—The question of selling out is a very difficult question.

11,092. Everybody knows what I mean. Would you change the State schools into private schools?—I think State education is a most mischievous thing.

11,093. I am so glad to have had that from you?—It is over the difficulty of "selling out" that I hesitate.

11,094. I will try and choose my words more carefully. Would you change the sewerage system from a public system into a private system because in your opinion private enterprise is more thorough? The sewerage is a most important industry, because if it goes wrong all our lives are in danger?—No, I will give you the sewers.

11,095. Then it comes to this: we are to be allowed to keep our sewers, but we are not to keep our schools?—Yes. I think the State has sufficient capacity to deal with the sewers, but not to educate the people.

11,096. Are you aware that the sewers are carried on as a private enterprise? Do you know that there is a company working the sewers in Argentina for a profit?—That is a very interesting statement, but I do not know it.

11,097. If efficient sewers are so important on which our health depends, why should you present me with the sewers and risk your own life?—Because I thought you seemed so anxious about them.

11,098. Then, to go to another matter, would you sell out the London County Council tramways to private enterprise?—I think the London County Council made a mistake in taking them over.

11,099. Would you agree to the formation of a company to take them over because, in your opinion, private enterprise is the best for them?—Yes, I would, and I would also do the same thing with telephones and telegraphs.

Sir L. Chiozza Money: So that it comes to this, that the State is to be permitted to own the sewers only!

Sir Arthur Duckham: Before I ask the witness anything I want to mention a certain point. The

25 April, 1919.]

MR. HAROLD COX.

[Continued.]

expression has been used—on one side and on the other. I would like to say that I am not on one side or the other, and would not like it to be said that I am in favour or not of nationalisation. We are here to do the best we can for the country.

Mr. Arthur Balfour: I agree with that.

11,100. *Sir Arthur Duckham:* Sir Leo has asked you one or two questions about the Ministry of Munitions and the value of Civil Servants. I presume you will agree with me that Civil Servants are an excellent body of people?—Yes.

11,101. And that they do excellent service for the State?—Yes, quite so.

11,102. I suppose you are aware that a large number of people have come in and helped the State?—Quite so.

11,103. You could not call Lord Moulton a Civil servant?—No, not by training.

11,104. I do not know whether you are aware that the great success that Sir Leo mentions with regard to explosives was in a great part due to a Mr. Quinan?—He was not a Civil servant.

11,105. He was the head of De Beers Explosive Works in South Africa, and came over here and worked for the State. I do not know whether you are aware that in the Council of the Ministry of Munitions of those who did this work there was only one Civil servant, namely the Secretary?—No, I was not aware of that.

11,106. Perhaps you might be aware that only one member of that Council received any remuneration?—No, I was not aware of that.

11,107. I only bring that out to lead up to this question, to ask you whether such a thing could occur in normal life?—I am obliged to you for asking me that. One of my contentions is that in war time you get different human motives operating to those you get in peace times, therefore, you can do things in war time that you could not do in peace time.

11,108. Do you suggest that the present method of ownership and working uncontrolled is satisfactory?—I do not think anything in life is entirely satisfactory.

11,109. Your document is very interesting, but if I may say so it is somewhat destructive. Can you put before us anything constructive on the present situation? Have you any suggestions to make?—When you say it is destructive I take it you mean that it is conservative?

11,110. It is destructive of suggestions put forward by other people?—It was intended to be.

11,111. Have you any suggestions to put forward to benefit the State? Have you read the evidence that has been given at this Commission?—Yes.

11,112. Have you seen the difficulties that occur at the present time, that some mines do pay whereas others do not, and have you any suggestions to put before the Committee to assist us?—I am afraid that most of my suggestions would be negative. I want to keep the House of Commons out of it.

11,113. Is the House of Commons, for instance, in the Post Office?—To a very large extent.

11,114. Does it affect the Post Office working?—It does, especially as regards Ireland. A large amount of money is lost in Ireland because the Irish members are always badgering the Postmaster General.

11,115. Ireland is a special case?—It is a case where Parliamentary interference results in loss of money.

11,116. Let us take other State enterprises, does the House of Commons really affect them very much?—Yes, there is a very great danger of people being put into important jobs for political causes.

11,117. At the present time does not Parliament affect the whole of labour equally, whether it is State employed or industrially employed? Take the case of wages, would you not say that that is just as much affected industrially by Parliament?—The danger with regard to Parliament as regards wages is that political interference at a particular moment might be in favour of a particular group of well organised workmen against the public interest. A member of Parliament must always think of votes first. He cannot live otherwise.

11,118. At the present time does he affect State enterprise any more than ordinary industry?—No, but I am objecting to the State extending its functions.

11,119. Say that you have one of those national factories and an increase in wages is required. An agitation is got up to obtain that increase in wages; does the agitation affect a State-owned factory any more than a private owned factory?—Yes, from this point of view, that there is no counterbalancing power on the other side. In the case of a private owned factory you have the opposition of the employer which acts as a buffer between the workpeople and the community. In the case of a State owned factory you have no such buffer, therefore, you might get them a wage at the expense of the community to which they are not entitled, but which they extort from Parliament through political pressure.

11,120. Where does the buffer work? In Parliament?—No, because you get the opposition from the employers but there is no parliamentary opposition to a demand for increased wages.

11,121. You say it is some safeguard?—It is some safeguard.

11,122. Have you any suggestions which would assist us at the present time? Do you consider that mine owners ought to band together in districts or any amalgamation of interests?—I think that is really a matter for the people engaged in that industry to consider for themselves.

11,123. You have not formed any idea for bettering the condition of affairs?—I could not suggest any specific scheme without having a detailed knowledge of the trade.

11,124. With regard to the distribution of coal during the war you gave an example of the Leeds Corporation Gas Works which were compelled to get their coals from Durlam?—I could give you further particulars about that.

11,125. Do you know of any other places that have suffered in this way?—I happen to have here the full details about Leeds.

11,126. I will not ask you about that, because I accept your point there?—I have here a similar case from Sheffield. May I read this statement to you? This is a statement that has been passed on to me.

11,127. *Mr. Herbert Smith:* Will you tell us who is the writer of it?—The author of this statement is Colonel Hewitt. I do not know who he is.

Sir Arthur Duckham: Do you wish that statement to be read, Mr. Chairman? I understand it is simply a statement.

Mr. Robert Smillie: It is written by a colliery owner.

11,128. *Sir Arthur Duckham:* Perhaps I might put the question in this way: Are you aware that at Hull, which is in the Yorkshire coalfields, they had to import their coal from Durham?—I did not know that.

11,129. Are you aware that at Shrewsbury, which is quite close to coalfields, they have had to import coal from Durham?—From all the information I have got, I should think it is extremely probable.

11,130. Perhaps you may be aware that industrial undertakings in London were given Welsh steam coal in the place of gas coal?—I have been told that they were given a much larger amount of stone than before the war.

11,131. You are aware that there has been a very great deal of dissatisfaction in the distribution of coal in the country?—Yes, I am aware of that, under the Coal Control.

11,132. *Mr. J. T. Forgie:* I suppose your position is this, that while the present system of private ownership may be good or bad, you do not want to change from it?—Not to State ownership.

11,133. That is from the knowledge that you have?—I do not want to change to State ownership.

11,134. You are quite prepared to see an improvement in the present ownership, I take it?—Certainly; one wants improvement in every direction.

25 April, 1919.]

MR. HAROLD COX.

[Continued.]

11,135. I understand that your experience of public service is not such as to make you desire to see the private ownership done away with?—No, we should get worse results.

11,136. Is it the case that the relation between the State servants and the workmen is any better than with private owners?—This is true, that a man working for a private owner will be less exorbitant in his demands than one working for a public owner. During the war workmen have come to private owners and said, "You might give us a bit more because the State will pay it"; they have used that as an argument, and that seems to me to show that the State would be plundered without the employer coming in.

11,137. That is to say, through some pressure or other, the State might be led into paying more wages to the men?—Yes, more than was fair to the rest of the community.

11,138. And really paying more than what the economic wage should be?—Yes.

11,139. Therefore, that would be against the interests of the nation?—Yes, quite so.

11,140. Do you think that it is likely that a worker employed by the State would give more product to the State?—I feel absolutely certain that the contrary would be the case, and I should mention especially the telephones. Many years ago I had to see some men employed by The National Telephone Company. Incidentally, they went on to talk about the coming change in the State service. There were three of them, and they all told me, "Of course, we shall not do anything like the work we are doing now, because for the work we do now in a day the Government servants take three days to do."

11,141. Are you aware that the coal trade under the Coal Control is at present practically under the State?—Yes.

11,142. And that the employers are not given profits, but simply a rent for their collieries and so much payment for their services, and that, no matter what the profits may be in the trade, the coalowners are only guaranteed a certain amount of money?—They get the 5 per cent.

11,143. That is to say, out of all that 25 millions of extra profits which has been so much talked of in this room, the coal owners could not possibly get more than 1¼ millions?—Yes, I have pointed that out in the Press many times.

11,144. And that the State really gets the £23,750,000?—Yes, that is right.

11,145. So that at the present moment the miners of this country are really working for the State?—Yes, certainly.

11,146. Are you aware that they have done anything more for the State?—So far as I can gather from the action of the miners, they have been doing the best they could for themselves.

11,147. Are you aware that recently, within the last two months, in Lanarkshire they have reduced their number of days' work from 11 to 10 per fortnight?—Yes, I saw that stated.

11,148. That of course means a material reduction in the output?—Yes.

11,149. In all probability the resulting shortage of coal would take place in the export of coal?—Yes.

11,150. And that export of coal is a very important matter for the country?—I think it is one of the most important of our national industries.

11,151. Do you think there is any argument in favour of it being better under State ownership?—I think the action of the miners proves that the men will work worse for the State than for private owners.

11,152. Do you think that State ownership would prevent disputes that would develop into strikes?—I think the evidence of the past year is directly to the contrary.

11,153. We have had lately an experience in London of a State service striking: I am referring to the London police?—Yes.

11,154. *Mr. Evan Williams*: Following up that point, you are aware that it has been put forward as one of the strong arguments for nationalisation that it would tend to allay industrial unrest?—Yes.

11,155. May I ask what is your view on that point?—My view is that it would not have the slightest effect in that direction.

11,156. The unrest among miners, I suppose you are aware, is very largely due to this unofficial body at any rate as far as South Wales is concerned?—I understand that the unofficial body is opposing the Federation.

11,157. And that they are against nationalisation?—They are against nationalisation in Sir Leo's sense: they denounce nationalisation as a scheme of the capitalists.

11,158. Some questions were put to you with regard to the attitude of the employers on the question of safety. I believe you were not in Parliament in 1911?—No, I was in Parliament from 1906 to 1909.

11,159. Have you heard it suggested outside this room that employers for financial reasons have opposed measures of safety?—That suggestion was made, but I think the history of industry proves that employers, whatever the industry may be, tend to oppose a law which might impose heavy charges on them; I think it is almost inevitable that they should do so.

11,160. Notwithstanding that they are put forward on the plea of increasing safety?—It is all a question of balance. We are none of us absolutely altruistic, not even the best employer.

11,161. Are you acquainted with the fact that where Government interferes, as it is proper that it should, in questions of safety, it is apt to define one method of obtaining safety to the exclusion of others?—Yes, I am quite aware of that, and that is, of course, the general mischief of Government actions.

11,162. That under State control would be intensified?—Yes.

11,163. The initiative of the manager would be largely interfered with?—Yes, that is the inevitable consequence of Government action. It all tends to be uniform, and you can see that is the position of the State socialists by their demanding State control.

11,164. Have you made any observations on the comparison of State control and a similar enterprise under private control?—It seems to me that if the State does its duty, that action can be as well done in controlling the action of private employers. I think you would get two Government Departments fighting one another, which is one of their greatest pleasures in life.

11,165. I think you agreed that the war did give a much better chance for State control to be successful than it had in normal times of peace?—It operated in both ways: it made State control necessary where before it was not necessary, and it made the public more willing to accept the control for patriotic reasons.

11,166. Do you consider that the experience of the State control of mines during the war has been an altogether good one?—I should say that the experience of State control everywhere has been fairly bad.

11,167. If it has been bad in wartime, is it likely to be any better in peace time?—No, I think it is likely to be worse and more bitterly resented.

11,168. *Mr. R. W. Cooper*: Do you think that the wishes of the consumers of coal are likely to receive the same consideration under State control as they have done under private enterprise?—No, because under private enterprise the private owner cannot live unless he satisfies the consumer, and the State can say, take it or leave it.

11,169. Now one question on the subject of distribution: there seems to be a sort of impression that these wholesale co-operative societies can always so distribute the coal as to leave a profit for their shareholders. Have you looked at all into the question of co-operative society dealing?—I have some figures here which are rather striking. I think your question is that it was suggested that co-operative societies were very successful in distributing coal.

11,170. So much so that they reduced the price to their members?—I have here the balance sheet of the Edmonton Co-operative Society, which shows that they made a profit of 2s. 8½d. in the £ on drapery, 2s. 10d. in the £ on boots, 3s. 6½d. in the £ on tailoring, and a loss of 7d. in the £ on coal, but they distributed their dividends to the purchasers of coal as to other purchasers, so that the persons who bought coal from them, though the Society lost money on it, would be receiving part of the profit due to the people

25 April, 1919.]

MR. HAROLD COX.

[Continued.]

who bought drapery, etc. Then again I have figures here from the Manchester & Salford Equitable Society, which shows similar results, except that in this case coal made a profit of 1s. 1d. in the £ as compared with 1s. 11d. for butchery, 3s. 11d. for drapery and so on. In the case of the Stratford Co-operative Society, drapery made 2s. 11d., boots 2s. 11d., clothing 3s. 2d., butchery 1s. 7d., and coal 4½d., so that in all those cases coal comes out very badly.

11,171. *Sir L. Chiozza Money*: Are those official figures, may I ask?—Yes, these are taken from their published figures.

11,172. *Mr. R. W. Cooper*: So that it is by no means universally true that the dealing of these societies in coal is a profitable transaction?—No, it is less profitable than their other transactions.

11,173. In your statement you speak about a truck providing the cheapest storage for coal. I suppose you know sufficient to know that a truck is very often a necessary form of storage?—Yes, I personally do not see how you can dispense with storage in trucks.

11,174. It depends on the exigencies of the person to whom the coals are delivered?—Quite so: As, for instance, if a ship does not come in on the day it is expected, the coal must be stored till it arrives.

11,175. And if it comes in on a Saturday, it has to be stored till the Monday?—I gather in the steel industry they work continuously, but in the coal industry they work normally 5 days a week, so that you must store coal on the Saturday for the Saturday till Monday consumption, and I daresay if *Sir Eric Geddes* saw these trucks standing outside, he would say that it was very wasteful.

11,176. I understand that the Midland Railway Company are laying out an additional storage ground for trucks?—I think they have done so already. They have laid out a large acreage of ground for storing coal in trucks.

11,177. So that it is rather a fallacy to suppose that a truck can be kept in motion?—Quite so.

11,178. *Mr. Arthur Balfour*: Do you know of any precedent for national ownership of sufficient magnitude to help us to decide that it is safe for the coal industry?—Frankly, I do not. It is safer for the State to take over a non-speculative industry than it is to take over a speculative industry.

11,179. You do agree that the coal industry is a risky industry?—It is an extremely speculative industry.

11,180. And the return on it of 9 per cent. is lower than the return on general industry?—That is a statement made by the Income Tax authorities which I see no reason to dispute.

11,181. Therefore, it is not unduly remunerative?—No, many people lose money. The Powell Duffryn Company were attacked for making large profits, but they pointed out that a large part of their profits were due to the by-product industry which they have established adjoining their mines. Another large colliery in South Wales for many years was making no profits at all.

11,182. It has been suggested to us that we might turn our attention to the fact that the State has been able to run an Army of 6 millions as a precedent which we could examine. What are your views upon that?—It is impossible to compare military operations with industrial operations, and the fact that our State has been successful in its military operations proves nothing as regards efficiency because it has been fighting another State. I do not think the thing has any relevance at all to the problem of industry, because first of all you have the motive of patriotism to inspire your people to do their duty even at the cost of life, and it is notorious that a man will give his life for his country when he will not give his profits or his wages; but beyond that the people have to face this question: Are they prepared in the last resort to put military law into operation and shoot a man who refuses to do his duty?

11,183. Can you conceive that the people of this country would ever submit to military rule in their daily life?—I think they would be much more likely to do the shooting themselves.

11,184. Then you do not think that the people of this country would submit to the Prussian system of State railways?—Certainly not.

11,185. I think in the cross-examination by *Mr. Sidney Webb* he raised the point that you had very strong convictions on individualism, and he on the other hand had strong convictions on nationalisation. On the question of individual enterprise, I believe you have some substantial facts that can be established?—Yes, I think they are patent to all the world.

11,186. But in answer to my question, you replied that there was not a precedent which we could examine of sufficient magnitude for nationalisation, therefore the other side have not the same opportunity of examining their convictions?—I do not know myself any case of State enterprise which is sufficiently conclusive to justify further experiments in the same direction.

11,187. It is therefore a question of experience against theory?—Yes, but I think in life you always have to think of theory too, and I think the theory behind private enterprise is sounder than the theory behind State enterprise.

11,188. That being the case you would think it a very risky experiment to trust the coal mines to the State at one step for them to experiment on?—I think it would be a most disastrous thing to do.

11,189. The question of housing is also raised in your paper: are you aware that private colliery owners at the present time are building very excellent houses for the collieries?—I think it is quite likely that some may be doing so.

Mr. Thorneycroft: Sir, may I ask, at this stage, on behalf of the coalowners, that you should rule out any reference to housing? I think *Mr. Smillie* will support what I am going to say.

Mr. Frank Hodges: Sir, I rise to a point of order. At any stage of this Enquiry can any member of the public interpose without your calling upon him to do so?

Chairman: I do not think he is entitled to, but I think what we are entitled to do is, we could hear what *Mr. Thorneycroft* says, and I am sure the Commission would have the courtesy to hear him.

Mr. Frank Hodges: I should object to that course being adopted.

Chairman: Then I will call upon *Mr. Thorneycroft* next.

Mr. Arthur Balfour: In *Mr. Sidney Webb's* question to you yesterday, at No. 10,845—

Sir L. Chiozza Money: Sir, I am very sorry to interrupt *Mr. Balfour*—

Chairman: Sir Leo, I rule that you are out of order.

11,190. *Mr. Arthur Balfour*: *Mr. Sidney Webb* asked you whether it had been brought to your notice that there were, from an economical point of view, some bad effects from the gas sliding scales: "The gas directors are said to lose a great deal of their interest in economies—it is rather like excess profit tax—they get so little out of any improvement that they are not keen on making improvements." Would you agree, if that is the case, that they would have very much less incentive to making improvements if the whole thing were owned by the State?—I think that is quite clear, but I do not quite see why gas proprietors have not a full incentive to make all the improvements they can.

11,191. The control which is exercised over them by the Act of Parliament in regulating their prices is surely very slight as compared with State ownership and management?—There is no evidence that private gas companies are less enterprising in the direction of making improvements than municipal gasworks are.

11,192. Can you suggest to us any means by which we could meet the legitimate desire on the part of the miners to assist in some way in conducting the coal trade?—I do not think it is a legitimate desire. I think the miner's desire to have some voice in managing his own conditions of work is quite legitimate. I am a wage-earner myself: I am content to get my wages and do my work; I do not want to conduct the industry that employs me.

25 April, 1919.]

MR. HAROLD COX.

[Continued.]

11,193. Can you suggest any way in which we can meet their desire to go more keenly into the conditions under which they work?—I think there ought to be some kind of committee of employees in each district.

11,194. Each district or each colliery?—I should think both, myself.

11,195. I think you will agree that it is not reasonable or fair to examine war conditions on a question of this kind as compared with normal conditions?—No.

11,196. Because, as has been brought out, there are other incentives under war conditions?—Quite so.

11,197. I should like you to take the question of steel: Is it reasonable to expect any company to have a sufficient supply of steel under its command for a war that has to be carried on regardless of cost?—I might answer that by saying, Were the State prepared with a sufficient number of soldiers.

11,198. If the State knew there was to be war—and no one could know it better than the State—they ought to have provided some store of steel against emergency—If it was wanted for war purposes, it was the business of the State to look ahead.

11,199. I take it the same argument applies to explosives?—Certainly.

11,200. If the State had any anticipation that there was to be a war, it was their business to have a sufficient amount of explosives as an insurance?—Quite so. Generally the State looks ahead less than the private employer.

11,201. Whereas it is the business of the State to protect our realm and be informed more rapidly as to when war is likely?—Yes. I think the Admiralty did look ahead to some extent.

11,202. The Admiralty, as you would be aware, acts very much on its own?—Yes. The country has had the intelligence to leave the Admiralty alone because it knows its importance.

11,203. The Admiralty refuses to be interfered with by other Departments of the State, and ignores political interference?—That is true. I put down the success of the Admiralty to the fact that it is not interfered with.

11,204. Reference has been made to the excellent work done by Lord Moulton, which was done absolutely regardless of cost. It would be impossible for a private employer to spend the money then spent and not to have gone bankrupt?—Just so.

11,205. Therefore, that cannot be taken as any precedent?—No.

11,206. Take for one moment the telephone question. Do you know that when the State took over the telephones they immediately very largely increased the cost of subscription to the subscribers?—I do not remember that.

11,207. Are you aware that they went from a flat rate to a rate based on the calls made?—Yes, I remember that.

11,208. In many cases that increased the subscription being paid by people from £7 10s. to £150?—I did not know it was so big as that.

11,209. If that is the case you can conceive that might have something to do with the small profit referred to?—Yes, I think the telephone system is immensely worse since the State took it over; it is scandalously bad compared with the United States of America.

11,210. And compared with Switzerland?—And Sweden, where the manufacture of telephone instruments has been highly developed, largely because the State in this country opposed the telephone to keep up its telegraph monopoly. The "Times" of yesterday says that one of the greatest causes of Mr. Wilson's unpopularity in America is on account of the democratic management of his administration and also its blunders, especially in regard to the Government operation of railways, telegraphs, and telephones.

11,211. Can you suggest to us any means by which it is possible for the State to own an industry; that is to say, to find the capital for an industry and then to divorce that industry for political purposes?—I do not think it is possible. It has been tried in Australia, where they set up an independent Railway Commission. Sooner or later, Parliament asserts its

authority. If you think of it, it is necessarily so. If the final voice rests with Parliament, that voice will be finally heard.

Chairman: Mr. Thornycroft, the position is this. If you want to make an application, I do not think you are in order. If you want to give evidence with regard to something, if you will kindly let me have a *précis* of that evidence, I will call you first thing on Wednesday morning.

Mr. Thornycroft: I want to call attention to the recalling of one of the witnesses. One of the miners' witnesses has quite inadvertently, but very seriously, made a misstatement of fact.

Chairman: Give me the name of the witness.

Mr. Thornycroft: Mr. Robertson.

Chairman: We will have him recalled, Mr. Thornycroft. I do not want you to tell us anything about the nature of the misstatement. You might, in stating the nature of it, be giving evidence. Will you kindly tell us the nature of the misstatement in your *précis*, and I will communicate with Mr. Robertson. I will put it to him and have him recalled, if necessary.

11,212. *Mr. Robert Smillic:* I think you have rather a strong feeling against the miners?—No, not as human beings at all. I think they are just nice human people, but they are looking out for themselves rather too strongly, perhaps.

11,213. You have a feeling against the Fabian Society?—No, I used to be a member of it years ago. I have no bitter feelings with regard to it.

11,214. I was going to call your attention to that. Is it you grew more sensible and you left?—We all try to grow more sensible as we grow older.

11,215. Are you an opponent of trade unionism?—No, not at all.

11,216. Do men combine into a trade union that they may be able to secure better terms?—Quite so.

11,217. When they combine, do not they set out, and it is well known to themselves and the public, to place themselves in a position to come out on strike?—Yes; that is, of course, the final argument.

11,218. It is quite legal for men to come out on strike?—Of course, it is still a free country—partially.

11,219. Only partly?—Yes.

11,220. You are quite right. You made a statement this morning that the miners have acted during this war very selfishly?—Yes, I think so.

11,221. And have secured everything they could secure for themselves?—Yes, I think so.

11,222. Supposing members of the Government and some of the largest colliery owners in this country say that the miners have acted splendidly industrially during the war, would you accept that?—I can only say the opinion I gave was the opinion I have formed on all the facts before me.

11,223. Are you aware that the miners deliberately agreed to the fixing of the price of coal in order to keep it down?—I do not say they may not have done some good things. I say their general policy has been for themselves, without regard to the interests of the State.

11,224. Do you know that the miners at any time during the last four years had the power to have their wages raised higher than they have been?—They have had their wages raised a great deal during the war.

11,225. Are you aware they had the power to have their wages raised a great deal higher than they have been, and did not use that power?—You mean they have not used their maximum power?

11,226. They have not used that power?—I should think that is possible.

11,227. Are you aware that, up to the present time, their wages have not increased more than the cost of living has increased?—No, I do not think that is true; I think wages have increased more than the cost of living.

11,228. You are told that Lanarkshire miners acted very unpatriotically in going from 11 days a fortnight back to 10 days?—Yes.

11,229. Are you aware they have only reverted to a rule which was recognised by both sides for 25 years, working 5 days a week? Are you aware they gave

25 April, 1919.]

MR. HAROLD COX.

[Continued.]

up the 5 days a week and went to 11 days a fortnight, as they had been doing for 25 years, during the war?—Yes, the question is whether they have not gone back to the 10 days system too soon.

11,230. They are only reverting to what was their previously agreed upon course?—Yes.

11,231. I suppose they believe now the need for the production of coal has gone?—Yes, I think they have made a mistake in their judgment.

11,232. Are you aware that in Lanarkshire where the workers have gone back to 5 days a week; that they have by far the best average attendance during the war—during the last four years?—I am not aware of that.

11,233. Are you aware that absenteeism in that county was 7 per cent. less than the average of the country?—No, I am not aware of that.

11,234. Are you not rather condemning miners wholesale without having full knowledge of the facts?—No, I think the public facts are sufficient to justify the statement that the miners in the mass have acted selfishly during the war.

11,235. If it appeared in the "Times," would that justify it?—One has to take one's information from where one can get it; I do not say all newspapers are perfect.

11,236. Can you give me the name of the employer where the workmen went and told him "You can give us more because the Government will pay it"?—Statements have been made by many people in private conversation.

11,237. Give me the name of one person?—I cannot give it to you at the moment.

11,238. It is a damaging statement. It is a statement against the honour of the workmen of this country. You say here is hearsay evidence of the gravest kind where the workmen went to the employer and said the State will pay so you might as well give us a bit more?—I will see if I can trace my memory back to it and find out who it was and let you know.

11,239. I think you made the statement that the housing conditions of the miners has nothing to do with nationalisation, and that it should not be brought in?—That is so.

11,240. Do you say if the housing conditions of the miners are especially bad that it ought not to have anything to do with nationalisation?—If the house of a miner is especially bad special measures ought to be taken to deal with it. That has nothing to do with nationalisation, in favour or against it.

11,241. Do you think the State ought to build houses adjacent to the collieries?—The miners ought to see to that through their Federation.

11,242. To build their own houses?—Or employ people to build them.

11,243. Employ people to build them?—Why not?

11,244. Because a miner cannot save during the course of a lifetime enough money to enable him to build a house?—Surely in many industrial towns, like Leicester, people have houses built for them which they proceed to buy. Why should not miners do the same?

11,245. The working people of Leicester may be able to save sufficient to build a house, but coal pits are put down wherever the coal is and a workman might build a house close beside the coal pit, the coal pit might run out and he would have to leave?—You mean to say a coal pit is a special case for a tied house as we call it in the south of England.

11,246. The employers' houses are tied houses?—I admit there is a case for tied houses on farms and in the neighbourhood of coal pits. But it is a system to be avoided as far as possible; it interferes with the freedom of the workman.

11,247. You said the Government never house their employees?—Except their Prime Minister and such like people.

11,248. Would you be surprised to know they are housing by far the vast majority of their employees?—I should certainly be surprised.

11,249. Do not they house their Army and Navy?—I thought we agreed the Army was quite a different proposition to industry.

11,250. They are government employees and the Government house them?—I will not accept the proposition that the Army and Navy come into the industrial sphere at all. We are dealing with an industrial problem. I say where Government controls industries it does not house its employees.

11,251. You say that mining has been a very well paid industry?—Yes, as compared with the rest of the community.

11,252. Let us see. Are you aware of the fact that for a period of 40 years the average income of the adult mine worker was 30s. a week?—During the same period the adult average wage of the agricultural labourer was 15s. a week or less.

11,253. I am not dealing with agricultural labourers.—I am comparing miners with agricultural labourers.

11,254. I am dealing with miners and the dangers you admit he has to face. You say he is fairly well paid?—Compared with the average of the community for similar work outside.

11,255. I want to take his usefulness to the community and the same usefulness of agricultural labourers. You would not defend the landlord or farmer paying 15s. a week?—No, I think agricultural wages have been very much too low in the past.

11,256. I put it miners' wages have been much too low and I am correct in saying the average was under 30s.?—That does not conflict with my statement that relatively to other people in the community they have not been underpaid.

11,257. Do you agree with their wages being under 30s. a week?—I say that relatively to the other people in the community miners have not been underpaid.

11,258. That is not really the inference to be taken from the statement?—That is my statement itself. You can make what inference you choose.

11,259. You are sufficiently clever to avoid an answer.—If you will tell me what your straight question is I will give you a straight answer. I have not had a straight question.

11,260. I will give you a straight question now. Do you know how many mine inspectors there are in this country?—No.

11,261. You say the Government have inspectors of mines?—Yes.

11,262. Are you aware the Inspector of Mines whose duty it is to inspect the British Coal Mines could not make one inspection per year per mine?—That may be a strong argument for increasing the number of inspectors, but it has nothing to do with the question of the nationalisation of the mines.

11,263. It has surely something to do with the nationalisation of mines?—No, the Government would lose so much money in nationalising the mines that they could not afford to pay mining inspectors.

11,264. We know the Government are paying so much that they could pay mining inspectors. We differ on that?—Yes.

11,265. You indicate private ownership of mines has amongst other things devised and applied life saving apparatus?—Yes.

11,266. What life saving apparatus?—I mean gas masks and things of that sort arose out of the mining industry.

11,267. Do you know of any safety appliances that has been applied to mines by legislation during the past 40 years which has not been opposed by employers?—I cannot answer you on that question. I have not the facts.

11,268. You put it here as if it were private ownership of industry which has done all this?—I think there is undoubted evidence that a great many mine owners, I will not say all, have spontaneously devoted a great deal of thought and money to develop life saving appliances and improving the conditions of life.

11,269. Do you know of a specific case?—I cannot give specific cases from my memory at the moment.

11,270. If the mines had been well managed from the point of view of safety as they ought to have been, there would have been no necessity for State legislation?—It is rather difficult to say that about an industry. I think the function of the State is to look on and correct people where they go wrong. I think that is required more or less in all industry.

25 April, 1919.]

MR. HAROLD COX.

[Continued.]

11,271. Are you aware that the mine owners of the country opposed very strongly the idea of inspectors of mines being allowed to inspect the mines?—It is quite likely.

11,272. You are not aware of your knowledge it was so?—I am willing to accept your statement. I think it is very probable.

11,273. If you think it is correct as it is would you justify that opposition?—It depends. Take the case of factories which I know more fully. I know some employers in factories just as I dare say you know some employers of mines have opposed inspectors because they did not want to be worried with them or for various reasons. I know employers in factories who have welcomed inspectors. An employer has said to me: "I like the inspectors to come round and see these works." He was dealing with a proper protection for a steam saw. He said, "the inspector has his mind on that job; I have my mind on a thousand other jobs and I like to get expert opinion."

11,274. Inspection by legislation is to keep the worst up to the position of the best?—I think that is so. That is the sort of thing the State can do.

11,275. Do you object to the present State control of the mines?—I object to the State interfering with the commercial or industrial side.

11,276. Do you object to the State limiting the price of coal?—Yes, I do. I am arguing about peace times now. The whole argument as regards war time is a very complicated argument.

11,277. Is it not likely you would have had to pay £1 a ton more for your coal if it had not been for the Government?—It is very hard to say; it is a speculative question. I am not sure we should not have done better with less State control of prices during the war; it is very hard to say.

11,278. If you were in the know you would know better. Are you aware that a coal organisation Committee composed of three mine owners and three miners agreed to ask—of course the price of coal depends on the price they get?—And the wages too.

11,279. The wages of the miners depend upon the price?—Yes.

11,280. Those six people agreed to ask the Government to fix the price because the scarcity of coal would throw the price up by £1 or 30s. a ton?—It is quite likely. I keep an open mind with regard to war conditions. It was possibly necessary to have some fixation of prices during the war. I oppose the fixation of prices by the Government after the war.

11,281. Do you say that was a selfish act on the part of the Miners' Federation?—The action as stated by you was rather fine.

11,282. Rather unselfish?—Yes, on both sides.

11,283. Are you aware the miners have been publicly thanked more than once by public officials?—I would not attach much importance to that.

11,284. Not on the question of going to the front but their action on industry. You fear the influence probably of labour in Parliament in the event of mines being nationalised?—Yes.

11,285. Do you think there has been an extraordinary amount of influence used by the employers and the land owning class from time to time in Parliament?—You mean in the past?

11,286. Yes?—Certainly.

11,287. And at the present moment?—Lansdowners have not much pull now.

11,288. They have not?—No.

11,289. The House of Lords has not much pull now?—Very little.

11,290. Have you made any study relative to the loss of coal in this country through private ownership of minerals and mines?—Yes, I am quite certain it would be enormously greater if you had State control.

11,291. Supposing you were told by 80 per cent. of the mining experts of this country it would have the other effect and that this loss would not have taken place, that is to say, the barriers left in between two landlords' properties would not have been left in but for private ownership, what then?—I know that question. It has been very much exaggerated. That question of barriers between different landowners property I do not think there is much in.

11,292. Do you think mining engineers and mining experts are not the best judges?—They might point to a particular case where there is a particularly heavy loss. Taking the country as a whole I do not think it amounts to very much.

11,293. As a matter of fact they can give you figures; they are at the Home Office. It is millions of tons?—You mean to say unnecessarily wide barriers are kept up?

11,294. It was not necessary in many cases to have barriers at all. There have been barriers of 80 yards?—There are all sorts of complications with regard to water and all kinds of things which justify the barriers in many cases where at first sight they do not appear to be justified.

11,295. I do not speak of barriers kept there to keep water back although sometimes barriers that have been left to keep water back would not have been wanted to keep back the water at all if the water had been pumped out by a proper system of drainage?—I do not deny there might be mistakes under private enterprise. I say there would be more under State enterprise. That is all.

11,296. *Mr. Frank Hodges*: You are a journalist by profession?—Yes.

11,297. Have you ever been down a coal mine?—No.

11,298. Have you ever been on the top of a coal mine?—No.

11,299. You speak with a remarkable amount of knowledge about collieries which you have never been down or on the top of. Where do you get your information from?—I collect it from various sources, as journalists have to do in the pursuit of their trade.

11,300. Where in particular?—From newspapers, or anything I can get from experts.

11,301. Have you ever gone to any authorised source for information?—What do you mean by "authorised source"?

11,302. The Coal Owners' Association for information?—Yes, I have applied to the Coal Owners' Association or anybody who would supply me with information.

11,303. Have you got it?—They have sent on what I have asked for.

11,304. Have your opinions and theories been based on information of that character?—No. Only recently I have taken the trouble to get certain information on specific subjects from such Associations. I have only asked for specific information on specific points I was in doubt about.

11,305. As you have never been down a mine or on the top of a mine, what estimate can you form of the character of a miner's work?—I form my estimate of the healthiness of the miners' work from the information given by Dr. Haldane as to the relative rates of mortality.

11,306. You mean judging the men's work by the mortality?—I thought you meant the healthiness of the work. I have enough imagination to understand it must be very unpleasant work to have to crawl along a thin seam.

11,307. You appear to have a varied and extensive imagination. I should like you to have a little less imagination and a little more knowledge of the facts?—In this particular case my imagination seems to have led me right.

11,308. Why have you come to that conclusion?—I thought you were confirming it.

11,309. In what respect?—That mining work is very unpleasant.

11,310. I have not said a word about it. I ask you if you know, as a matter of fact, what kind of work it is?—I certainly do know that work in mines is unpleasant, if that is what you want to know.

11,311. How do you know that?—You might ask how do I know anything; how do I know that Julius Cæsar ever lived.

11,312. It appears to be pretty obvious you do not know the character of a miner's work?—You might say I do not know that Julius Cæsar ever lived.

11,313. I am not going to say that. That is a matter I do not propose to go into, whether Julius Cæsar ever lived or not. I do know miners work hard, because I have worked as a miner and worked

25 April, 1919.]

MR. HAROLD COX.

[Continued.]

hard?—Do you mean to say nobody ever knows anything about anything unless he has been there himself.

11,314. I know you do not know the character of a miner's work unless you work as a miner?—Then do you say I am not entitled to accept your statements, supposing I want information about mines or miners.

11,315. I want it on the notes that you do not know anything about it?—I do not see your point.

11,316. You will, in a moment?—If I come to you for information as to the character of miners' work, and you told me you have been a miner and worked and it was extremely unpleasant, believing you to be an honest man, I should accept that. Would you turn round and say, "You have no right to accept that"?

11,317. If you did, I should say, "Go and see for yourself"?"—I do not see your point.

11,318. I will come to it in a minute; do not have any fear of that. You know there are 1,000,000 miners engaged in the mining industry?—It is rather over, is it not?

11,319. Approximately 1,000,000?—Yes.

11,320. These men work hard?—Most of them, I should think.

11,321. I suppose they are entitled to have ideas?—I hope every citizen is entitled to have ideas.

11,322. Suppose I tell you that a large number of these million men have very definite ideas; not about wages; not merely about the conditions under which they work, but about the ownership of the industry in which they are engaged. Would you be surprised to hear that?—No, I have gathered the same thing from other sources of information.

11,323. That they have such ideas?—Certainly.

11,324. I noticed you quoted yesterday, I did not hear your proof read, some statements from a pamphlet entitled "The Miners' Next Step"?"—Yes.

11,325. I suppose you consider that a well-written pamphlet?—Do you mean from a literary point of view, or what?

11,326. No; as an expression that some people have ideas?—What are you coming to?

11,327. Is it a document that contains any ideas?—I thought it was rather full of ideas and nothing much else.

11,328. Indicating the man who wrote it had some sort of conception about the industry as a whole?—Will you tell me what you want me to say?

11,329. I want you to agree with me that there are men who are working hard in the mines who are beginning to have ideas about the industry in which they are engaged, whether rightly or wrongly?—I think it is quite obviously so, or you would not have had this agitation for nationalisation, which I think springs from false ideas and nothing else.

11,330. Having got you as an economist, I want to know whether you are cognisant of these things?—I thought that was implied in my statement.

11,331. I am going to give you a little information now which perhaps you do not know?—Thank you.

11,332. Among these 1,000,000 men, some believe in nationalisation with bureaucratic control?—I gathered that.

11,333. Others, the majority, believe in nationalisation without bureaucratic control?—I am glad to hear it is the majority.

11,334. There are still others who believe they ought to own and control the industry themselves?—Yes.

11,335. Without any relation to the nation?—So I gathered.

11,336. If those ideas crystallised in the near future and attempts were made to get either one set or the other accepted, which of those three would you prefer?—With regard to the middle one, I am not quite clear what the arrangement was to be.

11,337. The first is nationalisation with bureaucratic control?—Yes.

11,338. The second is nationalisation without bureaucratic control?—The question is how it is to be controlled.

11,339. The third is no nationalised ownership at all, but the ownership of the property by the men

actually engaged in it. Those are the three different conceptions?—I do not like one or three. Will you tell me how two is going to be worked?

11,340. I am not going to tell you how the second is going to work. That is the idea prevailing in the miners' minds?—If they have that idea they must have some idea how to exercise the control. It is not to be the control of the miner, nor the control of the bureaucracy; whose control is it to be?

11,341. It does not matter what ideas they have as to who is to take the control. They say the State or the bureaucracy shall not do the controlling?—Yes.

11,342. If you have to choose between those three alternatives which would you accept?—I cannot give you a judgment until I know what the second alternative is.

11,343. Do you believe the last is a good proposition?—No, I do not. I think it would be very bad from the point of view of industrial and commercial efficiency for the men to try and control the industry themselves, and it would be extremely unjust to the nation.

11,344. Therefore it is something to be avoided?—Yes, I think so.

11,345. Why should not the men control it themselves?—I do not think they have the ability. I do not think a Committee of workmen has the ability to manage a difficult industry and a commercial proposition.

11,346. You do not think so?—No, I do not think so.

11,347. What ability have they got?—They have varied abilities. I do not think a group of workmen have that particular ability. I do not think a group of any people—I am not depreciating the miners above any people; I think very few people have a commercial instinct; it is rather a rare thing.

11,348. The workmen have never had an opportunity of, in effect, demonstrating whether they have the ability to control the industries in which they work?—Yes, they might during the war. Many offers have been made to trade unions to take over industries.

11,349. Which cases?—Several cases have occurred.

11,350. Give me one in point?—I cannot give you particular instances from memory.

11,351. You have made several generalisations of that description. When Mr. Smillie asked you to specifically state a case in which the owners had voluntarily introduced a life-saving apparatus or life or limb-saving apparatus you could not give a specific case?—Do you mean to say you deny mine-owners have ever introduced voluntarily life-saving apparatus?

11,352. In the absence of proof I come to the conclusion that no owner has voluntarily introduced any life-saving device into his concern, and Mr. Smillie asked you for a case, and you cannot give one?—I cannot give a specific case from memory.

11,353. I ask you for a case in which the workmen have been invited to assume control of a particular industry?—I am quite certain I have seen in the papers more than once statements that suggestions have been made that Trade Unions should take over particular concerns.

11,354. I may take it you are unable to supplement that?—Yes, I have not troubled to collect instances. At the present moment there is nothing to prevent the miners, if they wanted to buy a mine, from buying.

11,355. Out of what?—With their Trade Union funds or any other funds.

11,356. Do you think they have enough money in their Trade Union funds to buy a mine?—If they are so keen to run a mine they can open up a mine.

11,357. Why should they buy it?—Because it is the duty of people to respect the right of property.

11,358. You believe in the rule by majority to some extent?—I believe majorities can sin as much as minorities.

11,359. As a democratic principle that is right. Who has the most right to run the mining industry—the miners?—It is not a question of right; it is a question of effectiveness.

25 April, 1919.]

MR. HAROLD COX.

[Continued.]

11,360. It is a question of right?—If the miners like to buy a mine at the market price and run it themselves let them do it by all means.

11,361. Do you think miners are such arrant asses to put themselves in competition with the whole world of capitalists?—If they want to run a mine let them buy one by all means.

11,362. The whole world of capitalists would be their competitors. That is all. I think they have exercised extraordinary sanity in not doing so? You say they have displayed sanity in not putting their theory to the test?

11,363. In not putting themselves against the whole of the capitalists generally?—You miss the whole point. My proposition is that one capitalist is pitted against another, and it is absurd to suggest that all capitalists would combine together against a trade union engaged in running a mine.

11,364. Come to the question of the risks that the large number of workmen are exposed to. You are aware there are between 160,000 and 170,000 injuries per annum in the mining industry?—I know the risk of life is very serious.

11,365. Is the risk of life comparable with the risk of capital?—The two things are not on the same plane; you cannot compare the two.

11,366. A man who puts £1,000 into a mine is not running any risk compared with the man who works there daily?—It is a different kind of risk.

11,367. Surely the monetary risk is not in the same category?—We agreed that before.

11,368. That is exactly what I want to point out. If you agree money or capitalist risks are not comparable with the risks of human life, surely it is the men who put their lives into the industry that ought to have the prior right to control that industry?—Why?

11,369. You agree?—I do not. You might equally say because a soldier risks his life in going over the trenches he ought to have a voice in directing the whole army.

11,370. I say the soldier who risks his life for his country has a perfect right in taking a governing part in that country?—He does do that already.

11,371. I want these things clearly understood. I think it is you who are the exponent of individualism?—I will not go so far as to say the exponent. I would like the word "an" instead of "the."

11,372. You are an exponent of individualism?—Yes.

11,373. I suppose your philosophy would not count against the determination of a million men?—That is exactly why I object to any such centralised organisation as the Miners' Federation because it can hold the nation to ransom against reason.

11,374. Let us analyse that. In what particular has that ever occurred?—I think during the war and at the present moment the Miners' Federation are putting forward a claim that is against reason in the sense that reason does not justify them on the ground of justice.

11,375. Give us your point?—The demand for an increase of wages and for further reduction of hours puts the miners in a better position than workpeople in other industries.

11,376. Wait one moment. You are referring to the period of the war?—I refer to the present claim.

11,377. You mean a case in which the miners have been opposed to public interests, and the opposition is unreasonable?—I say their present claim is opposed to the public interest.

11,378. Prove it?—This present claim is to put themselves in a far better position relatively to the rest of the community than I think they are entitled to be put in.

11,379. See whether it is reasonable, if their present claim is to absorb the whole of the existing profits there would be no private capitalist; is that unreasonable?—That, I think, would be unreasonable in itself. That is not the issue.

11,380. There are other issues. We will confine ourselves to that one. Suppose the miners decide that it is a perfectly reasonable proposition as they risk their lives in the industry and they represent a majority of the industry, that they should absorb in wages the whole of the available profit now taken up by

those who are not engaged in the industry, would that be unjust and unreasonable?—But who are paying their wages and guaranteeing them their wages?

11,381. The people who pay the price for the coal in the long run?—In the first instance, it is the capitalist who provides the money for the workers' wage.

11,382. Where is he getting the capital from?—From his savings or his father's savings.

11,383. What represents capital?—Savings; it is the difference between what you spend and what you earn.

11,384. If you have a million pounds in the bank, it is not capital at all?—Why not?

11,385. Because it does not function an industry?—Can you show me a banker who keeps £1,000,000 idle?

11,386. There are millions of pounds kept idle?—If there are many bankers who do that there would be no business, but bankruptcy.

11,387. You and I are coming to agreement, really?—We are a long way off it yet.

11,388. I want to convert you?—I am quite open to conversion.

11,389. I am confining you to my own proposition. I am assuming we are not going to allow any profit to be made in this industry, because the profit goes to people who do not work in the industry. Is that unreasonable?—Yes, I think it is most unreasonable.

11,390. Why is it unreasonable?—Because in order to get an industry active you must have three things: you must have capital, you must have brain power, and you must have manual work. Those three things are all necessary. If you destroy the profits of capital you will not get any more capital.

11,391. We have had a lot of academic discussion?—You started it.

11,392. I am keeping you to an idea that the miners have that it is wrong for people to make profit out of their labour. They say, "We will prevent that from now onwards; we will absorb all the profit, and we will increase our wages to the point where the least fraction of profit is absorbed." Why, is that really unreasonable?—It is unreasonable because you will not get any more capital.

11,393. Why would you not get any more capital?—Because people are not going to save unless they can make a profit on their savings.

11,394. Supposing the renewal of capital is all provided for?—How?

11,395. The profits, for example, are not ascertained until they have set aside a certain amount for a sinking fund?—Yes.

11,396. Assuming that funds are still set aside for the replenishment and renewal of capital in the industry is it wrong for the worker that the great margin profits should be absorbed by men who work in the industry?—Yes, it would induce other people to put capital into other things. If I had ever been foolish enough to invest money in a mine I should expect to get some return out of it. If I got no return I should not only put no more money in, but advise my friends the same.

11,397. If you rush to put the money into another industry what would happen?—That other industry would develop relatively to the mine.

11,398. You may bring down the rate of profit by increasing the accumulation of capital. For that reason, I am pleased to see large profits; they encourage people to save more capital and you get capital cheaper in the long run.

11,399. Would you think a case of this description would make a man a rebel, if you like, against the existing institution. Supposing he has a little grocer next door to him who put £1,000 into the Powell Duffryn Colliery Company, he is already making a comfortable income as a useful member of the community as a grocer, and he puts this £1,000 into the Powell Duffryn colliery, where they pay in the year, say, 25 per cent. That grocer gets £250 upon his £1,000 invested, and that would represent more than the wages per annum of a hewer of coal in the Powell Duffryn concern?—Yes.

11,400. What sort of psychology is likely to be created by that?—You will have a number of other people putting their money into coal mines and you get capital much cheaper.

25 April, 1919.]

MR. HAROLD COX.

[Continued.]

11,401. What effect has that on a man who goes through a year and labours and gets less than the man who puts £1,000 in and does not labour?—If a man looks at the facts immediately under his eyes, as most of us do, he would form an envious view of that and perhaps an angry view. If he looked a little longer ahead he would see the fact that the grocer had made a large profit by investing, it would encourage people to put other capital in; the capital would become cheaper and there would be a larger margin for wages to rise.

11,402. You do not think that would have an irritating effect on the worker?—I think that people who have been educated ought to take a longer view, and ought to tell the miner the ultimate effect, and his unjustifiable irritation would then disappear.

11,403. You think it is a right thing that a man who does not work should have more than the man who works?—It is the right thing that a man who speculates in risky undertakings should occasionally win a large profit.

(The witness withdrew.)

(Adjourned for a short time.)

PROFESSOR WILLIAM ROBERT SCOTT, Sworn and Examined.

11,404. *Chairman*: I believe you are a Master of Arts, Doctor of Philosophy, Doctor of Literature and Doctor of Laws, and Adam Smith Professor of Political Economy in the University of Glasgow, and Fellow of the British Academy?—Yes.

Chairman: The Secretary will read your proof.

Secretary:—

"The organisation of the coal industry should be such as will provide for its progress both internally and externally—internally in securing more harmonious relations amongst all those managing and working it, and externally in keeping the cost of production low, on the one side in relation to the export trade in coal and on the other in the supply of this commodity to industrial and private consumers at a moderate price. Also the provision of capital for future improvements must be kept in view, as well as the type of organisation which will be most favourable to the providing of the ideas and inventions which form the prior conditions of progress.

The Economic Unit of Organisation in this Industry.

Amongst these related problems, the economical unit of organisation is in some respects the most important. While the determination of this unit is not decisive directly save as regards efficiency of production, indirectly it offers the best opportunity, when other circumstances are favourable, for internal harmony, for progress in the industry and for growth of invention. It is only by means of the most efficient and progressive production that shorter working hours can be maintained and at the same time further improvements in the condition of those employed can be effected and continued.

The varying size of existing coal mining enterprises points to a certain degree of doubt in the minds of those controlling them upon the size of the economical unit beyond the variations which might be accounted for by differences in local conditions. The fact that coal mining is an extractive industry would point to the economical unit being of moderate size. On the other hand, in so far as it includes, or has associated with it, certain processes, such as the utilization of waste products, which conform rather to the principles of manufacture, to that extent the economical unit of operation would tend to be enlarged. Another series of considerations enforces the same view, namely, that, in general, when the scale of operations is being extended, this is accomplished most successfully when it proceeds by steps and not by great strides. The experience in managing concerns of moderate size is liable to be incomplete when it has to deal with a unified enterprise, say, fifty times as great. Managers, who have been trained in companies with a capital not exceeding five millions as is the case in the British coal mining or coal distributing enterprises, are liable to be at sea when the scale of operations is suddenly increased to a magnitude which, in coal mining alone, has been variously valued at between one hundred and two hundred millions, and would be still greater if coal distributing were included in a proposed national trust. A sudden jump in size, though of less extent, was one cause of the difficulties encountered by the large combinations formed amongst manufacturing firms in 1899 and 1900. No doubt the experience gained in the control of the

coal trade during the war is a consideration on the other side, but that experience is of limited value, being based on the highly artificial conditions which called it into being and under which it worked. On the whole, while the precise determination of the economic unit in coal mining is largely a technical matter, the present line of argument would suggest that, in existing circumstances, all the economies which have been advocated could be secured in a unit of moderate size which need in no case exceed that of a coalfield and which probably might, with considerable advantage, be smaller. There is another aspect of the coal industry which would appear to indicate a still larger unit, namely, the ownership of railway waggons by coal companies, which results in non-interchangeability of these waggons. The solution here would appear to be the standardisation of coal waggons and the ownership of these by the railway system of the country.

Aspects of the case for Nationalisation.

The size of the economical unit may or may not be related to the question of public ownership. It is worthy of note that the latter course is being urged upon contradictory grounds in this country and in Germany. Here it is often contended that nationalisation is desirable to prevent the waste from the competition of numerous independent concerns, whereas the Reports of the German Socialisation Commission urge the same course but from the contrary point of view, namely, that coal mines are a monopoly. Even when all due weight is given to differences in conditions as between the two countries, both reasons, being contradictory, are not maintainable at the same time. The Germans would nationalise coal mining because there is too little competition, while in this country the same course is advocated because there is too much, and it is alleged to involve avoidable waste. As regards the British point of view, though it is the fashion to decry competition, it is, on the whole, the best method for relieving the industrial organism of parts or functions which have become effete. Certain aspects of this circumstance will be alluded to below.

Mr. Straker, in his evidence on March 14th, advanced various arguments for nationalisation of the coal industry. These fall under two heads, first, such as relate to economies in production, and secondly, those which are psychological or ethical, though they have a distinct economic reference. It seems to me that most of his claims under the first head might be obtained by a reorganised industry, and that the question of organisation is more important than that of ownership. The second line of argument is different. It contends that nationalisation would give the miner greater safety, better provision in case of disablement, better terms for his dependants in the event of death from accident in the course of his occupation, a sense of responsibility through a share in the management of the industry, and the feeling that his work is for the benefit of the community, not for private profit. The general public, alike on social grounds, and in its own ultimate interest, should welcome all precautions for the safety of underground workers, and as far as can be judged, it is disposed to assent to the necessary steps being enforced. Whether these precautions would be effected more surely by

25 April, 1919.]

PROFESSOR WILLIAM ROBERT SCOTT.

[Continued.]

nationalisation of the mines or by legislation with augmented inspection is difficult to determine. The last two considerations (namely, a share in the management, and a direct consciousness of work for the community) seem to cohere together. It follows that the nationalisation intended is not merely nationalisation as such, but nationalisation of a certain particular type. Thus the coal industry might be nationalised under a Minister of Mines, as has been frequently advocated in recent years. But such a Ministry might be established to own and work coal mines without the miners having a share in the control. The scheme of Mr. Straker is of a different nature, and provides for a Mining Council, of which the Minister of Mines shall be permanent Chairman, while the remaining ten members are to consist half of nominees of the Miners' Federation and half of nominees of the Government. Two of the latter are to represent the interests of consumers. From the aspect of administration the position of the proposed minister would be difficult. He would be responsible to Parliament, but without being able to make his views prevail in the Council. That is, he would be in danger of having to bear the responsibility before Parliament for decisions which might not be his. Further, Parliament would have provided public moneys for the purchase of private interests, while under this scheme it would have relinquished control over the administration of those funds. In addition, if the proposed Council could surmount these difficulties, the representation of consumers is too small, since the latter are largely unorganised and their interests would suffer in the face of the compact group of delegates of the Miners' Federation. Necessarily the latter matter is capable of adjustment, but the divorce of responsibility from effective control in the case of the Minister of Mines is a serious difficulty, and one that is fundamental. At the same time, whatever form of organisation may be adopted, it is desirable that those employed in all occupations connected with coal mining should be in a position to be associated with the management.

The Consciousness of working for a State-owned Undertaking.

The estimation of a state of consciousness, which has not yet been experienced, is always difficult, and, when that state of consciousness will be one in the minds of about a million individuals, the anticipating of its effects is subject to great uncertainty. Accordingly, it is only possible to endeavour to forecast anticipated results which must be largely hypothetical. In the first place the formulation of this desire is highly laudable. It represents the ideal of public service, which has inspired many who have deserved well of their country. It would have the effect, if realised, of improving the internal harmony of the industry, and increasing its efficiency by tending to increase the productiveness of a given quantity of labour. This is the favourable side of the prospect. There is, however, another. In normal times when consumers complain of the price of coal, their efforts to obtain a reduction are dissipated between the mine-owners and the miners. The former urge, as a justification of a given price, the high wages they pay, the latter the high rate of profits the owners receive. Under a system of nationalisation what might be called the "punching ball" of owners' profits would disappear, and the consumer and the workers of all kinds would be left face to face. Unfortunately it might happen that the consumers' valuation of the miners' service to the community would be lower than that which the miners themselves placed on it and the tendency would be for the driving force of this ideal to be weakened. In the case of serious friction it would be likely to disappear. Much as it is to be regretted, these are probable conditions which must be faced frankly. Indeed, to some extent the combined effect of Excess Profits Duty and the Coal Mines Excess Payment was a distinct step towards realising this claim of service to the State, since the effect was that all profit in excess of the pre-war standard, save one-twentieth, was placed at the disposition of the Coal Controller and the Exchequer—thus control in this industry accomplished the feat of establishing an Exchequer of considerable amount and transferring the odium of it to the mine owners.

Again, whatever may be possible in the future, it must be recognised that to the present there has been a tendency for State employment to induce gradually and almost insensibly a species of creeping paralysis in the efforts of the workers. The "government stroke" amongst manual workers has been a result of State employment against which the spirit of service to the community would have to contend, and there is little, at yet, to show that the former would succeed in counteracting the latter, still less that it would overcome it.

On the whole, upon balancing these uncertain factors, it follows that under this head the presumption in favour of Nationalisation may be increased, but to an extent which, as far as can be judged, could in no case be great, and which in certain circumstances might be almost inappreciable.

The Effect of Nationalisation on Initiative and Enterprise.

There are other factors which enter into the probable consequences of Nationalisation. Prominent amongst these is the effect it would have upon individual initiative and enterprise. In the industry of producing coal, room for both these will remain and will be urgent. There will be a greater need for improved methods of coal-winning, and great judgment and enterprise will be required in the export trade. In the industry of distributing coal these qualities will be less necessary. It is not enough to assume that the nationalised industry will employ the best managers of the former Coal Companies. In the first place there would no doubt be a number—and those the most enterprising—who would dread the constraint and routine of public management and who would take their capital to overseas coal-fields or to other industries. Whether the number of these was large or not, the case of those who remained is more important, and, though the men would be the same, it does not follow that their efficiency would be equal under the two systems. Hitherto, public management has tended to be more rigid than enlightened private management, and hence it is repressive of initiative and enterprise. There are several reasons for this tendency. The man who has a new idea has the choice of many firms to which he may offer it. In a nationalised industry he has only one chance. If his idea has a reasonable prospect of success, there is a much greater prospect that some private firm will adopt it, and out of the large number of trials of this kind, the great and the small successes represent the survivals which benefit the industry as a whole eventually. Many of the great inventions have been the discoveries of men who believed in the idea in spite of universal discouragement and who risked all that they possessed and could borrow in working it out in practice. Within the sphere of public ownership, progress in invention and improvement in methods would be slower than when enterprise is free. In existing circumstances, in so far as they touch industry, Government has been non-creative, and where (as has been shown by Dr. Marshall) inventions have resulted in State-managed enterprises, these have been the work of men who were trained under competitive conditions. Whether these conditions will be permanent or not, it is impossible to say. Under normal circumstances public undertakings are not disposed to take the same risks that private businesses will undergo. On a broad average, while many of the latter risks do not achieve success others will, and it is from the joint action of the failures and the successes that progress results. From this point of view, in so far as the need for improvement in the coal industry is established, to that extent the necessity for private enterprise in it is demonstrated. On the other hand, in abnormal circumstances a public undertaking may be forced into taking large risks, and, as a rule, it assumes these with less judgment than private enterprise does. In this connection the experience of public control and of national industries during the war has been too recent, and as yet there are no official reports of impartial inquiries into its results available from which a reasoned judgment could be formed as to this period. Such information, had it been available, would have afforded some light in the present circumstances.

25 April, 1919.]

PROFESSOR WILLIAM ROBERT SCOTT.

[Continued.]

Closely related to invention and new ideas are initiative and judgment. Hitherto, the checks, which are judged necessary in public control, have been inimical to initiative. This is generally admitted, and the complaint is repeated in detail by the German Commission on the Socialisation of Coal Mines, in respect of the State owned mines in that country. Routine, instead of enterprise, seems to be the watchword of public undertakings. Their enterprise, when this course is risked, has often been more unfortunate than their inaction. Judgment in industrial enterprises is even greater in its effects than initiative, but the conditions which develop this quality have been analysed only imperfectly. The British belief in character and its absence of self-expression have left the faculty of judgment in industry almost altogether inarticulate. There is no doubt that some men have an almost uncanny power of anticipating correctly coming changes in conditions of the industry with which they are concerned, but their power of explaining the reasons for their opinion is limited. Under conditions of public ownership their want of the power of expression and explanation would deprive the community of the greater part of the advantages of their special endowment. The tendency would be to retain such men in inferior positions with a resulting loss to the industry and to the community.

In the present stage of social evolution, it appears that the faculties and general type of mind which are required for political administration and for industrial leadership, are quite distinct. Under the present system, each sphere tends on the whole to attract to it those who are most fitted for it. Under nationalisation, the tendency would be for the administrative type to oust the industrial type, with the result of the various disadvantages which have already been enumerated. As regards general social progress, these disadvantages would first affect the particular industry nationalised; but, on the assumption that several industries were thus dealt with, these disadvantages would increase cumulatively and progressively as the field for initiative, invention and judgment was contracted.

Thus the general conclusion under this head is that nationalisation, under present circumstances and in the future as far as can be foreseen, would be inimical to enterprise, initiative and commercial judgment.

Probable consequences of the Removal or the Decrease of the Reward obtained by private Capital.

Several consequences may be anticipated:—

(1) As regards the capital at present employed in coal mining and coal distribution, if this were expropriated, it is to be assumed that the stock holders and shareholders would receive in exchange a stock issued by the State. The effect of the lower interest on the latter would be different in the case of debenture holders and preference shareholders as compared with ordinary shareholders. As regards the first two classes (when there are profits remaining after this fixed interest is paid) the holders have deliberately sought a lower rate of income on condition of less risk. Upon an exchange being made into a Government stock, they would obtain a better security at a sacrifice of a part of their previous income if they continued to hold the Government stock received in exchange. Since the reduction in income might not be striking, it seems possible the majority would hold the Government stock, while a minority would sell it and re-invest in Debentures or Preference shares of other companies. The case would probably be different with reference to the owners of ordinary shares. Owing to the risk to which this class of security is subject, the difference between the yield on this and on a Government stock is much wider. On general grounds, it seems possible that over a sufficiently long period the yield on the aggregate of all ordinary shares and of all capital invested in the industry by individuals and partnerships would not be more than would suffice to afford normal interest for the period and make good wastage of capital (where this has occurred). The difference is that the investor of greater foresight expects to improve on this average, while another, whose acumen and judgment is less, will lose. This would be impossible if all those holding ordinary shares in coal companies

continued to hold the Government stock they received in exchange after they were expropriated. In normal times the exclusion of such a large amount of capital from one type of hazardous enterprise would lead to investment in other concerns of the same class and would increase the demand for such investments, probably resulting in calling forth a supply which would include some undesirable promotions. In the abnormal circumstances of the immediate future owing to the new factors of uncertainty caused by the war, it seems that the element of risk in very many businesses has been increased, so that the amount of capital which would seek now investment in which risk was involved (through its having been extruded from the coal industry) would not be sufficiently great to produce a marked effect over a moderate period such as a year. The case would be different, if several industries were nationalised, when the effect would be cumulative.

(2) The transformation of stocks and shares in coal companies into a Government stock would have another effect arising out of the increase in the quantity of the latter. In so far as recipients of the new stock sell it in order to re-invest, to that extent the quantity of Government stocks of all kinds on offer will be increased. The result will be a counteractive tendency towards the reduction in the quantity of these stocks to be anticipated from the operation of the Sinking Fund. Thus *pro tanto* the improvement in national credit would tend to be neutralised to the degree to which these sales are made, and it follows that to this extent the price of Government stocks would be lower than would otherwise be the case. As a result, the country would secure less favourable terms for renewal of its loans when the time will have come for this operation.

(3) The formation of capital depends on the appeal which the income obtainable offers to different temperaments and to persons in different situations. Some demand security and low interest, others larger interest at the expense of less security. If the amount of investments of the latter class is contracted, some prospective savers will be excluded. The removal of the investments offered at present by the coal mining industry would have some effect in this direction through a part of the capital expropriated seeking re-investment where the risk was approximately similar. If the industry of coal distribution were also nationalised, that effect would be accentuated. If the railway industry were nationalised likewise, the consequence would be much more marked. In fact each fresh nationalisation would have a cumulative effect. The general result would tend to make British Government stocks cheap and to make the more speculative stocks dear.

The Supply of Capital for a Nationalised Coal Industry.

If this industry were nationalised, it would require capital in the future in order to effect improvements. It would also need to provide for the wastage of the original capital with which it started. The cost of opening up a mine and of the underground workings is lost when the coal seams in that particular area, reached by these workings, have been exhausted. Hence depreciation of capital, based on the life of a mine and a provision for obsolescence, to provide for the renewal of plant when it is superseded by a better invention, are both desirable and, in this industry, indeed necessary. Depreciation should not exceed these limits; and new capital, as needed, is best obtained by the issue of stock. Such new capital would probably be obtainable with comparative ease. The danger is that depreciation may be inadequate, and capital may be created to provide for charges which should have been met by depreciation. The more the industry were autonomous, the greater it seems would be the risk that adequate depreciation might be neglected. Miners on the one side and consumers on the other would both attack the apparent surplus which would remain after paying the usual working expenses and interest. If this result followed, capital would be raised to meet charges which should have been met from revenue and the total capital would be inflated. As time went on the amount which the winning of coal would have to bear for interest would be increased unduly.

25 April, 1919.]

PROFESSOR WILLIAM ROBERT SCOTT.

[Continued.]

SUMMARY.

The foregoing discussion results in a balancing of alternatives, some of which are in favour of Nationalisation in the coal industry, and others against it.

1. In the future organisation of this industry, Nationalisation would present too sudden an enlargement in the scale of operation. Those entrusted with the management would be required to magnify the size of their enterprise suddenly; and, as a result of their want of experience in new conditions, mistakes would be inevitable.
2. On the assumption that coal waggons will be provided in future by the railways, the economic unit of working is much smaller than the whole country. Accordingly, both these considerations raise a presumption of a certain amount of weight against Nationalisation. Under existing conditions in the coal industry, Nationalisation would create a unit of working which was neither the most economical technically, nor administratively.
3. On the other hand in so far as Nationalisation would increase harmony of working by inculcating an ideal of service to the community, there is a presumption in favour of Nationalisation. The degree of weight to be assigned to that presumption is difficult to estimate. Service to the community has to counteract the influence of the "Government stroke." The former is made to depend upon a form of Nationalisation which is open to objection upon the accepted principles of the responsibility of Ministers to Parliament. However, Nationalisation might be established, there are difficulties. If a Mining Council be established, as suggested by Mr. Straker, the Minister of Mines would be responsible for it in Parliament, but he would not control the administration for which he bore that responsibility. While it is desirable that those employed in mines should be associated with the management, this device would encounter many difficulties. On the other hand, a Minister of Mines working under similar conditions to the Postmaster General would fail to meet the miners' claim for a direct share in the management, and this type of administration would feel the influence of bureaucratic methods more and more as time went on. Balancing these various doubtful and highly hypothetical considerations, it would seem that the ideal of service to the community affords a presumption in favour of Nationalisation, but not to any great extent.
4. Indications are clearer that Nationalisation would react unfavourably upon enterprise and initiative. This consequence would manifest itself in the industry nationalised, more as time went on, and it would grow as the sphere remaining open to these qualities was contracted by the Nationalisation of other industries. These are considerations to which considerable weight must be assigned.
5. The consequence of Nationalisation of the coal industry upon the reward earned by private capital would have minor effects which would be adverse to Nationalisation, in so far as this process would tend to exert an effect towards diminishing the formation of capital by one type of possible savers, and also in tending to reduce the price of Government stocks. At the same time the effect of the Nationalisation of the coal mining industry, if that were the only industry nationalised, while it would be perceptible, would not be marked. But if other industries were nationalised also, the cumulative effect would be considerable and prejudicial.

Thus it results that the balance inclines rather decisively against Nationalisation. The disadvantages are known and increase progressively. The advantages claimed for it are of a speculative nature. In existing circumstances, Nationalisation of the coal industry involves a large gambling element. No doubt the immediate circumstances of the country will require schemes involving large imagination and constructive industrial leadership. At such times there is always the danger of megalomania, and a reliance upon undue extension, instead of intension of conception and effort. Experience of the past (and still more the late experience during the War as far as it can be read) shows that, as has been well said, "projects of great and sudden changes are now, as ever, foredoomed to fail and to cause re-action." In view of the very large number of firms in the coal industry, the unification of all these would be too violent and abrupt. Even if a case for Nationalisation had been demonstrated (which in my view has not been accomplished) practical wisdom would suggest the accomplishment of it, not suddenly, but by stages.

CONCLUSIONS TO BE DRAWN FROM THE NATIONALISATION OF COAL MINING IN GERMANY.

The evidence afforded by the State mines in Germany is defective in several important data. The available information may be examined under the following heads.

1. *The effect of Cartels and Syndicates.*—These in appearance, at least, make the task of nationalisation easier, since organisation had been developed already into very large units. At present the Coal Syndicate is linked up with the corresponding organisation of dealers. It has been objected to the methods of this Syndicate that its policy of making long contracts for the sale of coal presses hardly on the manufacturers of finished goods who purchase coal under these contracts. The manufacturers find themselves during a period when prices of their product are falling, faced with high fixed charges for coal which they cannot escape, and this occasioned much difficulty during the crisis in Germany from 1900 to 1902. Owing to the inadequate representation of consumers on the proposed Imperial Coal Council this disability of the manufacturing industries which depend on coal will certainly not be lessened and it may be increased.

Perhaps what is most important under this head is the degree to which the existence of the Syndicate may appear to facilitate socialisation of the coal industry in Germany, and the absence of a corresponding organisation in this country.

2. *Labour conditions in German State mines.*—In the Saar mines Dr. Herbig (Inspector of Mines in Saarbrücken) considers the chief factor which prevented these mines from affording an adequate return on the capital was to be found in various elements connected with labour, such as the wage policy which relied less on graduated wages than the private mines and to the effect of social policy in relation to labour. As regards the first more recent returns show that the earnings of the Saar miner in 1913 were less than those of the Ruhr miner. The same discrepancy continued in 1916 and 1917—the difference in favour of the average in the Ruhr district being 25 per cent. in the former year and 14 per cent. in the latter year. It might be thought that the advantages in working conditions such as greater security of employment, payment during illness and when engaged on public duties and other similar advantages would compensate for the lower money wage, but the opinion of Professor Paul Weiss, recorded some years ago, was that "in Prussia the State has shown itself the hardest and least indulgent of masters," and this view is confirmed by the emphasis with which the representatives of the miners at the Commission on Socialisation of coal mines repudiated the form of nationalisation which had existed previously as having manifested "such startling examples of this cumbrous State Organisation that there cannot exist a particle of doubt as to the necessity of a radical change."

25 April, 1919.]

PROFESSOR WILLIAM ROBERT SCOTT.

[Continued.]

3. *Output of State mines in Germany.*—In terms of the output of coal these mines have not maintained their position relatively to private undertakings. According to the figures of Dr. Jungst (*Economic Editor of Glückauf*) while the output of State mines increased $2\frac{1}{2}$ times in the thirty years from 1881 to 1911, that of private mines increased nearly $3\frac{1}{2}$ times. Or to put the matter another way, the proportion of the total coal production of Germany between 1881 and 1885 from the State mines was 17.62 per cent., but by 1911 it had fallen to 13.77 per cent. These figures however need interpretation and qualification. One object in the working of State mines was to secure a supply of coal for the State railways, and as far as that object remained an important consideration, the ratio of increase in the output of the State mines would be related to the expansion of the demand for locomotive coal. Also the failure to obtain a minimum return on the capital would necessarily restrict expansion.

The comparative figures in the output of coal per man must be admitted to be disappointing. In the five years 1881-5 the output per employee in the State mines was 249 tons, in the private mines it was 270 tons. The corresponding figures for 1906-10 were 229 and 253 respectively. Each quinquennium shows a deficiency in the output per employee, but the amount of it fluctuated. In the first fifteen years it averaged 25 tons, in the second fifteen years 15 tons. In the latter period there was great fluctuation. The deficiency was as low as 3 tons from 1901-5, but it rose again to 29 tons in the next five years, that figure being the highest in the period except in 1886-90 when it was the same. Necessarily many varied conditions have to be kept in view before basing conclusions on these results. There may have been less favourable conditions in the State mines, or more developmental work may have been in progress. Still, if one takes the Silesian mines which were long established, and where the State mines adjoin those of companies or private owners, the deficiency in the output of the public undertakings remains as great, whereas in the Saar mines the deficiency is on the side of the private concerns. Thus, there is no certain conclusion to be reached on this head, but the balance, as regards output per man, turns in favour of the private rather than of the public undertakings.

4. *Price charged for coal by the State mines in Germany.*—According to Dr. Jungst's figures, the price charged for coal by the State mines exceeded that of the remaining collieries during the thirty years from 1881 to 1910 by M. 1.57 per ton, and it is significant that the excess was greatest in the ten years from 1901 to 1910. In the twenty years from 1881 to 1900 it averaged M. 1.44 and from 1901 to 1910 M. 1.83. This difference is possibly attributable partly to the terms on which coal is supplied to the State railways, partly to the social policy of these mines, and partly to their unsatisfactory financial position.

5. *Finance of the State mines in Germany.*—There is considerable controversy concerning the financial condition of the Saar mines, into which it is useless to enter, since the capital cost is not available. It is otherwise with the mines in the Lower Westphalian coalfields, for which powers were obtained in 1902. As a recent example this operation may be taken as illustrating the financial side of the question.

The estimate of results turned out to be much too optimistic. According to the statement in the Budget Committee of the Abgeordnetenhaus in 1911 (quoted by Jungst) the capital account of these mines should not have been more than M. 81.66 mil. by the time they were estimated to become "paying concerns" in 1915, whereas at the beginning of 1917 accumulated losses had increased this sum to M. 183 mil. or double the estimate. The income is far from paying interest on the loans issued to provide the capital. Nor is this all. Henbig points out that pensions of the State officials, compensation for miners' dependants and certain other expenses are charged against other accounts and not against the State mining administration. So it follows that there is a treble loss—first in so far as general taxation has to subsidise the mines through their failure to earn the

full interest on the capital outlay, secondly in some mining expenses being defrayed from general funds, and thirdly in so far as it appears the coal is dearer than that of private undertakings. A subsidy to cheapen a commodity is, at least, intelligible, but one to make it dearer seems difficult to understand.

The latest Scheme for Socialisation of the Coal Industry in Germany.

In view of these considerations it is not surprising that the methods of nationalisation in vogue in Germany up to the Revolution now find few defenders, or even apologists, there. And it is remarkable that the type of Socialisation, now under consideration, is a complete break away from the principle of Nationalisation. In this respect the recommendations of the Minority Report of the Coal Commission have been largely accepted, particularly in so far as the ownership of the mines is left as it was and the owners enter into a system of joint management by being combined with representatives of the workers and of other interests. The Council of Exports with its membership of 50 has persons selected from no less than sixteen different interests. The proposed system may be described as "the way not to do it." It is simply as if the office of coal controller were put into commission, which would be equivalent to putting the coal industry into Chancery for an indefinite period. A management so diverse might secure an equilibrium of various interests, but it would be the equilibrium of stagnation. Under such a system there can be little hope of the progress which would otherwise be possible, nor is there a real reconciliation of the varied interests, since consumers have ludicrously inadequate representation. Once the owners and workers unite, as they might be expected to do in time, they would have a comfortable majority numbering at least 30 out of 50. Against this there would be only 10 members who might be taken to represent consumers.

The whole scheme, as far as it has been developed, seems to me to be completely chimerical. It must inevitably fail to satisfy the expectations which have been aroused; and, compared with this, the fears in Germany that such mechanical management will be powerless against the free initiative of Great Britain and that English coal may be sent by the Rhine to South Germany and Switzerland, or that the cost of distribution by the State would be as great as the profits made by middlemen in this trade, are of comparatively little account.

A suggested Experiment in Joint Ownership and Control.

The final conclusion seems to be that the best hope of the British coal industry is not to imitate methods which are self-confessed failures, nor yet to adopt others which are totally untried, and which carry the seeds of failure in them, but to try to make the best out of the system of free enterprise, individuality and initiative. The latter have their faults and weaknesses, and the path to progress lies in removing these as far as possible, not in risking the future of the industry in a gamble where the chances are against success. Some of the chief improvements that are possible have already been indicated.

To all this it may be replied that the miners say that they are convinced of the advantages of nationalisation, and that without some concession to their point of view reasonable peace in the industry is impossible. To this it seems to me there are several replies. Neither nationalisation nor socialisation would bring peace to the industry. The case for both is based on hopes which neither by itself can satisfy. The resulting dissatisfaction would produce a new era of perhaps greater unrest. It is like buying a respite from financial pressure by borrowing on a bad security which too often results in the debt maturing with desperate suddenness with compound interest. It is true that both experience and reasoning can only present probabilities, some of which have not a high coefficient of reliability. But the case on the other side is very much less substantial. This seems almost as far as economics will carry us, except to the degree that truth will in the end prevail. But the latter may be a comparatively long process, and it is reasonable to ask can nothing be done in the interval?

25 April, 1919.]

PROFESSOR WILLIAM ROBERT SCOTT.

[Continued.]

This again raises another question on which I do not feel competent to offer an opinion, namely, how far, as a matter of practical statemanship, is it judicious to meet an unwise demand of a large section of the people in order that they may learn by experience? If that question were answered in the affirmative, and I were asked, as a practical measure, how to give effect to the decision so that the experiment should be least disadvantageous to the country, I should be inclined to suggest that a coalfield should be selected, neither the largest nor the smallest, and which had an export trade or, alternatively, a sufficiently large area of coal which was comparatively self contained. The companies and other owners should be amalgamated into one company. The Government then would acquire compulsorily, upon terms as between a willing buyer and a willing seller, shares which would carry one-half of the voting power. The Government would next exercise its right of appointing one-half of the directors. These nominees could include representatives of the employees in mines and of different classes of consumers. This method would resemble closely that already adopted in the case of the Anglo-Persian Oil Company. It would have the advantage of affording as practical a test as is possible of the results of joint management and of giving the workers a share in the management. Also it would show whether such management with a favourable unit for working could maintain itself beside independent firms. If experience showed that the experiment was a failure it would be easy for the State to retrace its steps by selling its shares. The difficulty already mentioned in relation to efficiency, involved in the great jump from the present scale of operations to a completely nationalised industry, would be avoided. At the same time, while this scheme diminishes the difficulties which, in my view, are inherent in projects for nationalisation it does not altogether escape them. The interest of consumers would be inadequately protected, since their representatives could only secure a minority representation on the Board. Still, the existence of competition from the other mines would afford some compensation for them which is absent in other schemes. Also the selection of the coal area for this experiment would involve some difficulty in regard to the disturbance of shareholders who would have to sell half their holdings in order to carry out the plan. At the same time, as far as can be seen, they would sell at a time which should not be unfavourable to them. It would be essential that all precautions should be taken that the new concern should bear all its proper working expenses and neither less nor more. It would be important that none of its expenses should be borne by the State in any form. In enterprises into which the State enters this object is very difficult of attainment. Also, in the event of the railways being nationalised, it would be necessary to arrange that no preference in contracts for locomotive coal should be accorded to this undertaking in comparison with other collieries."

11,405. *Chairman*: Would you answer me one question. What is the exact distinction, if any, that you draw between socialisation and nationalisation?—Socialisation would include what we speak of in this country as joint control.

11,406. *Mr. Arthur Balfour*: Would you just tell us exactly what form of joint ownership and control you think would be workable?—What I have suggested is that if a working unit as suggested were fixed upon, which would probably be smaller than a coalfield, and if all the concerns in it were amalgamated into one company, then the State would purchase a half share in that. The State would exercise its right of appointing one-half of the directors. That would afford, under due safeguards, so far as I can see, a safe experiment as between the two forms, private enterprise and some form of nationalisation.

11,407. The State would really have half the voting power?—Yes, half the voting power; that is my point.

11,408. You would not desire the State to interfere with the management other than they were represented on the Board of Directors?—Yes, quite so.

11,409. You would leave the whole of the management of the mine to private enterprise?—I would not suggest in any way that this would limit any

of the existing powers of the State or interfere with the existing powers of the State as regards the safety of the miners or any conditions as regards their health or welfare.

11,410. Would your proposals meet the views of the miners? Would that satisfy the miners' view?—That I cannot say. It is designed to meet, I think, a good deal of it. They ask to have a share in the management..

11,411. And if the State owned half the management they would feel that they had a share in the management?—I would go a little further than that. I contemplate that the State would possibly exercise its discretion in appointing some actual miners to be directors or persons connected with the industry. I would include under that anybody who was a worker in the industry in the broader sense of the term.

11,412. As regards the management of the selling of the coal, the export trade, it would act like a private company?—That would be my intention.

11,413. In your proof you refer to the punch ball of owners' profits disappearing under nationalisation. Is it your view that when the mines are nationalised there would shortly be no profits?—No, that is not my view. In the present situation there are three interests involved, the consumer, the worker, and the owner, and the owner's profit at present, as it were, stands between the worker and the consumer. If the appeal against owners' profits was removed then the tension would probably be between the consumer and the worker.

11,414. That would tend to dissipate the profits?—No, that is not quite my point, if I may restate it. The idea is with reference to the harmonious working of the industry as between all concerned; and the conception that I am dealing with there is the allegation that if you remove owners' profits you would have a greater harmony. I point out, not definitely against that, but to some extent against it, if you remove owners' profits then there may be tension between the consumers and the workers, the consumers then becoming in fact the employers of the workers.

11,415. I quite understand that. Now under this scheme there would be no Minister of Mines, and no special mines department other than there is at present for inspection purposes and for carrying out the different Acts of Parliament?—That is so.

11,416. So that it really would be an investment in which the Treasury would have to take some control or interest on behalf of the State?—Yes, that is how it would work out.

11,417. So that it would really be the Treasury who would control the investment on behalf of Parliament?—Probably.

11,418. And the Chancellor of the Exchequer would have to answer for it to the House of Commons?—I think so.

11,419. You refer to the possibility of the removal of capital from this country if nationalisation were proceeded with on a very large scale. Would not that be a very serious menace to the workers of this country?—Well, of course, that all depends upon the magnitude of the outflow of capital, whether it was great or not. The menace is proportionate to the quantity, and that is very difficult to say.

11,420. You would then say that it is rather a grave risk to run without taking some intermediate step?—That is my point. I was working on other points in the same direction.

11,421. Your feeling is that if nationalisation were proceeded with on a large scale it would ruin confidence in the investment of capital?—I would hardly go quite so far as that, but it would be prejudicial to confidence in investment of capital and the formation of capital.

11,422. *Mr. R. W. Cooper*: In your suggested district or county company, supposing that there were Government nominees on the board of direction would they be free to act knowing that they were the Government nominees?—They ought to. I have never heard any objection as regards the freedom of action of the Government nominees on the Persian Oil Company Board.

25 April, 1919.]

PROFESSOR WILLIAM ROBERT SCOTT.

[Continued.]

11,423. Would they not always expect to receive some instructions from headquarters as to what line of action they should take?—I should not imagine so.

11,424. Assuming the Government put up the money for their half share, so to speak, in this county company, if more money were required to be raised how would you expect that to be provided?—In the ordinary way. The Company would then issue more shares, and it would give the right of allotment amongst the existing shareholders *pro rata*.

11,425. That would be the Government, you mean?—That is, the original interests would take up their half of the new capital and the Government would take up their half.

11,426. Do you not think there would be a good deal of difficulty and delay in inducing the Treasury to sanction the embarkation of more public money in that particular undertaking?—That all depends on how it turns out.

11,427. Supposing it was not looking fairly well but the owners' side of the Board were more courageous than the Government side of the Board, do you think there would be much chance of persuading headquarters in London to advance any more money?—I should think so. It all depends on the case that was put forward.

11,428. Do you think that any case put forward to a Government department suggesting the embarkation of more money in a speculative enterprise which was not promising too well, and which would involve the exercise of a good deal of faith in the future, would be likely to be successful?—That assumes that it is not going well.

11,429. I am assuming that. Some concerns are not going well at the moment but by investing more money, as often happens, an unpromising concern has turned out a success, but it is largely by the exercise of financial faith?—Possibly to some extent that may be a consideration against it, but it is not really very material from my point of view, because what I am suggesting is that it is rather perhaps a little bit against the general drift of my argument, but after the war I would go any length possible to try to get people to all pull together.

11,430. I quite appreciate that?—My point of view is that I should like to meet the miners to see the thing tried, and if those circumstances that you mentioned happened, that the private half of the concern had financial faith and the State had not financial faith, then that is satisfactory to me as affording evidence between the two kinds of management.

11,431. Yes, of course, having made the experiment you could not very well draw back?—I may be wrong, but it seemed to me that that was one of the advantages of this method that I suggest over these half-way house methods.

11,432. You mean as a sort of trial trip?—Yes.

11,433. Of course, you would expect that if the trial trip was not satisfactory to the State, but there was more faith in the other side of the direction for continuing the trip, they might then buy up the State and revert to the *status quo*?—I would assume in that case if the State were not satisfied, if it was prepared to admit that it would not succeed, then they would sell their shares. That is what makes it so simple.

11,434. I quite see the simplicity of it. Supposing, on the other hand, the financial result of the experiment was satisfactory to all parties, I should like to ask you, because I am trying to learn, assuming you have half your board workmen and assuming the other half are representatives of what I call the owners for simplicity, in all matters of management, I will take the production side of the concern first, in all matters of detail management and all matters of responsibility for the observance of legal regulations for safety, and so on, which would have the final voice in your suggested scheme?—The majority of the board.

11,435. But supposing the board are equal, who is to have the casting vote?—The chairman.

11,436. Who is to be the chairman?—The board elects the chairman. Of course, your point of view is that you might have a division.

11,437. Yes. I do not see my way through that difficulty.—Surely with a group of, say, a dozen or twenty British people got together trying to do the best for an industry to make a great national experiment, surely they could agree on a chairman.

11,438. I see the spirit in which you have approached the subject, and I should like to test it a little further. As you may know, unfortunately unreason often grows out of very small beginnings. You may have a small trumpery cause of friction arising between some one man and his immediate foreman. It is not tackled tactfully at the moment, it grows like a sore and bursts out. Supposing that happens would not the workers' half of this board of direction be in a very difficult position?—I think there is something to be said before that happens I should surely hope that we should have an organisation with Whitley councils, or something like that, that would be able to deal with it. I am assuming in addition to this that there would be the organisation that has been suggested already and that the Government is setting up all over the country for dealing with questions of that kind.

11,439. Then you think that by establishing something in the nature of what are popularly called Whitley councils at collieries either in districts or in the county, and by disseminating full and detailed information to the satisfaction of both parties, there would be a great chance of conciliation on both sides?—I think so.

11,440. *Mr. Evan Williams*: Am I correct in understanding that your view is that if a change has to be made it is fraught with so much risk that a cautious experiment must be made beforehand?—I believe there is a great deal of risk in making it.

11,441. And this, you think, is the most cautious experiment that could be made?—The most cautious and, in some ways, I think, the most promising, if you are going to have an experiment at all.

11,442. But it does not follow that you believe that a change ought to be made from the present system of individual private ownership?—That is a very difficult question to answer shortly. I think that there ought to be changes in the existing system of working. I think, probably, on the whole, that as things are at present—I am not saying a word about things in the next generation—but, as things are now, I have balanced it up as carefully as I can, and I think that the advantage does lie with private enterprise.

11,443. *Sir Allan Smith*: I should very much like to know whether you have had actually any experience of industrial experiments?—Not personal experience.

11,444. Have you ever known, or have you ever heard, that it is a cardinal principle that an industrial experiment will be a success provided that that which it is intended to prove is worth having?—I do not quite grasp the question.

11,445. If anyone wants to prove that something is good, they will prove that in the experiment; although the actual fact may be a failure, the experiment will be a success?—But that, surely, as I understand it, the whole country would be able to judge of?

11,446. The whole country might be able to judge, but the judgment might come too late. Supposing you start your experiment in the way you suggest, and supposing that experiment is a success, what it going to follow?—If it is really a success, then, probably the method could be extended.

11,447. If it is not a success, what happens?—Then it would seem to establish that there were certain advantages in private management.

11,448. Your conclusion is that if the experiment is not a success what would be the result?—That, then, the country would be more willing to settle down to make the best of private ownership.

11,449. But what has the country to do with this? The country, I take it, is making no demand. The demand is being made on behalf of the miners?—Pardon me, that is not the view that I take of it. The country is interested.

11,450. I did not suggest any question of interest. I suggested a question of a demand. By whom is this demand being made, is it by the country or is it by a section of the community?—It comes primarily from

25 April, 1919.]

PROFESSOR WILLIAM ROBERT SCOTT.

[Continued.]

the miners, the people who are working in the industry.

11,451. And remotely from whom?—Remotely, it comes from people who would wish to see peace in the industry.

11,452. Then, have you approached this subject from the point of view of some form of nationalisation being the only thing that will promote peace in the coal mining industry?—No, I have not.

11,453. From what point of view have you approached the subject?—I have approached it from the point of view that I think, on the whole, in the condition of things after the war, it is worth, in my judgment, making an experiment of the kind that I indicate.

11,454. And you have already stated, I think, that if that experiment is not a success you could depart from it and the State could sell out and return the mines to the private owners. On the other hand, if it is a success then it would be a stepping stone to something wider?—If it were a success it would show, I take it, that there was something in this claim that has been made for nationalisation.

11,455. I would like to ask you one further question; you have referred to the desirability of the owners and the workers being represented on the boards. You suggest that, do you not?—I suggest this, that the Government having purchased half of the share capital in this proposed company should nominate half of the directors, and amongst that half persons who had been workers might be included.

11,456. Then you also say that there are three parties to the industry, the owners, the workers and the consumers. You would also suggest that the Government should have in mind the claims of the consumers to serve on the boards of the companies?—Most certainly.

Sir L. Chiozza Money: Mr. Chairman, may I have your permission to raise again a matter that I attempted to raise this morning, and which I rather gather was misunderstood at the time? I think it is without precedent in these Commissions for a member of the public to rise and interrupt one of the Commissioners who is examining a witness and ask you not to allow the member to put questions on housing because it was irrelevant to the question of nationalisation. Mr. Frank Hodges rose at the same time, and consequently, when I tried to raise the question, you ruled me out of order, without, I think, appreciating the point that I wanted to put to you. It is a very serious matter if members of the public are to be allowed to actually intrude on a Commissioner who is examining and to suggest that what he is asking is not applicable to the proceedings. My object in rising before was to draw your attention to the fact, and to ask you to make it plain that a member of the public must behave himself.

Chairman: I am much obliged to you for raising that question. I quite agree with you in your last observation, that members of the public should behave themselves. I am sure they will do so. This is a very important question, and I can give this ruling: Anybody who wants to make a communication, will he please put it into writing and send it to me, and I will see if it is a communication that should be attended to, and if it is, it shall be attended to. It is a little inconvenient in the middle of the examination or cross-examination, for some member of the public—might I use quite a colloquial expression—to barge in: it rather puts the Commissioner off his stride. As I say, if they will kindly put what they have to say in writing, I will see that it is attended to. There is one other announcement that I have to make, and that is that on May the 1st, owing to some of the Commissioners having Government work to attend to, this Commission will not sit. May the 1st will be a Thursday.

11,457. *Sir L. Chiozza Money:* I have only a question or two to put to you. I think you said in your very interesting evidence that you thought that the result of nationalisation, if it were attempted, would be to drive capital out of the country?—Hardly so definitely as that: that some capital would be taken out of the country.

11,458. You fear it?—Yes.

11,459. Do you think it could be much worse in that direction than things were before the war?—I think one has to take into account the difference in circumstances. We were exporting capital in any case before the war.

11,460. That is what I mean. Do you know the facts with regard to the exportation of capital from this country before the war?—I have not the exact figures in my mind at the moment.

11,461. Do you know that the State has made an estimate that in the year 1913 four-fifths of the publicly subscribed securities of this country were colonial and foreign; are you aware of that?—I have a general knowledge of it.

11,462. It does not surprise you?—No.

11,463. Therefore, when you suggest that nationalisation might lead to the exportation of capital from this country, we already know that under private enterprise capital is exported in extraordinary quantities from this country; it could not be much worse, could it?—That was before the war.

11,464. Do you know that before the war there was a most extraordinary neglect of industry in this country: that money-lenders—I am not using the term in an invidious sense; but investors, as we call them—were putting their money abroad to get a higher rate of interest than could be got at home?—Of course that is a matter of dispute.

11,465. If it was not a higher rate of interest that they went after, why did they go abroad?—Some people said that this country was saturated with capital.

11,466. The war proves that we lacked all sorts of what are now known as “key” industries?—Several of them were not key industries before the war; they were not recognised as such.

11,467. Take the case of the chemical industry: is not that industry necessary to every country? In the case of one or two branches, or, rather, most of the branches, we were notably deficient?—I should not say so, as long as we could import freely.

11,468. Do you know that German capitalists came over here and set up coke ovens and invested their money there, while our own investors were investing their money abroad?—That is a point on which there is a great deal to be said, and I do not think it can profitably be discussed by question and answer.

11,469. But I am sure you do not mind answering the questions I am putting to you?—If I can answer them shortly.

11,470. Do you know that at Fieldmay there was a torpedo factory set up?—I do not know.

11,471. Do you know that that torpedo factory was set up with British capital?—I do not know that; I did not know these war things.

11,472. Do you know that torpedoes were made there, and that it was the base of supply for torpedoes in the Mediterranean?

Mr. R. W. Cooper: Are you referring to Whitehead's factory?

11,473. *Sir L. Chiozza Money:* Yes. Do you know that torpedoes that sank French and British warships were largely supplied by the factory that was instituted with British capital at Fieldmay?—I know that some of the armament firms had factories abroad.

11,474. Is it not unfortunate that British capital, which ought to be used here to set up factories, was actually being used in Austria and other places to set up armament factories which might be used against us, and which were used against us?—The whole question is much too large to be dealt with by question and answer.

11,475. Surely it is germane to ask you whether it is not leaving the country under a system of private industry?—I think what I said was that some of the most enterprising persons managing the coal industry might leave the country with their capital; I think that is the sense of what I said.

11,476. On that head you know that the managers are not the people who owned the capital of the mines?—I was thinking of people like managing directors.

11,477. *Mr. R. H. Tawney:* In the first place I understand that you propose to limit your suggested experiment to one coalfield?—That is so.

25 April, 1919.]

PROFESSOR WILLIAM ROBERT SCOTT.

[Continued.]

11,478. You realise that the origin of this Commission was a practical one, and that there is a considerable demand for some change from most coal-fields. Have you any suggestion to guide us as to how we should meet that demand?—Would not this meet it: is it not fair, with reference to that demand, to meet it to the extent of giving it a fair trial on a sufficiently large scale?

11,479. I only want to get at what you meant, what you mean is that we should tell the persons concerned that we are going to make an experiment in one particular area, and they must wait until we see the results: is that the suggestion?—Yes; I think that is not unreasonable.

11,480. I am not saying that it is; I only want to get it clear now as to this particular experiment itself. I think, in answer to the question, you said it would be a fair test, as between private enterprise and State ownership, did you not?—I would like to see it made an absolutely fair test.

11,481. In your proposition, is that quite an accurate description of it? For example, if you are to have a fair test between State ownership and private ownership, you must presumably have the State ownership as complete and as full as the private ownership is; but if I understand your proposal, while private ownership is to remain untouched, the State ownership is to be of a very qualified character, to the extent of half of the capital?—But as absolute as the private ownership.

11,482. I do not think you quite take my point. In coalfield A you are going to do nothing: you are going to leave private ownership as free as it is now; in coalfield B you are going to set up a new authority, half composed of shareholders and half composed of representatives of the State?—Yes.

11,483. By the results of the working of those two you are to decide the relative merits of State ownership and private ownership?—Not immediately and in full. If that represents an improvement upon things as they were before the experiment was tried, then it would justify itself, and possibly there would be an argument, or probably there would be an argument, for going further.

11,484. What I want to put is this. The result of your scheme will not, really, produce a fair trial of the relative merits of State ownership and private ownership. In coal-field B, where the practice is to be tried you are not going to have State ownership; you are going to have a combination of private ownership and State ownership?—Perhaps I expressed myself incautiously with reference to the previous question. What I meant to say was there would be a fair trial as between coal-field A and coal-field B.

11,485. Whatever the result, though it may settle the merits of your scheme, it does not settle the merits between State ownership and management. What you suggest is not State ownership and management?—Would it not establish this if there was a benefit from management of persons connected with mines that benefit would show itself and that would give a chance of going further?

11,486. I think that is quite an arguable point. I would like to put one or two points with reference to what has been asked you. I put it in the first place you are going by the scheme of joint control to really lose all the advantage private enterprise has and you are not going to get all the advantage public ownership has. Consider, for example, the point of view of the workers in it. One argument advanced for public ownership is that the attitude of the workers would be different. That, of course, may be disputed. I do not wish to raise that point. But you will observe that under your scheme there is really no reason why it should be different, is there? You are still going to pay dividends to private shareholders?—Yes, but the workers would really see from the inside how those dividends were made. I think a great deal of the separation that there is between employers and workmen is through misunderstanding. If they came together and worked the thing together, and I am not asserting that all the people appointed by the State are to be workers, but if some consumers and some people connected with the actual operation of the mines, some people that have capital in the mines, all

worked the thing together, I think there would be a reasonable chance they would all understand each other's points of view very much better.

11,487. Consider the position. Half of the directors are going to be appointed by the shareholders. The other half is to be composed of representatives of several different interests—the State, the workers, and the consumers. Is not that so under your proposal?—I do not want to limit or to assign any proportion as to how they are to be appointed. I would assume that the State would give the due and proper proportion of representation to the different interests that were not shareholders in the company.

11,488. I want to get at this. Is it an essential point of your scheme that the shareholders should have half the representation?—I should like to think of that further.

11,489. It is rather a fundamental point because, if they are to have half, any other interest must have less than half, seeing there are several other interests?—Not if you aggregate the other interests.

11,490. If it is quite legitimate to aggregate the other interests—the workers and the State, or the workers and the consumer, or the State and the consumer—they may conceivably disagree?—Conceivably, yes; but conceivably when you get different interests together you have all sorts of combinations amongst them.

11,491. My point is quite a practical one. On one side there is a solid block of the representatives of private shareholders. On the other side there is the representatives of several different interests. If you want your scheme really to offer satisfactory evidence as to the value of State initiative, that is not the way the authority ought to be constituted. It would be much better to go the whole hog in this experiment and let these particular experiments be an experiment in nationalisation or State ownership; then it would prove or disprove something?—It is a matter of opinion.

11,492. You see the difficulty?—I must say I prefer my own scheme.

11,493. *Mr. Robert Smillie*: A question was put to you whether you knew of any demand for nationalisation of the mines outside the Miners' Federation. Did you say you did not know of any demand?—I am afraid I forget how I answered that.

11,494. I think you said there was a remote demand. Are you aware the British Trade Union Congress, representing all the organised workers of Great Britain, have repeatedly passed resolutions at their Congress calling for the nationalisation of mines?—That was in my mind; it escaped my memory in answering.

11,495. It is important if it went from here that only the miners were asking for it. Would you be surprised to know there is hardly a single trade union in the country that has not passed resolutions asking for nationalisation of the mines?—As far as I recollect, that is true.

11,496. Do you know whether or not the parliamentary union, that is to say, the Labour Party, have branches in practically every town and city in Great Britain and have passed resolutions for the nationalisation of the mines?—I think that is so.

11,497. If that is true, it is not a small part of the community making this demand?—I do not think I said it was.

11,498. It was put to you by Sir Allan Smith it was the miners only, a limited number of the community. I put it to you that the vast majority of the working classes, at least the industrial class in the community, are desirous of having the mines nationalised?—Certainly my information is, of course, it is published at the proceedings of the Trade Union Congress, that there have been a great number of resolutions passed.

11,499. Do you know there are a number of professors of universities in this country who are in favour of nationalisation of mines?—I daresay there are some.

11,500. Do you know there are a large number of the educated classes and the wealthy classes who are in favour of nationalisation of mines and have expressed themselves so?—No doubt, some.

25 April, 1919.]

PROFESSOR WILLIAM ROBERT SCOTT.

[Continued.]

- 11,501. You are at Glasgow University?—Yes.
- 11,502. How far does your knowledge of Glasgow carry you back?—Only four years.
- 11,503. That is from practical experience of it?—[I am quite a new-comer in Glasgow.]
- 11,504. Have you taken the trouble to read up any municipal history?—I knew that before I went to Glasgow.
- 11,505. I suppose it has gone in for municipalisation on a scale that very few cities have. Do you know anything at all about the fight that took place as to whether or not Glasgow would municipalise its tramways, I mean from reading the history of it?—Personally, I cannot recollect it. I was a young man at the time.
- 11,506. Do you know whether every argument that has been used against the nationalisation of mines was used against the municipalisation of the Glasgow trams? Were you aware of that?—I cannot recall the arguments used then, at the moment.
- 11,507. Would you think there would have been arguments used by interested persons against the municipalisation of the Glasgow trams?—Quite probably.
- 11,508. Has the municipalisation of Glasgow trams been a success. Have they a successful municipal tram service in Glasgow?—I think it is successful on the whole.
- 11,509. Is it true the fares are less than half per mile than what they were under private ownership?—Probably they are.
- 11,510. Do not you know as a matter of fact you are riding on Glasgow trams for less than half-penny a mile?—I know the present fares and I have a general recollection of what the old fares were, but I do not know the distances.
- 11,511. Will you make enquiries when you go back. You will find that I have under-estimated it considerably?—I think you are right.
- 11,512. Do you know that districts of Glasgow have been opened up and tram lines laid down where private companies never attempted to do it?—Yes.
- 11,513. Will you find out for your own information whether the newspapers of Glasgow were not for months and months flooded with letters condemning any idea of municipalisation. Is it not a fact they have made a profit of over £60,000 a year for the Corporation from those trams which are charging half the fares the private owners did?—They have made a large profit until recently; I cannot give you the figure.
- 11,514. Do not you know it is at least £60,000 a year?—It is very difficult to remember. I would not like to pledge myself to any figure.
- 11,515. Do you think it would have been a wise thing when the Glasgow Corporation was considering the question of municipalising its trams that they should halve the responsibility, take over half of the private owners' interest and let the private owners keep the other half. That is what you propose in the coal trade?—Yes.
- 11,516. Instead of nationalisation you propose the Government should buy out half of the interests and have the right to appoint half of the Directors. Do you think the Glasgow Corporation, a body of business men, would have been taking a wise step to have bought half the interests of the then private tram Company and appointed half the Directors?—The cases are very different.
- 11,517. They are only different in extent. Is not the principle the same?—The extent to my mind is very important in this case because the Glasgow tram service like other tram services was localised and in complete nationalisation you are jumping from the management of a firm of moderate size—I think the largest has a capital of about £5,000,000—up to something that might be 20, 30 or 50 times the size and all combinations that hitherto have succeeded have been extended by steps and not by jumps.
- 11,518. Unification would be the same if in private hands; would it not be the same; it is large to manage?—I do not suggest unification in private hands.
- 11,519. I put it unification of the industry would be as large a thing as State ownership of it if it were to be unified under the trust of the employers. You do not propose that?—I should not like to see that unless it were very strictly State controlled.
- 11,520. You propose that you should limit the units of your scheme to counties. I think you suggested county areas?—What I really suggested was either a coal-field or something that was a separable area that was self-complete as regards coal measures.
- 11,521. What do you mean exactly by a coal-field?—One where you have coal measures occurring together.
- 11,522. Take the Lanarkshire one?—Yes.
- 11,523. Might you not have it in this way that one of your coal-fields might be so poor as to make it impossible to pay the same wages as could be paid in another coal-field where the coal was better and more easily got and a greater demand for it?—In my proof I suggest there ought to be, as far as possible, an average one, not a best or worst, but something in between.
- 11,524. You must take it as it is there. You cannot improve the quality of coal nor thicken the seam. I want to say to you now that one of the main reasons for asking for nationalisation is that the tendency is for wages to be based on the worst situated mine or else it must go out of action. It is based upon that. That is one of the main reasons why we are asking that mines should be nationalised. Would not that occur under your system, too?—A Board of this joint company that I propose would settle wages on whatever basis they liked.
- 11,525. Could they?—Yes, I should think so.
- 11,526. Could they not only settle wages on whatever position they found themselves in? I put to you now, you would have the same danger in your proposal as we have at the present time of the wages of miners being fixed on the worst condition of mines or the mine going out and shutting down. That has taken place in the past. Mines have shut down because they could not pay. I put to you the same danger would be faced with your scheme?—I am afraid I cannot see it.
- 11,527. You say you would try that as an experiment to see if that was a success. What do you mean by a success? Do you mean a financial success?—Partly; partly in harmonious working inside the industry; partly in general improved conditions.
- 11,528. It might be a success, might it not, supposing it did not pay as large dividends as had been paid to private owners if it improved the living conditions of the persons who worked in it?—Yes.
- 11,529. Would not that be one of the things to make it a success?—Yes, provided it was able to pay interest upon its capital—provided it was able, in other words, to maintain itself.
- 11,530. The Corporation of Glasgow has not only its tramcars; it has its gas supply, its electricity and its water municipalised. Are those services, the tram service, the water service, the electricity supply and the gas supply not models of how industry should be carried on?—They are quite good. I should not say they are all models in every respect.
- 11,531. Do you know of anything better in the hands of private owners?—There is nothing you can precisely compare Glasgow with because there are no private concerns carrying on those services that have an area as big as Glasgow to supply.
- 11,532. Are you aware of the fact that the price of gas in 90 per cent. of the cases is cheaper where it is municipalised than where it is under private companies?—It is some time since I have been through the figures. I was through them a little time ago.
- 11,533. Whether the town was large or small; Hamilton is a small town and Glasgow is a large town in both cases the gas is municipalised and in both cases it is considerably cheaper than by private enterprise. Are you aware of that?—You must compare Glasgow with a place similarly situated with regard to coal-fields and similar conditions.
- 11,534. Remember you are answering this as a citizen of Glasgow. Would you prefer to go back to private owned trams, to private owned water

25 April, 1913.]

PROFESSOR WILLIAM ROBERT SCOTT.

[Continued.]

supply, to private owned gas and to private owned electricity. Could you, on behalf of the people of Glasgow, say they want to go back to the old thing. Is it possible to give an answer to that question?—No, I do not think I could.

11,535. *Mr. J. T. Forgie*: Is it the case that when the tramways were run by private enterprise they were run by horses?—I cannot recollect.

11,536. That is so. During the whole time the private enterprise ran the tramways in Glasgow they were run by horses. Is it the case that that company which owned the tramways in Glasgow had only a lease for 21 years from the Corporation of Glasgow to use the streets?—It had a lease; I cannot recollect the length of it.

11,537. Therefore there was no great temptation for them to do much during that short lease, to spend money in increasing the service?—They got it very cheaply.

11,538. Who got it very cheaply?—The Corporation from the company.

11,539. There was no great temptation for that private company to spend money in developing the tramway service with that very short lease of 21 years?—That is so.

11,540. At the same time, the company had to pay a very large rental to the Corporation of Glasgow for the use of its streets?—It had to pay a rental, I recollect.

11,541. The Corporation of Glasgow, or rather the Tramways Department of the Corporation of Glasgow pays nothing from the Tramways Department to the Financial Department. There is no charge for the use of the roads or streets, therefore that £60,000 does not represent the profit made as against the profit or loss made by the private Tramway Company?—That is so.

11,542. Glasgow having an assured long period to run those tramways have seen it fit to develop their

tramways without any difficulty about their period expiring very shortly?—Yes. They are able to effect improvements which the benefit of which would be exhausted within the period of a very short lease.

11,543. The introduction of electricity as a means of propelling those tramways has brought about a great reduction in the cost of running those tramcars and necessarily so?—That is so, and it affects both private and public ownership.

11,544. A new private company would have been able to reap the advantage of this modern improvement as well as the Corporation of Glasgow?—They would have reaped an advantage.

11,545. Is it fair to say the fares under the old tramway company in Glasgow were high compared with the present fares?—The two things are not comparable.

11,546. *Mr. Robert Smillie*: Are you aware the hours of the guards and drivers is 8 hours per day as against 12 when privately owned?—I am aware the hours have been reduced.

11,547. Are you aware that even before the war the wages paid to the drivers and conductors were 70 per cent. higher than were paid under the private ownership?—I think one ought to add to that that the wages of tramway drivers and conductors on an electrical service are higher than to men on a horse service.

11,548. Are you aware that Glasgow wages with horses are higher and the hours shorter than any privately owned tramway in the country?—I know that; the things are very different.

11,549. People have to live in the country as well as in the towns?—Compare the size of the undertakings. You are comparing an enormous system in Glasgow with a thing in a little country town. I do not think it is a fair comparison.

(The Witness withdrew.)

Mr. Frank Hodges: Could the Secretary get out a statement showing the number of shifts lost in the industry through strikes for the four years prior to the war and the four years of the war so that we can get an exact index of the state of industrial unrest during that period?

Chairman: Will you kindly put down what it is you want and hand it to the Secretary.

Mr. Robert Smillie: Might I ask at this stage whether you will give instructions for some witnesses to be called. The Act gives you power to call witnesses. I want to call the Marquis of Bute, the Earl of Dunraven, the Duke of Hamilton, Lord Durham,

the Duke of Northumberland, Lord Londonderry, and a representative of the Ecclesiastical Commissioners and Lord Dynevor. I should like to give those gentlemen an opportunity of saying something.

Chairman: What day shall we take all these gentlemen? I want to cause as little inconvenience to everybody as possible. We are taking the case of the mining royalties on Wednesday. The Secretary will send out subpoenas to those gentlemen for Tuesday week.

Mr. Leslie Scott: I will ask leave, if I may, to make an application on Tuesday morning.

Chairman: Send in a notice to me, Mr. Leslie Scott.

Mr. JOHN ATKINSON HOBSON, Affirmed and Examined.

Chairman: It is not that I wish to hurry over the witness, but possibly if we restrict the output of cross-examination we shall get this witness finished to-day. The *précis* of the evidence of Mr. John Atkinson Hobson, Master of Arts, and author of economical works is as follows:—

“Assuming that unification of the coalmining industry is recognised to be desirable, the alternatives are full nationalisation, in the sense of State ownership and operation; or joint control either under private or State ownership. For unification under private ownership and control may be ruled out, as offering no adequate guarantees for the supply of sufficiently large and reliable output and sale at reasonable prices. The private monopoly of a necessary of life and of industry places a dangerous power of extortion and oppression in the hands of the monopolists.

The mining industry does not appear to be a good subject for joint control. For if, as must happen under such an arrangement, the detailed management of the industry is left to the mining companies, it will be very difficult to prevent that management being directed by the motive of private immediate gain as

heretofore, instead of by the new motives of public service, in the relations of the industry to the consuming public and to labour. So long as the same managers are left to do the same work, it will be almost impossible to get either into their minds, or into the minds of the workers, the new intentions designed to secure harmony of relations between workers and administration, and efficient output. Any attempt on the part of the Government to exercise close control would breed incessant friction with the companies, while lax control would leave the companies with too much power over output and labour conditions.

The case for full nationalisation, thus indicated, is supported by wider considerations. The naturalisation of railways is practically a certainty of the near future, and their early electrification is probable. In any event, a great scheme of generation and distribution of electrical energy for important public services, public and private industries and domestic uses, is likely to be carried into effect. Coal will be the source of this energy, and the safety and success of all these public and private enterprises

25 April, 1919.]

MR. JOHN ATKINSON HOBSON.

[Continued.]

will be contingent upon an adequate, reliable and moderately priced supply of coal. Though every coalfield, every mine and seam, has its own peculiarities, coal, as a commodity, is capable of standardisation and distribution on a large routine basis. The nationalisation of railways, and of public services dependent on fuel, is insecure so long as any effective control of coal mining remains in the hands of private companies. No scheme of sliding scales for the adjustment of profits to selling prices is likely to prove satisfactory in an industry when the relation between costs of production and output are so variable. The contention that individual initiative and enterprise would be impaired by nationalisation has little weight in light of the evidence produced before the Commission exhibiting the backwardness of private management to avail itself of recent technical and business improvements.

It is evident that any scheme of joint control implies an exceedingly imperfect unification, *i.e.*, a proportionate failure to secure the full economies of a national service, either in the production or the distribution of the coal. As for a tripartite co-partnership of capital, labour and the public, experience in other cases does not suggest the feasibility of a satisfactory balance of interests. Moreover, and this I regard as an exceedingly important consideration, the new mind of the workers in this country, and especially of the miners, is definitely set on nationalisation. The dislike to work for the companies is not wholly due to a feeling that their labour has been exploited for high profits during the war. There appears to be a wide-felt preference for a new status as employees in a public service. This feeling for status must be taken into account, for if it is real, it signifies that a more reliable supply of coal can be got under a nationalised than under a private industry. The opponents of nationalisation may say that this implies a desire of the miners to plant their constantly growing claims upon the assumedly unlimited purse of the taxpayer. But, so far as this objection seems to carry weight, it applies with almost equal force to any plausible scheme of joint control, as war experience sufficiently attests. This risk, if it be real, applies to all national services. But, in point of fact, public employees in general have not been willing or able to abuse their position by bringing political pressure to bear. If it be alleged that miners, or railwaymen, will, by reason of their numbers and organisation, be able to do so, the answer is (1) that they will be less likely to press excessive or unreasonably large demands upon the public than upon private "profiteers," (2) that the greater publicity of mining conditions which should attend nationalisation would be likely to educate a strong public opinion hostile to a privileged position for miners at the expense of the consumer or the taxpayer, (3) that the growing education of the working classes and their increasing consolidation for industrial and political objects will furnish such checks upon the tendency of any single group of workers to advance far faster than their fellows, and even to injure these fellows as wage-earners, consumers or taxpayers, by excessive demands pressed unduly at their expense.

In conclusion, I desire to put in a strong protest against the proposal to provide for miners a special housing fund by placing a charge of a penny per ton on all coal. This is a particularly bad form of indirect taxation, bad in its incidence upon the poorer classes of consumers, so far as they pay it, bad in its shifting if it is shifted. It is particularly wrong in the case of coal mining, because that industry yields a surplus peculiarly fitted to bear such a charge, *viz.*, royalties."

11,550. *Mr. Cooper*: Do you occupy any Professorial Chair?—No.

11,551. Might I ask what is your precise occupation?—I have been a student of economic subjects; formerly a University of Oxford Extension lecturer on political economy, and in recent years a too voluminous writer of books upon economic subjects.

11,552. May I take it that your actual occupation is that simply of authorship?—Yes.

11,553. What particular opportunities have you had of gaining knowledge about the condition of coal mining?—None.

11,554. I observe about half-way down your statement you say that "the evidence produced before the Commission exhibiting the backwardness of private management to avail itself of recent technical and business improvements." Have you read the Shorthand Notes of the proceedings before the Commission?—I have not read the Shorthand Notes. I have read as much as I could of the reports in the papers.

11,555. Is that statement based entirely on newspaper reports?—Yes, so far as the Commission goes. I have not had time, or opportunity if I had the time, to read the Shorthand Notes.

11,556. When were you asked to give evidence here?—About a week ago, I think.

11,557. Who asked you to give evidence?—I received the usual intimation from the Secretary of the Coal Commission.

11,558. Did it not occur to you, before you made such a statement as that, that you should have read the Shorthand Notes of the evidence for yourself?—It would have been practically impossible for me to have given the time during the brief interval to have read the whole of the Shorthand Notes of the Commission.

11,559. I do not mean reading the notes of the evidence that are irrelevant to the question. I mean, for example, the notes of the evidence that were relevant to the question?—In order to find that evidence I should have had practically to go through the whole of the reports.

11,560. You think you were justified in coming here and making a statement like that based upon newspaper reports?—Well—

11,561. Answer my question, please, yes or no?—Yes.

11,562. I ask you no more questions.

11,563. *Mr. Evan Williams*: When you speak of joint control in your proof, I assume you mean joint control where the State intervenes in the industry. "The opponents of nationalisation may say that this implies a desire of the miners to plant their constantly growing claims upon the assumedly unlimited purse of the taxpayer?"—The opponents of nationalisation may adduce that.

11,564. You say that has been the case?—I do not say so, and I do not say so here.

11,565. "But so far as this object seems to carry weight it applies with almost equal force to any plausible scheme of joint control, as war experience sufficiently attests?"—"But so far as this objection seems to carry weight it applies with almost equal force." So far as it has any weight it does apply.

11,566. So the effect of State interference, so far as it has gone in the direction of joint control, has been to impose burdens upon the taxpayer?—No, I think there is a natural desire on the part of the workers, whether under private or public industry, to improve their general condition. So far as the thing is already under public control, or where the public purse is called upon to pay, the increase of wages has still gone on, or the demand has.

11,567. The interference of the State or the tendency of an interest by the State wholly or partially is not likely, in your view, to affect the demand made by the workman in that industry upon the owners?—I think the sense of the workman in an industry that no profiteering, as they call it, is made by the capitalist will be and is to some extent a check as to the amount of demand which they are likely to press. They would prefer on the whole, without being ideal citizens, that the State or the municipality should get the advantage of whatever surplus accrues on industry than it should go to the owners of the private capital. To that extent they would be less likely to press unduly and dangerously their claims upon a public authority.

11,568. Are you aware the miners have stated it is quite immaterial to them who gets the profits, whether

25 April, 1919.]

MR. JOHN ATKINSON HOBSON.

[Continued.]

the State or the owner, as long as the profit is made from the industry they are entitled to have their wages raised?—The minors; what miners?

11,569. The Miners' Federation?—I do not know that; I am surprised to hear the miners expressed any such view.

11,570. It has been expressed?

Mr. Frank Hodges: Where?

Mr. Evan Williams: By the Miners' Federation. I have heard of it. It has been made in this room, I think.

11,571. Sir Allan Smith: You start your *précis* by saying, "Assuming that unification of the coal-mining industry is recognised to be desirable." Is the whole of your *précis* built up upon that assumption?—Yes, I am afraid it is. I did assume that it would be impossible to go back to the pre-war conditions in the coal-mining as in the railway industry. There were certain industries where it was practically impossible to return to the old conditions, partly owing to the unsatisfactory character of those conditions in the year before the war, and partly to the changes that have taken place during the war with regard to forcing the pace of unification.

11,572. Tell me very shortly what are the unsatisfactory conditions to which you have referred?—The fact that the public who would have no security of having a regular sufficient supply of coal at its disposal.

11,573. There was that experience prior to the war?—Yes. I think there was a growing sense of insecurity in the public as regards the supply of coal owing to the quarrels between the two parties in the private industry.

11,574. Do you suggest that you should remove that control from one of the parties and leave the control in the hands of the other party?—I do not suggest that.

11,575. What do you suggest?—The unification of the coal-fields.

11,576. Does that involve the carrying on of the coal-fields by a Government Department?—Yes.

11,577. In consultation with the miners?—In consultation with all persons having interests affecting the good working of the industry.

11,578. Who are those persons?—The persons would be the coal miners and the consumers, assuming that the State were the owners of the third factor of production, namely, capital.

11,579. Are you satisfied that that would be a good economical and useful combine for the purpose of working the coal fields?—I think it would be better than returning to the dangerous conditions.

11,580. Answer the question. Would that be a good combination for the working of the coal fields?—It would be a better combination.

11,581. A good combination?—Good is a relative term.

11,582. "Better" is more of a relative term?—I do think so.

11,583. Do you include the distribution of the coal in the same scheme?—Yes.

11,584. You would eliminate all the people at present engaged in coal distribution?—For profit.

11,585. Would you compensate the people?—Certainly.

11,586. Out of what?—Out of the public fund which acquired these rights.

11,587. Sir L. Chiozza Money: It was suggested to you that you ought to have read the evidence before you came here. Are you aware it would not have been possible to do so because copies are not available?—I was not aware of that.

11,588. It was rather beside the point to suggest you ought to get copies, as I cannot myself get a complete corrected copy. Did you notice in the papers in some of the excellent reports that it was shown in evidence that in certainly one big mining district the technical efficiency of the mines was not all that might be desired?—I saw that statement. I assumed that would be granted by everybody with regard to a certain portion of the mines in the coal fields.

11,589. Did you notice that an Inspector of one of the big mining districts said he estimated not more than one-third of the mines in his district could be said to be thoroughly up to date and well equipped?—I remember something of that kind being said.

11,590. It was suggested to you you know nothing about coal mining and you were asked who brought you here. Are you aware Mr. Harold Cox, who was brought here by the other side, confessed he knew nothing about coal mining?—So I understand.

Sir Allan Smith: Might I interrupt on a point of order to refer to the remark which Sir Leo has made. He said that Mr. Harold Cox was brought here by the other side. Who is the other side? I think it is an unfortunate remark.

The Chairman: That is a misapprehension of Sir Leo's. As a matter of fact, to make it quite clear, Mr. Harold Cox came here at my suggestion. I am certainly not on the other side. I thought it right to have everybody, no matter what side, whom I thought could give evidence. I know Mr. Harold Cox held certain views, and I said he certainly ought to be called. I think somebody gave me this gentleman's name as holding an opposite view. I said "let him come too". There is a misapprehension in saying "the other side".

Sir L. Chiozza Money: I am glad Sir Allan asked the question. I was under a misapprehension. You are aware that no objection was raised by Mr. Cooper to Mr. Harold Cox's evidence on that ground.

11,591. Mr. R. H. Tawney: You have been a student, I understand, of economics all your life?—I have.

11,592. You have also sometimes contributed to the Press?—I have.

11,593. In that respect, you were similar to Mr. Harold Cox. You have also written, what I hope I do not offend you by calling, solid works on economics?—Solid and heavy.

11,594. Which have obtained a high reputation amongst those qualified to judge. Let me take you over your evidence. In the first place, I gather you think that we have really to start from the position that something new must be done; that is to say, we cannot simply now say we will leave things as they are?—I think everybody who has his eyes open at the present time agrees if we are to have a satisfactory industrial peace in this country and return to prosperity, we must have something which they call high productivity, and high productivity cannot be got without the increasing contentment of the workers in the chief industries; I have no doubt whatever; and this is one of the chief industries directly concerned.

11,595. One suggestion put forward is a combination. I understand with that you do not agree?—No.

11,596. A second suggestion put forward was, it should be a private organisation under the public control—external supervision. You appear to agree with the others who say it would breed incessant friction?—I think that is so. I do not think you could get effective control on the part of the Government with a business that was still said to be privately managed in all its details without constant friction.

11,597. The third alternative you put forward is nationalisation. As you know there are many objections advanced to that. First of all, there is the objection it would be unduly bureaucratic. What do you think about that? On the face of it it seems a reasonable objection?—It is a reasonable objection. There would be a difficulty in getting a satisfactory running of the mining industry unless we can do something which is substantially sound towards reconciling the working classes with the State, that is to say, making what I should call a more democratic State—democratic in its constitution and in its administration.

11,598. That is to say, the efficiency or inefficiency of nationalisation, like the efficiency or inefficiency of private ownership, are not matters to be settled in the abstract on this *a priori* argument which is

25 April, 1919.]

MR. JOHN ATKINSON HOBSON.

[Continued.]

unsatisfactory. It depends on the character of the State?—Yes.

11,599. That lies within human control. If one is unsuccessful another method can be tried. You refer to the question of public electricity and public railways, and you say that has some connection with the coal supply. Would you develop that?—What I mean is this. The progress of this country in its mining industry will depend more or less upon the new plan for electrification and improved transport system of the country, and both these depends for their industrial life upon a reliable supply of coal, and, therefore, the whole issue of the development of these great national industries and the security of them, as well as of the domestic supply of coal and of electricity, which will become increasingly important for ordinary domestic purposes, are things that hinge on coal, and it is for that reason that the effective social control under the State of the coal mines seems to me at the present time to be of such primary importance.

11,600. That is to say, if the State were to run the railways, for example, it might have to protect itself by owning coal mines, is that the point?—Yes. If you have a private cartel or a private company owning the coal they would be in a position to rack rent the railway system, an intolerable position.

11,601. We have heard something of the absence of stimulus of self interest under any form of self-management. You have studied economic motives. Can you tell us what you think about that?—So far as the individual worker is concerned, I cannot see why his incentive should be less if he is paid by a public employer than by a private employer, and the same, as far as I can see, ought to be true of the managers or the engineers in a coal mine. There is no reason whatever why, that is to say, as far as his own career is concerned, he should not have a private incentive under State ownership and control. It would still be to his advantage to have a higher post in the new civil service rather than a lower post; to have a better remunerated post than a lower remunerated post. These are the men whose energy of mind and body contribute mainly or almost wholly to the efficiency of the industry, and if they are still subject to what we call ordinary selfish methods, why should they not continue to operate under a State system.

11,602. *Mr. Frank Hodges:* In reply to Sir Allan Smith, you suggested that the three parties in the industry would be the State, the consumer and the miner?—Yes.

(The Witness withdrew.)

Chairman: With regard to the subpoenas you want to issue, what sort of information do you suggest we should get?

Mr. Robert Smillie: The list I have given you is only a sample of the witnesses we want called. I should like them to attend and produce their titles, to show us the extent of the holding of the private mineral rights, the output of coal and other minerals, and the total annual output from their estates. Also the amount per ton payable, whether it is fixed or on a sliding scale, and the income they receive from mineral royalties.

Mr. R. W. Cooper: I do not know whether we should discuss this question here or *in camera*. I am the last person in the world to prevent any information being laid before the Commission, but I do venture to suggest to Mr. Smillie that these gentlemen ought not to produce their title deeds. Consider what that means. I happen to know a good deal about Lord Durham and a good deal about his title deeds. If Lord Durham is asked to come here and bring all his titles, then he will have to bring a railway van. I am personally acquainted with Lord Durham's title deeds. Lord Durham will tell you everything you want to know. I do suggest the question of the production of the title deeds has no re-

levance, and is an oppressive construction of the section. It is for the Commission to decide.

11,603. It was not your intention the word "miner" should be interpreted too literally. You mean by "miner" every man engaged in the industry in a productive sense?—Yes, I did. I did not mean the narrow sense of the word. I meant everybody employed usefully in the industry.

11,604. Whether an existing managing director, if he contributed to the technical improvement of the concern, you include him as well as the miner?—Certainly.

11,605. The principal objection, apparently, to nationalisation appears, as Mr. Tawney put it, to be its implied bureaucratic administration. To take it to the extreme, is the theory that, to be free entirely from bureaucratic administration, you ought to have some such system of control as syndicalism? Have you examined the theory?—I have examined it as a theorist.

11,606. Would you say that is a form of administration that should be effective in a great industry such as the coalmining industry?—I do not think it is a form of administration that would be effective. I think the development of to-day has shifted the view of those who would have been reckoned as ordinary State Socialists a few years ago, and we recognise it is important that there should be a different representation of the workers in the industry in the administration of that industry.

11,607. In effect, the proposal you are putting before the Commission at this moment is a sort of modification of the old idea of State ownership with bureaucratic administration and some form of control out of a syndicalist idea on the part of the workman?—Yes there must be a strong representation of the interests of the workers in the governing portion of the industry.

11,608. Do you think that the workmen, putting it in a wide sense of all workmen engaged in the industry, are intellectually equipped to take an intelligent part in this great industry?—There, again, you see, I have not direct experience. I should think so, from my knowledge of the working class movement and the educational influences acting on the working classes.

11,609. Could you make a deduction as to the intellectual equipment of the working class, say, from that, from the control exercised by a committee of management in the administration of local co-operative stores?—I have no experience of that kind closely before me. I do not fear myself the lack of interest and intelligence, especially under the stimulus of the new social feeling.

Mr. Leslie Scott: As far as some of the gentlemen I appear for are concerned—

Chairman: Mr. Leslie Scott, you must put it in writing. I sent a message to you, as I saw you were leaving the room. I thought you ought to hear this application, but you must put in writing anything you have to say.

Mr. Leslie Scott: I recognise that is the ruling of the Commission. I must, with great respect, very greatly deprecate that ruling. It puts counsel in the position of great and, I think, almost unprecedented difficulty.

Chairman: I think it does.

Mr. R. W. Cooper: I hope Mr. Smillie will withdraw that part of his request.

Mr. Robert Smillie: Certainly not. Lord Durham's title is not the kind of title I want. I want the title conferred upon him when his lands were conferred on him and I want to find out who gave him the lands and the title.

Mr. R. W. Cooper: Would a memorandum made by myself do?

Chairman: The Committee will adjourn to 10.30 on Tuesday morning, and will be sitting in private. At 11.30 it will be sitting in public.

(Adjourned to Tuesday morning next at 10.30.)

29 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

SECOND STAGE—FOURTH DAY.

TUESDAY, 29TH APRIL, 1919.

PRESENT :

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. ROBERT SMILLIE.

MR. R. W. COOPER.

SIR ALLAN SMITH.

SIR ARTHUR DUCKHAM.

MR. HERBERT SMITH.

MR. J. T. FORGIE.

MR. R. H. TAWNEY.

MR. FRANK HODGES.

MR. SIDNEY WEBB.

SIR LEO CHIOZZA MONEY.

MR. EVAN WILLIAMS

SIR RICHARD A. S. REDMAYNE (*Assessor*).MR. ARNOLD D. MCNAIR (*Secretary*).MR. GILBERT STONE (*Assistant Secretary*).

Mr. Robert Smillie: Sir, in connection with an application which I made last week, I would like to amend it to a certain extent this morning, and ask you to be kind enough to call the Duke of Hamilton's agent, the Duke of Northumberland, Lord Durham, Lord Dynevor, Lord Tredegar, Lord Dunraven, the Marquis of Bute and Captain Womyss. The purposes for which we would like them to attend are to show us the extent of the holding of the proved mineral rights, the output of coal and other minerals, the total annual output from their estates, also the amount per ton payable, whether it is fixed or on a sliding-scale, and the income they receive from mineral royalties and wayleaves, if any.

Chairman: I am obliged to Mr. Smillie for making that application. I think it is only due to him to say, and I intend to say it, that the reason he does not want the Duke of Hamilton is that it appears his Lordship is unwell. Mr. Smillie does not want to put him to any personal inconvenience in attending, and therefore Mr. Smillie has substituted the Duke's agent instead of the Duke of Hamilton. I purposely say that publicly. Those gentlemen will be written to and asked to attend or be subpoenaed, as the case may be. Now I will call Mr. Sidney Webb.

MR. SIDNEY WEBB, Sworn and Examined.

11,610. *Chairman:* I believe you are a Bachelor of Laws, Barrister-at-Law, and Professor of Public Administration in the University of London?—Yes.

11,611. Will you kindly read your proof?—Yes.

"1. Ho has studied the conditions of efficiency in administration and the methods adopted, alike in private enterprise in many industries and in the various forms of co-operative and governmental enterprise, central and local, in different parts of this country, and also in other countries, over a long period. Among other publications, he was principally responsible for the chapter in *How to Pay for the War*, entitled "The Nationalisation of the Coal Supply," which was separately issued under that title. This summarised the available information on the subject down to 1915; and the pamphlet, as republished, is put in as part of the evidence before this Commission.

The Root Cause of the relative Inefficiency of the British Coal Supply is its foundation on private profitmaking.

2. It is desirable to make plain that the relative inefficiency of the British coal supply, as already demonstrated—an inefficiency which, it is submitted, is seriously detrimental to national well-being—is not to be ascribed to personal shortcomings in those who direct the various branches of the industry. There seems no ground for accusing the mining engineers, or the directors or managers of collieries, or the mer-

chants or dealers in coal, of any technical inefficiency. Indeed, it is not suggested that there is among them, for the most part, any inefficiency in getting profits. Even those who suppose that profitmaking is indispensable as a motive, will realise that the making of private profit is no test of efficiency, nor the amount of the profit any measure of the efficiency. To the economist of to-day, as to the statesman, an efficiently directed industry of coal supply which would be one which:—

- (a) provided for all the persons engaged in the industry the essential conditions of a civilised life, full opportunity for individual development and civic efficiency, so far as was compatible with the necessary conditions;
- (b) reduced to a minimum the number and gravity of the casualties incidental to the industry, and the impairment of health by its special diseases;
- (c) produced the required amount of coal when and where it was wanted with the greatest regularity and the smallest possible efforts and sacrifices of those engaged—which (and not the amount of wages or salaries) the economist means by "cost of production";
- (d) made as economical as possible a draft on the nation's irreplaceable resources in coal.

29 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

It is on these four points that the present system of administration of coal-mining and coal-distributing is (here the witness adopts the weighty judgment of Sir Richard Redmayne, the experienced Chief Inspector of Mines) "extravagant and wasteful"—alike as regards human life and personal development, as regards the nation's coal, and as regards expense to the consumer. It is submitted that the cause of this waste and extravagance is the present system, or absence of system, which makes the management of coal-mining, the marketing of the coal, and its retail distribution, the sport of individual enterprise and competition for profit, without union of aim or co-ordination of effort, each of the jostling rivals seeking, and being tested by, not public service but merely private gain. Whatever advantages this chaos of private interests may have—perhaps in stimulating the wits of the capitalist competitors and lessening their indolence—its drawbacks in the coal supply have been made sufficiently manifest to have led the Government, in explicitly accepting the Chairman's Interim Report of 20 March, to commit itself unequivocally to the policy of a national unification of the colliery enterprises. This being the case, the witness submits that only national ownership can meet the necessities of the position. Nationalisation is called for (1) as the only means of adequately improving the position of the miners with regard to housing, accidents and special disease and infantile mortality; (2) as the only means of dealing economically and efficiently with the nation's coal resources; and (3) as the only means of ensuring that the coal is supplied to the consumers with regularity and at the lowest cost.

(a) *Housing.*

The housing conditions of the mining population, which constitute a grave national peril, can only be effectively dealt with by a public authority of national scope. No business considerations will ever warrant each colliery enterprise in erecting decent cottages near each pit, many of which may be expected to be worked out within a short term. The same reasons apply to prevent any prudent Rural or Urban District Council from taking action on any considerable scale—even if it were to the pecuniary interest of the locally influential colliery enterprise to encourage any such outlay of the rates. Nor is it fair to throw the whole cost of housing of such a special population on the ratepayers. Like extraordinary traffic on the roads, it is a case for the industry bearing its own burden. What is wanted is a prompt expenditure of something like ten or twelve million sterling; the planning of a whole series of well-designed new villages, placed in situations easy of access to the whole of each part of the coalfield; and built at the cost of a National Housing Fund provided by the mining industry as a whole. It would plainly be impracticable to arrange for such a subsidy whilst leaving private colliery owners, whether separately or united in any capitalist trust, to reap the pecuniary profits.

Such a Miners' Housing Fund, moreover, must not be provided, any more than any other national purpose should be paid for, by a tax on coal, even of only a penny per ton. Such a tax, and such a method of raising the funds, must be condemned as unscientific and contrary to sound canons of taxation. By raising the price of coal, it would make the poor man contribute almost as much per annum as the rich; and it would also by so much tend to diminish our export trade. A better method, it is suggested, would be to charge the Miners' National Housing Fund on the Mining Royalties, when these are for other reasons made national property. If the royalty-owners are compensated by being paid the present selling value of their incomes (say ten years' purchase), the interest and sinking fund payable by the Government on the capital required (say 6 per cent.) would leave an annual fund of a couple of millions, which might be allocated to housing, without causing any increase in the price of coal. But any such dealing with the housing problem, especially if the factors of infantile mortality and the lack of amenity of the mining

village are also to be corrected, is dependent on Nationalisation.

(b) *Accidents and Special Diseases.*

It is not usually realised that, as has been said, the miner is always "in the trenches." Last week, even without any big explosion, there will have been over 3,000 serious casualties in the mines of Great Britain: this is the average number officially reported each week as serious enough to involve absence from work for at least seven days (some five and twenty being fatal). Public attention is fixed on explosions of firedamp or coaldust, sometimes killing men by scores or hundreds; but these are the least of the dangers. Far more serious are the falls of side or roof, occurring to somebody's grave hurt at the rate of nearly 200 every day in the year, and accounting for 600 deaths and 62,000 serious injuries annually. Shaft accidents take place two a day, killing a couple of men daily, and gravely injuring several others.

In addition, more than 25,000 men and boys are maimed or crushed, annually (and over 200 killed), by being run over underground by trams or tubs, and over 75,000 more suffer injuries incapacitating them for over seven days (some 200 being killed) by accidents classed only as "miscellaneous." We are, in the case of the miners, "coining their blood for drachmas." The liability to accident in the different coalfields varies considerably—partly no doubt, by reason of differences in the character of the coal and the adjacent strata, but partly also, it cannot be disputed, by reason of differences in methods of working in the extent to which mechanical safeguards are provided, in the precautions taken, and in the vigilance of the inspection. The South Wales coalfield has by far the worst record, not only for accidents from explosions and those from falls of side or roof, for which there may be some excuse in the character of the strata, but also for those from being run over by trams or tubs, a fact which demands explanation: the Yorkshire coalfield disputes the bad eminence of South Wales in the number of accidents from falls of side or roof; the Scottish coalfields vie with that of Yorkshire in being the worst for shaft accidents; whilst the Northern coalfield, which (perhaps for geological reasons) suffers least from falls of roof, comes out best at all points. Places of greater risk ought to be places of great precaution. If all the coalfields of the kingdom could be made only as safe as those of Northumberland and Durham, the nation would save annually three or four hundred miners from death, and probably thirty to forty thousand from serious injury.

It is not contended that all accidents can be avoided; but it is a grave fact that, under private ownership, the pecuniary interest of the colliery shareholders is permanently against the adoption, in their entirety, of the safeguards that the Home Office recommends; and the very fact that the coalowners naturally resist such improvements—are, in fact, slow to believe that such costly changes can constitute improvements—inevitably causes the Home Office to be reluctant to recommend all that it would wish to do. It will not be denied that the 3,300 collieries differ much among themselves in the extent of their mechanical safeguards against accidents; *meaning that the worst are, in the conditions of safety, far below the level of the best.*

Moreover, with colliery agents, pit managers and deputies or overlookers keenly aware that the working expenses must be kept down, it is impossible to secure sufficient thought or care, and sufficient expenditure on the stricter supervision and more adequate precautions that would, so the miners believe, prevent a large proportion of the casualties. The enormous number of accidents caused by insufficient use of pit props to prevent falls of side or roof is very significant. Pit props are now expensive. Such mechanical appliances as automatic contrivances to prevent overwinding, detaching hooks and cage gates are still not universal, because the smaller colliery concerns and the poorer owners shrink from the capital cost involved. In some cases it would mean,

29 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

to the shareholders, all the difference between profit and loss. The legally required clear spaces and refuge holes (for escape from being run over by trams or tubs) are still sufficient neither in number nor in width. There is still, in many collieries, nothing that can be called a systematic treatment of the coal-dust now recognised as a serious cause of explosions; such systematic treatment is, indeed, not always an easy matter, but there is still too great a shrinking from incurring an expense which would make for safety. The trams, too small for security, are in some districts habitually piled up with coal one foot or even two feet above the level of the top of the tram, which then scatters pieces and dust. A whole generation of financial experience of the Employers' Liability Act—a couple of decades of the Workmen's Compensation Act—have demonstrated a fact of momentous significance, namely, that it usually costs less to compensate for accidents than to prevent them. This applies equally to a capitalist trust and to separate ownership.

It is submitted that it is not easy to avoid the inference that a certain proportion of the 3,000 accidents per week are, in these ways, directly attributable to dominance of the profit-making motive, involved in the private ownership of the collieries, and that this proportion, at least, will not be avoided until the private ownership, however much it is unified, has been got rid of. The miners have at least some ground for their firm belief that a nationalised administration would (a) make general at all mines all the mechanical safeguards already in use at the best of them; (b) render easier the adoption of new safeguards and precautions; and (c) diminish risks by lessening the strength of the plea that accidents cost less than prevention.

A similar inference may be drawn from the slowness that the Home Office and the colliery managers still show in adopting the preventive measures against miners' diseases which science teaches. The fear of increased expense to the owners, and of the political resistance which that fear causes, at present paralyses the authority responsible for the miner's health. It stops even educational work. The Mines Department of the Home Office does next to nothing in the way of a propagandist campaign, for instance, as to the means of preventing Miners' Nystagmus; and is afraid to prescribe what the medical experts recommend as the remedy. It is scarcely an exaggeration to say that, at present, the rate of compulsory (and therefore universal) adoption of improvements affecting the health and safety of the million miners is kept down to the rate of persuasion or conversion, not, perhaps, of the slowest and poorest colliery management, but of the most backward quarter of the whole. With an adequately endowed and continuously working Research Department forming part of the Ministry of Mines in which the prevention of accidents and diseases would be a principal object; and dealing with local mine managements that would, under the new conditions of incidence of cost, and of accounting, and the continuous comparison of pit with pit, and district with district, vie with one another in demanding the newest improvements, instead of resisting them, the miners may very reasonably expect a steady diminution of casualties and disease. It is impossible to exaggerate the national importance of this.

Infant Mortality.

4. It is not a small matter for the nation that the miners, as a whole—one-tenth of the entire community—have the highest infantile mortality of any section, namely, 160 per 1,000 births—as compared with only 96.9 for agricultural labourers as a whole, and with 76.4 for the upper and middle classes (Report of Registrar-General for 1911, Table xxviii, p. xli). Why do twice as many babies die in a miner's cottage as in a middle-class home? That it is not poverty nor mere overcrowding in insanitary hovels, nor yet any exceptional ignorance of the girls who marry miners, which is the cause, is shown by the fact that the agricultural labourer's babies, even with the wages of 1911, die at only two-thirds the rate. The gravity of the evil is, of course, not merely or mainly that so many babies

die. The causes that kill so large a proportion, inevitably damage those who survive. It is not the infantile death-rate, but the damage-rate among this one-tenth of all the nation's children that the excessive death-rate infallibly indicates, which is of the greatest moment.

It is submitted that the outstanding cause of the difference between the whole class of miners and the whole class of agricultural labourers in all the counties of England and Wales is to be found in the special conditions of the miner's home—the dirt that he and his sons bring in every day; the discomforts of his washing all over in the one room available for the family; the hanging up to dry of the wet and grimy pit clothes; the exceptionally hard work imposed on the miner's wife, not lessened by the habit of more than the average number of children.

Of course, this is no concern of the colliery shareholders and directors under the present system of private ownership and management for pecuniary profit. It would be equally outside the ken of a capitalist trust. Only a Ministry of Mines, responsible to the nation for genuinely efficient administration from a national standpoint, could take into account the effect that the industry was having on so large a proportion of the nation's children. Once those officially responsible came to consider the matter, with the reports of the Research Department, and the discoveries of the experts, together with the national mandate for reform, probably various things would happen. There might be, on this ground alone, a universal installation of pithead baths, which the Home Office actually proposed to Parliament in its Bill of 1911, and provision of pit clothing, to be changed before going home. There might be some arrangement by which different shifts were made up entirely of men dwelling in different cottages, so as to avoid upsetting the household hours. It might be found that the most effective way of saving the lives of thirty or forty thousand miners' babies a year was to lay on hot water from a central station to every miner's cottage, and introduce other labour-saving devices, to counteract the extra burden that the miners' occupation imposes on the mother of his children. But no privately-owned industry would or could do these things.

Economy of the Nation's Resources in Coal.

5. There is, under a system of private ownership, whether of individual collieries or in a capitalist trust, not only no motive for an economical use of the nation's coal resources, but also none of the necessary knowledge of the problem as a whole. The Coal Conservation Committee's Reports show how wastefully we are at present dissipating our stock by—to name only the most conspicuous examples—(a) leaving unnecessary boundary ribs, made requisite only by separate ownership; (b) letting whole districts be flooded; (c) neglecting to use the small coal. No mere merging of individual colliery interests in a trust—no mere bureaucratic control of such a trust—can remedy this capital instance of the inefficiency of the industry. It is only the community as a whole that can have any motive for an economical using-up of the community's future resources. Any enterprise carried on for private profit must necessarily prefer methods of working that produce the highest contemporary dividends, irrespective of the result to subsequent generations. A huge capitalist trust would have even greater powers of resistance to, and greater means of evasion of, any attempts by the Home Office to prescribe, in the public interest, methods of working that were immediately less remunerative, than those which the existing 1,500 Colliery concerns adopt.

Nationalisation.

6. The system of letting our coal be got by 1,500 separate colliery concerns; working their 3,000 mines without co-ordination, without acquaintance with each other's cost accounts, without common knowledge as to the total amount of coal being raised or of the amount likely to be required; sinking new shafts, and working additional seams without concert or

29 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

consideration of the needs of the nation as a whole; on the one hand, competing with each other for their stores and new equipment as well as for their leases of coal, and on the other, competing with each other in their sales, either at home or for export; and, what is, perhaps, most important of all, deprived by their ignorance of each other's experience and results of all the check and all the emulation that close comparison of detailed working costs would promote, can hardly be elaimed, in the light of up-to-date business methods, as efficient or economical. Such an anarchic chaos necessarily results, over a term of years, in the price of coal being kept up to what will pay the worst-situated, worst-equipped and worst-managed mine that is required to maintain the output. Similarly, it results in the miner's wages being kept down to what this marginal mine can afford at such a price. The whole advantage of all the better mines necessarily goes in additional profit or royalty rent, over and above that required for the conduct of the industry, to the fortunate owners of these superior mines. This constitutes, so the economist must say, a wholly unnecessary tribute on the community, for which no good purpose can be shown. For this annual waste the witness knows no excuse.

It is submitted that there is no practicable remedy except national ownership. To merge all the 1,500 colliery concerns in a gigantic Capitalist Trust might be the means, if the Trust were sufficiently large-minded and efficient, of remedying such of the waste and inefficiency as results from disunity. But (a) it would not change the profit-making motive and thus not solve the housing problem or that of the excessive infantile mortality; (b) it would still be cheaper for the Trust to compensate for accidents than to prevent them; (c) a Capitalist Trust would have no more regard than the separate colliery owners for the most economical use of the nation's irreplaceable stores of coal; (d) it would still be up against the causes of waste and inefficiency incident (as Sir Richard Redmayne has demonstrated) to the present individual ownership of royalties.

What is even more important, to form a gigantic Coal Trust would be to commit both the industrial and the domestic consumer to the tender mercies of a monopolist who would have no other interest than to charge the utmost price that "the traffic would bear"; and to produce, not all the coal that could advantageously for the nation be consumed, with the regularity that would be most convenient, but such an amount only as would produce the greatest net income, even with any stoppages or irregularities that could be made the means of additional extortion. Witness believes that any proposal for a Capitalist Trust in coal, however camouflaged, would meet with the most strenuous opposition, not only from the Miners' Federation and the whole Labour Party, but also from the powerful Co-operative Movement, now beginning to have its own collieries, which would certainly refuse to enter such a combination; from industrial users of coal; and from the ten million domestic consumers. Such a proposal would be so univorsally unpopular as to bring down the strongest Government.

It may be urged that such a capitalist trust could be put under control; that a schedule of minimum wages and maximum hours could be imposed on it, together with a fixed maximum price. Experience shows that all such safeguards of capitalist monopoly are delusive. There are always a hundred and one ways in which they can be dodged; and no one would willingly put faith in the ability of a Government Department to outwit the profiteer. A single monopolist concern, having its tentacles in every constituency in the Kingdom, with a million families on its pay-roll, would be far too powerful a Leviathan to be dragged with a hook by the Home Office. From the standpoint of the consumer, such a monopoly would be scarcely less open to objection if it were, in an unholy profit-making alliance, the joint concern of the combined capitalists and the Miners' Federation. Finally, it must be pointed out that a Government which was administering a national system of railway and other transport, and also a national system of electricity generation, could hardly allow itself to be

dependent, for the regularity of its indispensable coal supply, on a privately owned and administered Coal Trust—which might any day get into any difficulties, either with labour or by mechanical or administrative breakdowns—and against which it would have constantly to pit its official brains to avoid being "done" in the price. There is thus, politically, no alternative to National ownership.

Compensation.

7. The question of compensation on expropriation is, in the matter of coal, a comparatively small and simple problem. *Less than the retail price of one year's coal is involved*; only a quarter of what the railways will cost; and fewer than 10,000 separate interests. Moreover, the general principles to be laid down for the guidance of the arbitrators in such an expropriation have been already worked out, with definite precision, by a very authoritative committee, on which the Treasury was strongly represented; namely Lord Sumner's Liquor Trade Finance Committee (England and Wales) 1917, Cd. 9042.

What the community should pay for in such a case has nothing to do with coal or alcoholic drink, or with the ancient history of how the particular private rights came into existence. The compensation is equitably due for a disturbance of established expectations, so far as income is concerned. "The method we recommend," says the Committee, "is that of capitalising the true commercial profit that a concern is normally capable of earning by a factor representing the value of the security for the maintenance of that profit." It would obviously be unfair to take into account either the adverse influences of the war period on this annual profit, or the additions made as the result of the artificial interferences with trade and prices. Thus, we should take, in each case, as the basis for compensation, the pre-war income, and the pre-war estimate of its security as expressed in the number of years purchase that such an income then normally sold for. If we take the pre-war number of years purchase, which (by reason of the rise in the rate of interest) is for all securities considerably more than the present number of years purchase, the Committee recommends that the pre-war capitalisation arrived at should be reduced by a percentage representing the average capital depreciation; or, putting it another way, the issue "to the vendor of such amounts of Government stock as would, if sold at current market prices, produce a sum of money equal to the present cash value so ascertained." (Liquor Trade Report, p. 14.)

As the whole concern would thus be paid for in each case, there would be no valid claim for compensation in respect of particular assets (whether buildings, machinery, stocks, railway trucks, ships, &c.), all of which would pass to the Government as in an amalgamation of companies. The Government would thus be paying actually too much, and it might fairly claim to deduct the five or six years' depreciation and exhaustion of the coal. On the other hand it would only be fair to add to the compensation based on pre-war income the amount of new capital actually put into the concern since the basic year.

Elaborate arrangements are proposed for (a) arbitration; (b) allocation of compensation among the persons entitled; and (c) provision for exceptional cases.

Compensation on this basis would presumably be made payable to

- (a) The 8,000 recipients of Royalty rents and wayleaves (less the Mineral Rights Duty).
- (b) The Debenture holders in the 1,500 Colliery Companies.
- (c) The Preference and Ordinary shareholders.
- (d) The comparatively few individual owners of collieries.

Where collieries are worked primarily for the supply of particular businesses in the same ownership, they might be allowed to remain as they are, subject to all coal not used in the business being placed at the disposal of the Ministry of Mines at cost.

29 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

It is suggested that the same principles should be applied to the various businesses of factors, merchants and dealers in coal where this forms more than a small fraction of such businesses. A large proportion of the persons employed in such businesses would be offered service in similar capacities, and with not less income, under the public administration. But to all whose services were dispensed with the usual Civil Service Compensation should be paid.

It is not easy to estimate with any precision the total that would be payable, but witness suggests that the amount of Government Stock that would be issued, in satisfaction of all demands, if the principles of the Liquor Trade Finance Committee (England and Wales) are adopted, might be between £200,000,000 and £300,000,000, subject to a considerable recoupment by the Railway administration in respect of the trucks taken over."

11,612. Will you kindly help me there? Your view is that the sum to purchase the royalty rents and way-leaves and the colliery undertakings might be between £200,000,000 and £300,000,000?—Yes, including also compensation to individuals whose services were dispensed with.

11,613. And Government Stock would be given. Have you read out anywhere the rate of interest?—No, I have not gone into that detail. That is carefully explained in the Liquor Trade Commission Report, which I can quote, if necessary, later on; but may I suggest that it is unnecessary to go into that, because there is always the alternative of issuing, let us say, a Four Per Cent Stock at 84, or Five Per Cent. Stock at 100. The point is that whatever stock you issue should be saleable in the market when you issue it, so as to yield the amount of cash which you are proposing to give.

11,614. Have you any views upon the subject as to whether it would be advisable, supposing your theories were adopted, to issue a stock at a certain rate of interest for five years with a reduction of the rate of interest subsequently?—That is what I may call a question of financial technique which it is very difficult to consider. The Government would have to be very careful not to adopt any (what I may call) fancy arrangement, which would make the stock worthless in the market. The Treasury would look after that, and would see that whichever form of stock was issued was most advantageous for the Government. It might be a stock under par at a low rate of interest, or a stock at par at a higher rate of interest, or terminable annuities. But all that is a question for the financial expert.

11,615. Would the stock be a general stock or particular earmarked coal stock?—Personally, I should think it would be more profitable for the Government to issue it as part of the general stock and not to give it a fancy name. I think a fancy name has always a disadvantage. There are always ignorant investors who do not know what it means; and, secondly, you get a much wider market by merging it in the general Government Stock than by merely confining the issue to a stock with a particular name.

11,616. If you had a coal stock, what would be your view of having a special sinking fund to pay it off provided out of the profits of the industry, if any?—It would be undoubtedly desirable that there should be a special sinking fund, in order to be perfectly and pedantically right, in view of the wasting nature of the property. I do not necessarily admit that the coal properties of the Kingdom would be a wasting asset, except at a very long term, but in order to be pedantically correct it would be desirable to have quite a special sinking fund which would arrange for the repayment of the whole of the stock created for the purpose at a much shorter time than possibly might be required for other Government Stocks. And there is this justification for a sinking fund which it might be desirable to add, because a fixed sinking fund has been found from a hundred years' experience not to be very good finance. There comes a year when you cannot afford to pay the sinking fund out of revenue, and then you have to be actually borrowing at probably a higher rate of interest to raise money to meet your sinking fund. But, in the case of such an enterprise as coal mining, the enterprise would itself be providing the sinking fund, and therefore there is,

I think, financial justification for a special sinking fund.

11,617. I am obliged to you. Will you proceed with your proof?—Yes.

Plan of Management.

8. It would be idle, without the detailed knowledge available in the present administration and in the Home Office and the Coal Controller's Department, to attempt to lay down any detailed scheme of management of a Nationalised Coal Supply. But, in order to provide a basis for consideration, witness submits the principles and outlines of such a scheme.

(a) The National administration should, from the outset, be based throughout on (i) Accurate measurement; (ii) Complete Publicity and (iii) Continuous Comparison.

(b) The necessary organisation should be worked out on the lines of (i) Centralised National Determination of Policy; (ii) District Autonomy in Execution; (iii) Participation in the Administration, Central and Local, of all grades of the staff; (iv) Scientific Costing of each section of the operations; (v) Perpetual Comparison of Results as regards safety and health, working costs and output, among the several Districts, Pits, Seams and Methods of dealing with the coal, in order to evoke both criticism and emulation; (vi) Continuous Scientific Research and the obtaining of suggestions from all concerned, for initiative and improvements.

(c) At the head of the whole administration, and directly responsible to the House of Commons, there must be a Minister for Mines, presiding over a Department adequately staffed for dealing alike with the scientific and mechanical, the medical and social, and the commercial and financial sides of the work. Such a separate Ministry of Mines was provided for in the Report of Lord Haldane's Machinery of Government Committee, which had in contemplation the Nationalisation of the Mines.

(d) The Minister of Mines should have the counsel and criticism of a permanent and authoritative National Coal Council, composed of (a) the heads of the principal branches of the central administration; (b) representatives of the various main grades and sections of the million employees, who might be nominated by the Miners' Federation of Great Britain, and (if there should be any grades or sections not then covered by that organisation—for instance, the managerial and distributive staffs) by any other organisations concerned; (c) possibly a representative each of the Treasury and of the public Railway, Canal and Electricity administration; and (d) it is suggested also an expert representative of the domestic consumers, who might be nominated by the Co-operative Movement, which seems to be the only organisation, other than the Central and Local Government, representing the consumers at large."

11,618. Would you just help me there with regard to the Minister of Mines? In your view is it absolutely essential that he should be a Member of the House of Commons, or would you appoint him for 5 years or 10 years, or the tenure of a judge?—No, I am a democrat, and I think it is indispensable that the nation's coal mines should in the last resort be governed, like every other part of the nation's administration, by the House of Commons, and I know no other way of securing that than that of a Minister responsible in a real sense to the House of Commons, and to the House of Commons for the time being. Consequently I think the Minister of Mines ought to be a Member of the House of Commons. He ought to answer for the Ministry in the House of Commons, and he ought to be liable to have a vote of censure moved upon him by the House of Commons, and he ought to bring down the whole Ministry if the censure is carried in the House of Commons. I hold the view very strongly on constitutional grounds that any attempt to secure an absolutely independent administration of the mines would mean that the control of the nation over that administration must necessarily be so much weakened. But, of course, that does not preclude arrangements within the Ministry for securing a very authoritative position both for the views

29 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

and desires of the employés of all grades and also of the scientific experts.

11,619. Will you now proceed with your proof?—

“(e) Among the principal branches of the Ministry of Mines should be those of—

- (i) SAFETY AND HEALTH, in which the present Mines Department of the Home Office would be merged, and greatly developed;
- (ii) RESEARCH, to be continuously at work enquiring alike into improvements of coal-getting and the treatment, transport and using of coal; into the physiological, economic and social problems of the occupation of coal-mining; and into the commercial and financial aspects;
- (iii) SCIENTIFIC COSTING AND MEASUREMENT, for a continuous, accurate comparison, item by item, of every part of the operations and their results;
- (iv) EQUIPMENT AND STORES, for the common purchase and provision of everything that the most perfect equipment of the mines require;
- (v) ALLOCATION, controlling the supply of the coal to (a) the various Government Departments and Local Authorities, including the railway, canal, electricity, gas, tramway and port administrations; (b) industrial users; (c) domestic consumers; (d) for export and bunkers.

(f) It is suggested that the existing coal districts should each be administered by a District Superintendent, to be appointed by the Minister of Mines, who should be assisted by the counsel and criticism of a Local Coal Council, to be composed of (a) a certain number of the ablest of the Mine Managers and Agents in the District; (b) representatives of the various grades and sections of the employées; possibly also (c) a representative of the local railway and electricity administration; and (d) at any rate for the first few years, the ablest of the present active directors of colliery companies, if these are willing to serve the community for fees on the present scale.

(g) The executive management of each pit or mine would be, as at present, in the hands of a responsible officer, duly qualified, and appointed by the Minister of Mines, with the advice of the Local Mines Council. He would have under him much the same staff as at present, although possibly it may be well to assign a special assistant to look after safety and health exclusively. He should have the counsel and criticism of a Pit Committee, which should be made up, of (a) the principal managerial officials of the mine and (b) representatives of the various grades and sections of the employées. This Committee would be supplied regularly and spontaneously, with all information; and the Manager would consult the Committee upon every new departure. But, in order to secure national unity of policy, the Pit Committee, like the Manager, would be under obligation to carry out every decision of the National Coal Council, to which there would always be a right of representation and appeal.”

11,620. Would you tell me there whether you are in favour of putting the fireman under the Pit Committee or Council or under an Inspector of the Home Office?—I think the fireman, like everyone else in the mine, should be under both in a sense, but I think it is essential that there should be one officer responsible for direction and execution in the mine, and therefore including the fireman with every other person. In my view the Pit Committee should be a constantly acting and influential and effective body, but as the responsibility must rest with the manager (as I call him here) of the mine, it seems to me that the Pit Committee can only be a consultative and advisory committee. Otherwise you are not clear where the responsibility is, and in order that you may hold the manager responsible for everything that goes on in the mine and for the results, he must be in the position to give the orders he should give—orders, as I venture to think, the most sensible manager now does give—in consultation not only with the head of his

department but with the representatives of the staff. Naturally all emergency orders must be given as emergency orders, but I mean when there is a new departure to be made he would presumably talk it over with his Council.

11,621. Will you now please continue with your proof?—

“(h) The note of the whole administration from top to bottom should be the fullest possible publicity for all the facts, whether scientific or commercial, which the Costing Branch would be perpetually expressing in tables and graphs of comparative statistics, and the other Branches in frequent reports, to be widely distributed in convenient form, and which, it is to be hoped, would become the subject of constant discussion and criticism not only at every Council and Committee, but also among the employées of all grades and sections. There seems no ground in the national administration for the secrecy that has hitherto marked business enterprise, or that to which most Government Departments are at present addicted. Democracy, to be effective, requires a very free use of the departmental printing press, the constant invitation of criticism, and an instant public explanation of everything complained of.

(i) It is suggested that the Ministry should keep in its own hands the supply of all the public Departments and Local Authorities including the railway, canal, electricity, gas, water and tramway administrations; all industrial users of more than trifling magnitude; and all the export and bunkers. The supply of coal at the pithead, either free or at a nominal price to the employées, or at a prescribed price to consumers carting it away, would be directed, under national regulations, by the District Superintendent and the Local Coal Council. With regard to domestic consumption (including that of the smaller industrial users), it is suggested that the Ministry should arrange for a regular supply by rail, canal or coasting ship to every railway station, but that the retailing and eartage should be undertaken locally. There might be three alternatives: Either the Local Authority would undertake the business, or it might be offered to the local Co-operative Society—all its customers automatically becoming members; or, failing both these, presumably in rural areas, it might be undertaken by the Public Railway Administration, especially where the present work of the stationmaster is insufficient to warrant a salary making the post one attractive to a good man.

Whether the Ministry should itself conduct the export trade, taking over the present export establishments, whether it should simply employ these, or some of them, as its agents, at an agreed commission; or whether it should leave the trade to them, merely fulfilling their orders at whatever price might be fixed from time to time, may be left for discussion. The position may be much changed if foreign governments undertake the whole supply of their respective countries and come to the Ministry with collective orders, sometimes for a long term.

(j) What ought to be aimed at is (i) Absolute Continuity of Working, so as to guarantee the miners against any Unemployment; (ii) Security by local stocking against any breakdown of supply; (iii) Stability of the price to the home consumer, whether industrial or domestic. There is no warrant for any difference between summer and winter prices, and no need for a rise where there is a fall of snow. It is suggested that every industrial consumer should be guaranteed a supply for a term of years at no more than he has been paying. What he wants is certainty and stability of price, on which he can base his contracts. There is much to be said for fixing a price for household coal that should be as invariable as the postage stamp, and (the Ministry of Mines paying the Minister of Ways and Communications an average rate for the entire tonnage transported) uniform at every railway station in the Kingdom.”

11,622. Mr. R. W. Cooper: There are one or two general questions which I want to put to you before I ask you a number of questions in detail upon your proof. In the first place, what I ask is what I may

29 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

describe as for the moment your scheme of nationalisation. Is that the scheme of the Miners' Federation?—No, it has not been submitted to them. It is entirely my own suggestion. I might say I have sought to be as helpful to the Commission as I can, and I have not shrunk from putting things down in detail merely as a basis.

11,623. You cannot tell us definitely to what extent they do or do not approve of your plan?—No, they have never seen it.

11,624. I gather from your plan that, broadly speaking, it is that the State should become the owner of what I may call the whole of the coal interests?—Yes.

11,625. Both of the royalty interests and of the colliery interests?—Yes.

11,626. And should pay for both those interests their fair selling value by means of stock such as you have been describing?—Yes.

11,627. If that came to pass, am I right in supposing that all private ownership or working of coal, even undeveloped coal or unknown coal would be put an end to?—With the one exception I have suggested—mines that are worked for the supply of another business in the same ownership.

11,628. And you purposely refer there to collieries that are at present owned and worked, or held and worked, by large iron and steel companies?—Yes, principally.

11,629. To dispose of that particular detail, I gather that you intend to exclude these iron companies, and they should retain those collieries, and, if they have any surplus product which they wish to sell, they should sell that to the coal department?—Yes.

11,630. To finish one point, I observe in your proof you speak about selling that surplus product to the Coal Department at cost, whereas in your pamphlet you talk about an agreed price. Which of the two do you mean?—I mean an agreed price, but it is only fair to point out there would be no other purchasers of the coal. The Government would have to deal equitably, but would not be at the mercy of this particular colliery.

11,631. In other words, they would have to pay a fair price for the coal, leaving a fair profit on the coal for the seller?—Yes. I do not think there is anything between us on that point. I think the Government would deal equitably with those particular colliery owners with regard to any surplus coal they had to dispose of. When I say "cost," I mean to include all that is reasonably fair. I do not necessarily mean the Government should pay to those collieries anything in the way of profit which is more than a reasonably fair consideration of cost. I mean cost, including all such items.

11,632. You do not mean by cost the bare cost of producing the coal?—No, not in that sense; I mean a fair price.

11,633. I think I see what you mean, and I will not pursue that for the moment. Assuming that the State became the owners of all the coal mines in the Kingdom and became a large colliery undertaking, how do you expect the State to proceed to develop any new coalfield? Do you think they might take the risk of the speculation?—I am sure they would. It would be essential, of course, that they should.

11,634. Is it your idea that the final decision as to whether the State should or should not embark, say, on an expenditure of £1,000,000 in starting a new colliery that that should rest on the Minister of Mines?—Yes; that is quite a small item compared with what does rest with Ministers.

11,635. It may be, but £1,000,000 sterling at one venture might be lost, and that is not a small item?—All these things are relative compared with what we do entrust to Ministers at present; it is, relatively,

a small item. I do not think you could trust it to any one man more properly qualified to come to a right decision. By the term "Minister" you mean the Department with all its knowledge?

11,636. Yes. Would he be in any way fettered in coming to a decision by the feeling that he must obtain a vote of the House of Commons?—No, I think not. That has been my experience of Ministers.

11,637. You think he might make the decision and then take the risk of obtaining the confirmation of the House of Commons?—That is the usual practice, and I may say I hardly remember any occasion on which a vote has been refused.

11,638. On the other hand, if the majority of the House of Commons disapproved of the speculation, they might, of course, censure the Minister?—They might, and the Minister would resign.

11,639. Would not the fear of that rather retard the Minister's enterprise?—No, he takes it all in the day's work.

11,640. In other words, you think he would not care much about the vote of censure?—I think, considering the Minister was *ex hypothesi* in sympathy with the majority of the House of Commons, he would not be afraid of a vote of censure and debarred from honestly doing his duty.

11,641. I suppose your idea is that the Coal Department should be run on commercial lines to yield a profit?—No, I should like to say I demur to that way of describing it. I consider one of the great advantages to be derived from the nationalisation of the coal mines is that we should more and more come to regard the supply of coal as a public service, just as we regard the supply of water, and, if I may say so, the carriage of letters.

11,642. You mean by that, as long as the Coal Department simply pays its way you will be satisfied?—I do not mean that, at all, necessarily. I mean, of course, the Department would be run to take into account the obtaining of a revenue, as far as possible compatible with its other objects; the other objects would be the permanent objects, for instance, the effect upon the life of the community. That is a big thing, and the Department would not be fulfilling its trust if it attempted to run the coal business for the sake of making a large revenue—ignoring the non-commercial results to the community.

11,643. You mean to say it would be a reasonable profit maker, but not an unconscionable profiteer?—I consider it could be run with all due regard to economy and thrift and pecuniary advantage, but that should be only one of its objects, and it should not be the greatest of them.

11,644. The welfare of the workers should not be overlooked in the desire to make profits?—No, I would go further than that. It would be inexcusable if the Coal Mine Department were to come forward and say we know there are going to be these accidents; they could be obviated to some considerable extent, but, because this is they are going to make a great hole in the Chancellor of the Exchequer's Budget, we cannot provide the money to prevent them.

11,645. When you first propounded your scheme for the nationalisation of the coal supply, it was a chapter in a book issued by the Fabian Society called "How to Pay for the War."?—Yes.

11,646. The idea was the surplus profits earned from the running of the Coal Department should help to pay for the war?—It was so. The Fabian Society was alive to getting a good selling title and did not put all its proposals in that book. It put the title on the book.

11,647. The Fabian Society intimated their desire to be of some assistance to the Chancellor of the Exchequer in the present financial emergency?—Yes, and I do believe the nationalisation of the coal supply would be financially profitable, as the Post Office is.

29 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

11,648. And that profit would go in aid of the Exchequer?—Yes.

11,649. Do you think if the collieries were managed by the State and were simply part of a State Department that the same good service would be got out of managers right down to the workmen as is generally got in private enterprise?—That can only be a matter of opinion, and I give my opinion just for what it is worth. I consider that if you take into account what are the real ends and objects of the service you are engaged in there would not only be the same efficiency but there would be a greater efficiency. I am quite prepared to admit possibly if your aim is merely to get profit it is possible there would be a smaller efficiency.

11,650. One would naturally say the influence affecting, say, the manager would be what his aim was. I suppose the manager's aim would be to improve his own position?—No. I do not believe it.

11,651. You think not?—No; I think that is taking too cynical a view. I think the majority of people even at this day who are at work are very largely influenced by the sense of duty of doing their job well, and I believe that stimulus becomes more potent when you are directly in the public service than when you are serving a private employer, and, at any rate, I believe that stimulus and motive are becoming constantly more potent.

11,652. Do you suggest that persons who work are animated by the love of work rather than personal advantage to themselves?—I do not say "love of work." Unfortunately, only a small proportion of the people who work in the world are able to work in a way which they can reasonably be expected to love, but I do suggest that the majority of the work in the world is done already out of a sense of duty. That may seem strange, but I hold to it.

11,653. Now a question or two upon your pamphlet which is put in as part of your case. I see in your introduction to your pamphlet you speak of new mines being opened here and abandoned there. Do you think that is a thing that often happens?—Yes. As I meant to express the fact, I gather that mines are each year discontinued, some mines out of the 3,300, and each year there are new mines or new pits opened, and my suggestion was that those two operations were done without concert at present; that the man who abandoned his mine because he had reasons for doing so was not acting in concert with the man who sank a new shaft because he thought more coal was required.

11,654. There are mines and mines. There might be a small drift in the country worked by two or three men that might be called a mine or there might be a large colliery employing several thousands of men which is equally called a mine?—Yes.

11,655. Have you heard of a reasonably sized colliery being abandoned in the manner you are describing?—I cannot cite from any particular case; I thought fair-sized mines had remained unworked for certain periods. I thought it was put forward as one of the risks of the enterprise that mines were abandoned.

11,656. The risk of losing money in running the mine; the abandonment of a mine generally is the last resort?—I am interested to hear that. Of course, you will notice that that supports my economic point that the price of coal under private ownership has to be always kept at the cost of the production of the worst mine. If the mine never goes out of use we are saddled for ever with the cost of production at the worst mine.

11,657. The nation is getting the best of the coal produced by the worst mine?—It is quite conceivable you might be getting coal at a less price by working more extensively some better mine.

11,658. Then why should you cease working the poorer mine and exhaust more rapidly the better mine?—Perhaps I may explain to you my view. The

function of a unified coal administration would be to determine how much coal was required in the aggregate for the year, for the coming period, and then attempt to work every mine and develop each seam in each mine up to what we should call a common margin of cultivation. It cannot be done precisely, of course, but you would work down to a common margin of cultivation and you would not push your working beyond that margin.

11,659. Do you suggest that each year an estimate would be made of the probable demand of the next year?—As I have explained, I think that is indispensable if you are going to secure absolute continuity of working. I think it is essential to secure absolute continuity of working; and, therefore, in working to a fixed quantity you may always put it irrespective of the momentary demand.

11,660. Would not that practically involve an examination every year of the actual condition of every mine?—Yes, that would be a matter, of course. The Minister of Mines would have to do that for his Budget; not merely the Minister of Mines, but any National Coal Trust would be under the same obligation.

11,661. Supposing the output was increasing year by year and got ahead of the demand?—You will have read in my suggestions that allowing for the demand getting ahead of the production, the production must set itself promptly to get ahead of the demand in order that you may have local stockings to provide against discontinuity and breakdown of one sort and another. That, again, is an advantage of nationalisation as compared with any private ownership that you would be able to work to a fixed possible total which would be in excess for a good many years of any possible demand for that year.

11,662. How do you deal with trade depression? Trade moves in cycles?—In the first place, trade depression is very much more a depression of profits and sometimes a depression of prices than an actual depression in production. The proportion of variation between a year of boom and a year of slump is, as far as we can make out as regards actual production, not more than 11 per cent.; and in the worst year, 89 per cent. of the goods are being produced as compared with only 100 per cent. in the very best year; therefore the variation in the actual consumption of coal would be quite small and would be quite within the margin to which we should be working.

11,663. I suppose you agree that a change of 10 per cent. in the demand for coal would probably bring about a condition of depression with the resultant loss?—Not under nationalisation. There would be no depression of the industry under nationalisation.

11,664. Why—because you would work to the extent to make good the loss?—No, there would be no depression. If you ask whether the amount of coal would not be produced—

11,665. Supposing there was a great depression in the iron trade; the iron trade has a great influence on the coal trade?—Yes.

11,666. Supposing there was a great depression in the iron trade and a lot of blast furnaces were put out and we need to produce the coal at the colliery, how would your scheme obviate that?—That would make a difference of a few million tons on a total of 280,000,000 tons. Allowing for whatever the difference would be which the iron blast furnaces required less that year, all you would need to do during the rest of the year would be to put that coal to stock in order that you might arrive at the aggregate stock at every part of the Kingdom which is necessary in order to provide against breakdown. When you come to make your calculations for the next year you would provide possibly for a smaller total, and then you would restrict the necessary number of persons entering the industry. Each year, it must be remembered, probably something like 50,000 new boys, young men, enter the industry, and the

29 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

number taken into the industry each year would be varied according to the prospective requirements, exactly as the Post Office does.

11,667. You know now and again you hear of collieries only working three or four days a week?—That would certainly never happen under nationalisation. That, I consider, is a crime: first, a crime against the efficiency of the nation, but, secondly, a very serious offence to the men employed—the fact that men employed in industry are deprived of their opportunity of earning during those times. You do not deprive the horses in the pit of their food.

11,668. That is not the point?—They get that.

11,669. If the consumers cannot use the coal, and therefore do not use the coal, and the pit is only worked half time, how is the State to remedy that?—I am sorry I have not made it clear. The pit would not work half time under nationalisation.

11,670. If the coal could not be used, how would you deal with the coal stock then?—May I explain, as I have explained in my proof, it is necessary, in my judgment, for the safety of the community and to preserve perfect regularity in the passing of the coal into consumption, so that nobody should be short at any moment, that there should be a considerable stock of coal in the Kingdom at all points, and, consequently, the setting up the provision of that stock in the first instance, which would take some years, and the quantity of that stock, which would be varied from year to year, would always supply a margin of supply sufficient to cover variations in the consumption of the remainder of the year until new arrangements could be made. Then the number of persons taken into the industry for the time being would, of course, be varied according to the Budget of that year.

11,671. Then really your remedy for the results from the want of demand is stocking?—No, that is putting it a little too briefly, but I am content to take it that way.

11,672. That is so?—In effect.

11,673. I suppose you know that many classes of coal do not improve by being stocked?—I am aware of that. The stocking would not be made of those coals.

11,674. You know that certain consumers, notably gas companies, object to take stock coal?—They may.

11,675. Do not they stipulate that their coal shall be fresh gotten coal?—I do not know whether we could oblige them in that way.

11,676. Then apparently you think the State would care little for the wishes of the consumer?—I think the State would have the utmost care for the wishes of the consumer; for instance, if I may give a case. The gas companies two or three times during the past three or four years have been so reduced in stock that they have not been able to give adequate light and heat in London, and they have been under the grave peril of having to cut the supply off. That was because the gas companies ran things too fine and were not prepared to go to the expense of the necessary stock.

11,677. Do you not know that some of the gas companies—I do not know the conditions in London—are so situated that they have no stock ground?—These are quite interesting cases. There are cases in which industrial concerns in order to obtain greater profit, have deliberately failed to provide themselves with the conditions of proper public efficiency.

11,678. I daresay you know in many towns in England the gas works are entirely surrounded by the town?—That is so.

11,679. And it is a physical impossibility to have a stock ground?—Pardon me, it is not so as a matter of fact.

11,680. Would you pull down the houses?—You find those gas companies have stocks of coal, but not necessarily at the works. If they have been so improvident as not to get sufficient ground to keep their necessary appliances and requisites immediately adjacent to where required, such imprudent producers have to obtain space at a distance, and they do so.

11,681. You call the gas companies imprudent producers?—Not all of them. Those are imprudent

who have not provided themselves with sufficient space to carry on their business.

11,682. Gas is not a recent invention?—No.

11,683. You know as well as I do, I suppose, that in nearly all the towns in the Kingdom where they are supplied by gas companies, or even Corporations, these gas works are practically surrounded by the town?—No, they are not.

11,684. Are not the large number?—Some are.

11,685. Do you know Newcastle?—Yes.

11,686. Do you not know that the gas company in Newcastle is surrounded by the town?—A very bad example of private enterprise.

11,687. You think so?—Yes, a shocking example. The supply of Newcastle with gas is a flagrant instance; it is a flagrant evil of profit-making gas supply.

11,688. I am keeping to the stocking places kept by it?—If the Newcastle Gas Company has not made adequate provision for stock, that is another instance of it.

11,689. Do not let us become disorderly, and let us keep to the question as far as we can. You suggest in these cases stocking ground should be bought and railways laid to the stocking grounds somewhere in the Country?—I could go into the question of private enterprises which have not provided themselves with sufficient accommodation for the expansion and growth, which is what they should do. The case of the gas companies is like the case of the manufacturer who finds he has not sufficient accommodation for his business and has to make other arrangements. As a matter of fact, I may remind you that the gas enterprises are always making such changes as you are describing. They are constantly ceasing to use the gas plant which they have in the middle of the town and they are providing new and more efficient and larger plant on the outskirts.

11,690. And in course of time do not the outskirts increase and surround the gas works?—Yes, and they go on again and again.

11,691. Should this provision be on the side of the consumer or on the part of the colliery?—There is no reason why proper provision should not be made, just as the Government makes adequate provision for the working of its business.

11,692. That is not the question?—My remedy for depreciation is not stocking, but a reasonable output of production in accordance with the demand. For any momentary case of discontinuing command I suggest stocking is a remedy.

11,693. We will take that for the moment that you suggest stocking is the remedy. You do not wish to restrict the output?—No, not to anything less than required; in fact, it would be the object of nationalisation to produce, at any rate for some years, more than was required in order that the nation might be equipped with an adequate supply.

11,694. You wish to keep the miners as far as possible fully employed?—That is obviously a commercially desirable thing. The lack of it has been one of the great drawbacks of private ownership. A proper stock has not been secured. That is one of the great gains unity would make.

11,695. Do you now know that many collieries are so situated that they cannot carry out a scheme of stocking?—I am not suggesting the collieries should necessarily do the stocking.

11,696. Who should do it, the Government Department?—A stock of coal at a colliery would not be a remedy. A remedy for a breakdown or stoppage by a fall of snow would mean that it is necessary that the stock should be near the consumption.

11,697. In your pamphlet you spoke of one of the reasons for your scheme that "The danger of interruption in the supply of the coal imperatively required by the Admiralty has led to the purchase by that Department of coal mines being very seriously considered." What was the condition of interruption to which you refer there?—So far as I know, there were two kinds of interruption considered. One was the formation of a combination amongst the producers of the Admiralty coal, and the Admiralty did not wish to be at the mercy of any combination of producers of Admiralty coal.

29 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

11,698. On that point, supposing we were at war, I suppose the Admiralty would not be at the mercy of any combination?—No, I presume not.

11,699. They could commandeer the coal?—The majority of years are years of peace.

11,700. Was not the danger of interruption to which you there refer the danger of strikes?—No, I do not know that; I am not aware of it. The Admiralty can prevent themselves against that by stocking.

11,701. What about those threatened strikes in South Wales during the war?—There were threats of strikes, and there were some steps taken.

11,702. Ministers had to go to South Wales under great difficulties to prevent the strike?—Yes.

11,703. There was a strike?—Yes, there certainly was a strike. I am not aware the Admiralty then thought of purchasing the coal mines. I was referring to previous times.

11,704. Come to the present situation. Do you think if the State was running those Welsh collieries the risks of the strikes of the Welsh miners would be less than to-day?—I would put it carefully; I think they would be less than to-day. I believe that there would be considerably fewer strikes under Government ownership than under private ownership. I think I am justified in drawing that inference, not only from theoretical considerations, but from the actual facts of Government enterprise.

11,705. Will you please let me get a question in if you do not mind? Do you think there would be less risk of strikes because the Government would be more ready and willing to meet the miners' demands in the matter of wages?—I think the Government on the whole would be more equitable. To put it another way, I think the Government would be more responsive to the needs of the miners than any private capitalist in competition can afford to be.

11,706. That is only another way of answering my question. You think they would be more willing to meet the demands of the men in the matter of wages?—I think a very large number of strikes arise from other causes. Strikes arise from acts of what are considered tyranny or oppression or even cheating, not on the part of shareholders, but on the part of the subordinate officials, which the men resent. I think we should do a great deal towards diminishing that kind of friction. I do not think the issues with regard to wages are so frequent or so numerous as to enter very much into the question of strikes. If you inquire into the number of strikes you find the other causes come in very much. It may be in highly organised industry the conflict with regard to wages is the big thing, but it comes least often.

11,707. When it did come do not you think the Government would be more amenable to pressure on the question of wages than the private owner?—I think it all depends upon public opinion.

11,708. Do you think the miners' request in the matter of wages would be restrained by public opinion?—Yes; my opinion is, I am speaking from experience in this matter, that when the persons employed by the Public Authority have public opinion upon their side, by which I mean public opinion very largely of their own class, and the Public Authority gives way, and ought to give way, there is no harm; but directly a person employed by a Public Authority goes beyond the point at which they have public opinion on their side—public opinion of their own class—then the Government or the Public Authority is very strong, even stronger than a private capitalist would be, or might be.

11,709. The point would be as to what was the attitude of the Public Administration with regard to the equity, or otherwise, of the miners' requests?—Yes.

11,710. You speak about tyranny; I suppose you mean everything from want of tact upwards or downwards?—Yes, it is a wide term.

11,711. I agree. Do you think that you have any right to expect that persons employed by the State would be more tactful when employed by the State than by private enterprise?—Paradoxically, I think they would. I think the whole spirit of the administration would tend to be different.

11,712. Do you think they would be less tyrannical?—I think they would be less tyrannical, and for two or three reasons: first, the regulations would require more consideration and less tyranny; secondly, I suppose that, in all probability, there would be a right of appeal, to put it simply.

11,713. Dismissing the right of appeal, and considering the psychology of the Government officials, do not you think a great deal depends upon the Government official?—I say there is a great difference with regard to them, that is to say, between the middle class and the upper class and the wage earning class. As a matter of fact, you do not find the Government officials are at all tyrannical or rude with regard to people whom they think of their social class, but they are when they deal with people whom they think are their social inferiors.

11,714. Do you not think that the mere fact of always being able to get their own way as Government officers is apt to make them more arbitrary?—I was myself a Government officer for 13 years.

11,715. I am not suggesting you are arbitrary?—I am not aware I had a habit of getting my own way. As a matter of fact, the Government officer never gets his own way, never, even a manager. That is one of the contrasts with private enterprise. In any decent-sized private enterprise there is an autocrat owner, and the great difference between a reasonable-sized enterprise and a large one is that the autocrat has to disappear and he becomes a piece of the machinery.

11,716. The great check is the great number of persons with whom he is dealing?—Yes.

11,717. That would be absent if the Government carried on the business exclusively?—That would be so. I must add that the assumption that you may go somewhere else in private enterprise is an obsolete assumption, and one which has been believed in for generations after it has passed away. I cannot go anywhere else for milk.

11,718. Confine your mind to coal. Do you suggest that in Newcastle if I buy coal there, if I come up against an arbitrary official, I cannot go anywhere else to buy coal?—You mention Newcastle. A great majority of the consumers of coal have not that recourse. If you carry your mind to the people in the country, they are obliged to get their coal from the one person supplying coal. The knowledge that there is always a series of competitors whom people can go to is far from true to-day.

11,719. You complain of the army of dealers in coal?—In London and other places.

11,720. What about the country?—There is not an army of dealers in coal in the country.

11,721. You do not suggest the country places are in the hands of one dealer?—Very often.

11,722. In the great majority of cases they are not?—I am less familiar with the country than I am with London.

11,723. You spoke somewhere about the danger of alien ownership. Why should it be necessary for the State to become possessed of all the coal mines in the country to prevent aliens becoming owners of coal mines in this country?—No, it is not at all necessary. That instance was only put in as a fact, as an illustration. I point out in the next sentence, "But the holder-up is not always an alien enemy."

11,724. I am not thinking of the offence of holding up. I thought you were pointing to the danger of aliens holding at all?—The incident quoted is that of an alien who was doing nothing but preventing their exploiting the coal.

11,725. That was a statement made by the President of the Board of Trade when he was referring to the case in Yorkshire. With all due respect to him, the statement is not quite accurate?—I am quite content to take the statement of the President of the Board of Trade on the point.

11,726. Have you heard of a German magnate called Hugo Stinnes? Do you know that he was about to sink a colliery near Bawtry in Yorkshire?—I heard that.

11,727. That colliery has been disposed of by the Board of Trade?—It may not have been disposed of at the time.

29 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

11,728. Why should the fact that Hugo Stinnes took it after it had been offered to a number of English people be a reason for the State becoming possessed of all the coal mines in the country?—It was never given as a reason.

11,729. It is one of the parts of an introduction which I regard, of course, as being a great principle or reason for the plan?—May I observe there is a certain literary art in this thing, and the alien was brought in as a way of driving in the next statement; "but the holder up is not always an alien enemy."

11,730. The alien was a make-weight?—The alien was a device.

11,731. Lower down there is this: "We, for this reason, suggest that the time has come for the nationalisation of the coal supply"?—That does not follow immediately after the alien; it follows after a holding up by other people not aliens.

11,732. It is the conclusion of the paragraph of which the alien forms part?—It is one of the reasons, and the alien was brought in as a glaring instance to arrest the attention of the reader.

11,733. The alien is one of the reasons?—Yes, certainly.

11,734. On page 4 you lay a great deal of stress on the question of railway trucks and the details of the user of the trucks. I assume those remarks only apply to those portions of the trade where private wagons are in use?—No, not entirely. A large part of the waste of haulage and discontinuity of working due to the separate ownership of trucks—

11,735. That is my point. I assume these remarks of yours only apply to the part of the country where the privately owned trucks are in use?—I was going to explain not only that, but the separate firms of coal merchants are themselves—

11,736. Privately owned trucks, I said?—May I answer the question. The fact of the coal distributing trade being scattered over such a large number of competitors does result in a large waste owing to this multiplicity. I have quoted that the late general manager of the London and North Western said that over 80 per cent. of the coal traffic on the London and North Western Railway averaged less than 20 tons per consignment. It is not only the separate ownership of the trucks, it is the small separate consignments which are due to the fact of the separate private competition amongst the larger coal merchants which causes so much of the waste.

11,737. Do not the railway companies prescribe the size of the truck loads?—I suppose they do.

11,738. In doing that I suppose they have regard to the requirements of the customers who possess their own trucks?—I have not said anything about the size of the truck load. It is the consignment that is so small. If you have to distribute a good many million tons of coal in a number of small consignments under 20 tons each, each to be sent separately, you undoubtedly get your train made up of a number of separate loads which increases the cost very much. Coal is at present carried from Leicester pits to King's Lynn at 3s. 4½d. per ton net rate, yet to London for distribution, which is, of course, about the same mileage, and a straight run, it costs 6s. 7d. The reason of this in the case of King's Lynn is that a complete train load is taken straight through, tipped into the steamer and brought back; whereas to London the wagons have to be collected together at a suitable connection, which entails considerable shunting. Then when the train load is made up and is brought to a London sorting station the wagons are divided up into a few wagons to each merchant here and there, entailing more shunting. This would not be necessary at Government controlled depots; the coal could be brought forward in one train load straight into a station and cleared quickly. Obviously the carriage rate could be reduced in comparison with the reduction in labour, &c., for shunting purposes. Consequently the trouble is not due to the private ownership of wagons, but the large number of small consignments. You must have co-ordination and unity in your distribution of coal as much as in the production of coal.

11,739. Do you mean that the consignments ought to be made bigger?—Yes, I should imagine London

would be supplied with coal in large train loads every day; single consignments.

11,740. Do not large train loads of coal come into London every day?—Yes, that is just what I have been endeavouring to explain. They come, but they are made up to the extent of 80 per cent. of separate small consignments going to different merchants, factors or consumers. The result of the separation of ownership is that the wagons have to be shunted to and fro and backwards and forwards in order to get them to their right place. That would be avoided if there was greater unity in the distribution.

11,741. I will come to your proof for one moment. In your proof you refer to the expressions used by Sir Richard Redmayne, "extravagant and wasteful," which I think, you are aware, was based upon the report of a committee called the Coal Conservation Committee?—Partly only.

11,742. As regards the Coal Conservation Committee, whatever points in that were made the foundation for the use of those two adjectives, this was the remedy proposed by the Committee?—That may have been so.

11,743. You have read the report, of course?—Yes.

11,744. One of the functions of that Committee was to investigate matters of that sort and to suggest a remedy?—No, I think they were on the sole point of the economising of the coal.

11,745. It was coal conservation?—Quite so. You would not suggest the judgment which Sir Richard Redmayne gave expression to was based entirely on the question of the conservation of coal. It was not even Sir Richard Redmayne's judgment. He said that the fact that the present system is extravagant and wasteful is, I think, generally accepted.

11,746. That is his statement?—I know, but my statement is that he said that the extravagance and waste was generally accepted.

11,747. My point is, was he not accurate in basing that in his evidence on the investigations conducted by the Coal Conservation Committee?—No; I suggest he was only referring to that as one instance. Will you look at page 5 of his proof, where he says the present system of individual ownership of collieries is extravagant and wasteful, and so on. The things he mentions there are elaborated under nine different heads, and not one has any relation to the suggestions of the Coal Conservation Committee for the greater economy in the nation's store of coal.

11,748. No. 6 has?—If the economy of colliery consumption was one of the principal items of the Coal Conservation Committee's report, it has passed away from my memory in view of the great stress they laid on other things.

11,749. They dealt with coal consumption, waste of coal at the pit heads; loss of coal underground; loss in working with regard to thickness; loss from coal left for barriers and loss of coal left underground; loss of coal from water logging and loss of coal left for supporting, and so on?—That seems to bear out my point that the saving which they anticipated have no relation to colliery consumption.

11,750. On the question of houses, is it not a fact that in many mining districts the mining population is intermixed with other individual sections of population?—That is so; it is perhaps less the case with regard to miners than any other industry.

11,751. It applies to a considerable extent where the mines are in the vicinity of the town?—Yes, that is so.

11,752. You do not, I suppose, suggest that in those districts the overcrowding which unfortunately we know prevails is peculiar to the miners' houses only?—No, I should imagine not; I have not suggested it is.

11,753. All the figures that are given in the return relate to the district as a whole and not mining only?—With regard to overcrowding but not with regard to infantile mortality.

11,754. You seem to think that the colliery managers at present are deterred by their anxiety to keep down expenses?—I have suggested that there is a permanent pull against any costly improvements in the pecuniary self-interests of the mining concern. That is not meant as any indictment of the concern; it is only a necessary incidence of the reliance of

29 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

private and pecuniary self-interest as a method of carrying on business.

11,755. You suggest under a system of Government management by free intercommunication of results there would be a certain relationship amongst the managers?—Yes. I should like to say on behalf of the managers they are deprived by the system of separate ownership of collieries and the lack of opportunity of communication, of the opportunity for emulation and comparison which any properly organised industry I think ought to give.

11,756. Although what I suggest is not universally true because it depends upon the individual, do not you know there is a very large amount of interchange of ideas amongst managers now?—I am aware that managers in a particular coalfield frequently meet each other. I am aware of their Association of Colliery Managers, and they compare notes. I may say that both those facts taken together amount to a very trifling comparison in contrast with that which in well organised industries there ought to be.

11,757. I will take you on the question of comparison of cost. Do not you think, and I quite agree comparisons are useful, the more the comparison the greater the desire on the part of every manager to make his results look as favourable as possible?—Certainly; that, I think, is a very important feature.

11,758. Therefore, to a State servant or a private servant there would be the same desire to keep down the expenses?—To keep down working cost; but it must be remembered under any scientific system of costing considerable allowance is made for different details.

11,759. I am not talking of the system of costing, but the effect on the mentality of the manager?—The first point with regard to the mentality of the manager is, in so far as it is affected by comparison it is, with regard to the profitability of his enterprise.

(Adjourned for a short time.)

11,767. Mr. R. W. Cooper: We were on the question of accidents, and I believe I had just touched on your paragraph about pit props when we adjourned. I notice you say this: "The enormous number of accidents caused by the insufficient use of pit props to prevent falls of sides and roofs is significant. Pit props are now expensive?"—Yes.

11,768. We knew, of course, that during the war pit props have become very expensive. Do you mean by that paragraph to convey a suggestion that because pit props have been expensive during the war there has been undue parsimony in providing timber?—What I actually meant was that you have the permanent pull of two motives: one is the motive of not wasting more money on timbering than is absolutely necessary, and the other is the common desire to prevent accidents; and those two motives must be in conflict.

11,769. Truly; but both these motives must exist in the mind of a State manager just as in the mind of a private manager, if the man is doing his duty?—That is so; but the suggestion is that under a system of profit-making the motive of saving expense is very much stronger, I consider, than under a system of public ownership.

11,770. Now with regard to pit timber, and so forth, I need scarcely remind you, of course, that there are very considerable obligations imposed on a manager of mines under the Mines Act with regard to providing an efficient supply of timber?—That is so; but I suggest that no system of compulsory obligation and regulation can ever be more than generally effective, and especially when such a system cannot be very exhaustively inspected.

11,771. I am still rather puzzled to know why, if the manager was employed by the State instead of being employed by the private individual, he should be any keener in carrying out the obligations which the Act of Parliament imposed on him. Why should he?—The suggestion is that he would not be quite so keen on economising the use of timber.

11,772. Do you suggest that that would affect his proper discharge of the obligations imposed upon

11,760. You are wrong there. The manager has very often no idea of the profit. The only knowledge of figures he has is the working cost. He has no idea of the price, because that is managed by an entirely different department, and very often in a different town altogether. How do you mean it affects the conditions and affects the manager's mind?—That is rather an element I may agree upon. As far as I know about managers, they are thinking not of the cost, but the expense. That is a different thing.

11,761. What is the distinction?—If the manager's wages go up the expenses go up, but the cost has not gone up.

11,762. I must be very dull, but cost and expense seem to be to me the same thing?—That is one of the great differences which is the great benefit of nationalisation. You would be able to distinguish those two different things. The cost of production is the sum of the efforts and sacrifices which all the persons concerned make—

11,763. I am talking of cost of production not in that scientific sense?—I can only talk of it in the true sense.

11,764. Will you address me colloquially rather than in the scientific sense?—One of the great advantages of nationalisation will be that the ideas of some of the people connected with coal mines will be purified. In that way, instead of being governed by the question of expense, and therefore profit, it will be possible to have regard to the real incidents and not to the difference between expense and price.

11,765. You think one of the results would be a sort of psychological exaltation of the colliery managers?—Yes, they will be purged from the dross of carrying on for profit.

11,766. That nationalisation would have a very spiritualising effect?—That is my view.

him by the Act of Parliament?—Yes, I do suggest that it is not possible to prevent that very natural motive being always at work.

11,773. Notwithstanding the fact that if he is found out or if an accident happens or an inquiry is held he is liable to punishment?—Yes; because there is a very considerable margin between the amount of neglect which would be held to be culpable negligence and the mere ordinary economy. After all, a manager is not criminally prosecuted except in cases of extremely culpable neglect. In the last year for which the Home Office has reported up to the present I do not think any person was prosecuted for failure to use pit props.

11,774. That may be; but are you not entitled to draw the inference from that, that on the whole all the persons who were responsible for the fulfilment of the Mines Act were doing their duty?—No; I want to say generally that I do not think with regard to any of these classes of accidents we can infer from the paucity of prosecutions that in every other case the people were doing their duty. I could quote from a Home Office Report in support of what I say, but I will venture only to read one paragraph: "Proper economy in pit timber is undoubtedly a matter of pressing importance, and there is no objection to the withdrawal of timber in such a manner and to such an extent as is consistent with safety, but the provision of an adequate supply at the working places as required by the Coal Mines Act is still more important as being essential to the safe working of mines. Economy can and must be practised without infringing the Act and endangering the lives of persons employed in mines." I infer from that that they had need for putting in that proviso. As a matter of fact, I find there was one case of a mine which was not and had not been carried on in conformity with the Coal Mines Acts in many respects: "The offences relating to the supply of timber were of a serious nature. In certain places the roof under which the work was carried on was not adequately supported (as required by Section 50 (1) of the Coal Mines Act, 1911) and a sufficient supply of timber or other material suitable for supports was not kept

29 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

within 10 yards of every working place as required by Section 51 of the Act. The workmen were, if they required timber, to draw it from the waste or other disused places. The defence urged was that what had been done was done with a view to economy in the use of timber, as instructed by the Controller of Coal Mines, and with due regard to safety." That is the only case of a prosecution, I believe, during the war, and the Agent and Manager were fined £110. I only quote that as an instance of what does happen. In that very serious case a prosecution took place, but I do not think I am speaking without knowledge when I say that there is every grade of neglect down to that point which is not prosecuted.

11,775. That particular year that that is dealing with is referring to war conditions?—That is so.

11,776. When, of course, we all know that there was great difficulty in getting timber?—I am afraid that I cannot believe that the desire to economise timber was stronger because of war conditions than it would be because of the desire to save money.

11,777. Think for a moment. Do you not think that, having regard to the straits to which the collieries were put, having regard to the timber supply, and everything else, there was a natural desire to economise the timber simply because they could not get as much as they wanted?—I quite grant that in that case you had an accumulation of two motives, and, therefore, there was a special reason.

11,778. They could not help themselves?—Possibly.

11,779. Now you mention another source of accident as though that might be cured under State control. You mention, for example, detaching hooks, and so on, as if they were not universal, and if not, why not? They are provided for by the Mines Act. Section 40 (2) of the Mines Act makes them obligatory, unless you get an exemption, in which case the responsibility must rest on the Home Office?—I am afraid I am not sufficiently acquainted with the technicalities to say why these things happen; but as a matter of fact you have cases in this year of accidents from overwinding which killed three people.

11,780. That may be; but my point is this: these things are already provided for in an absolute manner by the law?—I quite grant that there is an Act of Parliament requiring these precautions to be taken; but that is my case, that no Act of Parliament merely requiring precautions to be taken, even under heavy penalties, is efficacious in all cases when it comes into conflict with the motive of private enterprise and profit making. There will always be cases where it is evaded. That is my case, that not even the most stringent Act of Parliament can be efficacious in preventing these accidents under private enterprise.

11,781. Under your State enterprise you do not propose to eliminate profit?—I do propose that none of the persons concerned with the management of the mine shall have any interest in making a profit.

11,782. In one sense, they have not now, because they are paid by fixed salaries, and their primary duty is to show that they are working on a proper scale. I suggest that the same conditions would apply exactly to a State manager as to a private manager?—I am afraid I am not able to agree with you there, and again I make a concession: I am conceding in my answer that under State management there would not be so strong a motive for pecuniary economy or for increasing profit, as you call it, as under private management, because there would be the stronger motive at work of increasing safety.

11,783. You mean that that motive would be operating more strongly in the minds of the managers?—I think so, because the other motive would be operating less strongly.

11,784. The manager, of course, is not a philosopher, and we will assume he is an ordinary practical man of business. Would he be actuated by ordinary business considerations in the discharge of his duty?—I think he would be actuated by ordinary business considerations in the discharge of his duty, but ordinary business considerations always give a very large part to the making of profit.

11,785. They do not, as a rule, allow much play for sentiment, even under a Government office?—Possibly. That is my case, that there would be more play for sentiment, because he happened to be employed by an employer who was not pressing for the largest amount of profit.

11,786. May I ask you, before I finish these small points about accidents: You talk about no provision for dust. The Act contains a provision for dealing with coal dust. There are very elaborate provisions in the Act, beginning with Section 62, which formed the subject, as I daresay you remember, some years ago, of very great discussion?—Yes.

11,787. Which discussion was the result of discussions in which the miners took part?—I am afraid that is the same point.

11,788. You give me the same answer to that?—Yes, that under private ownership of the mines the most stringent Act of Parliament with regard to the prevention of accidents cannot prevent accidents so efficaciously.

11,789. To put it shortly, although you admit that every one of these points is covered by law already, you say that the psychological effect is that the law is not so well enforced as it might otherwise be?—That is so. It is not possible to manage any industry on the basis of inhibition. Inhibition is a broken reed with regard to social organisation. It only comes in in the grossest cases.

11,790. You refer here to what I may call the financial effect of accidents on the employer. Do you agree with me that accidents cannot possibly pay an employer? I do not know whether you are familiar with some of the practices in the North. In the case of a fatal accident in the pit, the pit is idle for the rest of the day, or if it occurs after two o'clock in the afternoon, then it is idle the following day. I say nothing of the financial responsibility under the Workmen's Compensation Act. Surely must that not represent a dead loss to the employer?—Certainly. I am not contending that accidents are not a source of loss to the employer, that is to say, since the passing of the Workmen's Compensation Act or the Employers' Liability Act.

11,791. In the case I am putting to you, the loss which an employer suffers in the way I have described, much outweighs anything he suffers under the Workmen's Compensation Act, against which he may be insured?—Yes, I can believe that that is so.

11,792. Therefore, to put it on the lowest ground, there is the strongest possible motive on the part of the employer to obviate accidents?—To obviate fatal accidents.

11,793. Now let us come to the non-fatal accidents. As you know, under the Workmen's Compensation Act, there is a long-continuing liability?—Yes.

11,794. That cannot be altogether satisfactory to the employer?—I quite grant that an employer has to pay for accidents. My case was that he would have to pay more for preventing them.

11,795. There I join issue with you, I do not think he would. I notice that you refer to the Employers' Liability Act. That, I suppose, is a sort of historical reference. You knew, do you not, that that Act was very limited in its scope?—Yes, I remember that it was bitterly fought by the employers for a whole generation.

11,796. I am not here to defend the old-fashioned Toryism of the old class of employers, but you know that it was very limited in its operation?—It was discovered to be largely in consequence of the amendments which were inserted in the House of Commons when it was passed.

11,797. Was that Act not the result of a Special Committee about 1877 or 1878, of which Lord Bramwell, I believe, was the Chairman?—The first Act was 1880.

11,798. But before the Act was passed, there was a Special Committee which sat?—I do not think the Special Committee amounted to much; it was really due to the long-continued agitation of the miners' organisation and the railwaymen.

11,799. It was not an Insurance Act at all: it was simply an extension of the common law doctrine of negligence?—I would put it in another way. It was

29 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

a removal of some of the figments which had been invented by the lawyers for the protection of the employer.

11,800. Being a lawyer yourself, why do you speak so scornfully of lawyers?—What I am so passionately angry about is the way in which a whole generation was exploited for profit-making.

11,801. Then the whole thing is profit-making?—Yes, profit-making: it is not any special wickedness on the part of the employers.

11,802. Do you expect this world to go on unless it is actuated by motives of profit-making?—Yes, I do think the motive of self-interest and profit is a decaying motive which the world is already becoming fit to get rid of more and more. I think the ground is open for increasing the other motives which I think influence higher conduct.

11,803. You are more hopeful of a great moral change than I am?—It is not so much a moral change. May I suggest that we are all self-interested in a certain sense. There was a very clever remark made by a German a generation ago. He said: "The motive of profit and self-interest is like steam in a steam engine: I cannot tell what it will do or in what direction it will work until you tell me under what pressure it is working." Now, if you have a system of private ownership of business, very likely the motive of profit is indispeasable, but if you have another system—namely, that of nationalisation, then possibly you are altering the pressure under which the various motives are working; and so, without any moral improvement, you might get quite a different result.

11,804. You seem to me to lose sight so much of the everyday fact of the character of human nature?—No, pardon me, I was trying to explain that it was not so much the character of human nature as the pressure under which you make human nature work. You can alter the pressure under circumstances, and, therefore, get quite a different result from the same human nature.

11,805. Is not the pressure the result of human nature?—It is, but fortunately we are able to alter that, and in that sense we can alter human nature.

11,806. Now you come to the question of disease, and there you practically throw the blame, if I may use the expression, on the Home Office?—Hardly upon the Home Office, but upon the Home Office confronted with the strong opposition, and the quite natural opposition, of the private owners of the collieries.

11,807. Will you tell me, what evidence have you in support of that statement; when has there been any attempt made by the Home Office to effect a change which has been defeated by the influence of the employers?—I will give you the first one that comes into my head, namely, that the Home Office did propose in 1911 to make pithead baths universal, but it was met with such a torrent of opposition in the House of Commons that this had to be departed from, and pithead baths are still not compulsory at all.

11,808. Do you not think that that is one of those expedients that happen from time to time in the House of Commons?—I would rather put it down to the inveterate habit of compromise on the part of the Government.

11,809. It might be from their desire to get the Bill through?—The Home Office does what it can, but it finds so much resistance owing to the profit-making motive that it cannot get through what it would wish to get through; therefore it has to accept compromises.

11,810. Surely the Government is strong enough to carry anything like that through against the opposition?—I am afraid no Government is strong enough to carry a thing through against the opposition of the whole capitalist class.

11,811. You do not suggest that the whole capitalist class would oppose the institution of pithead baths, do you?—I am afraid that the organisation of capitalism is very potent.

11,812. But not so potent as your friends opposite?—I am afraid the result shows that it is more potent.

11,813. Then we must agree to differ. Now, with regard to infant mortality I observe the causes to

which you ascribe that, but do you not think that a good deal of the infant mortality is due to ignorance?

—Certainly, a great deal is due to ignorance, and a great deal to misconduct, but the point is that I do not know how to draw an indictment against these million of people who are miners as against the other million who are agricultural labourers. I do not believe that the girls who happen to marry miners are more ignorant in the total than the girls who marry agricultural labourers.

11,814. I am not talking so much of the housing conditions, but do you not think that their general conditions in which they live, their modes of life—do you not think that their habits of life and the conditions under which they generally live are not so conducive to health as those agriculturists?—I do not know about their habits, but I agree with you that the conditions of life under which they live are not so conducive to infantile health as in the case of the agricultural labourers, and it is to those conditions that I have directed attention. It may seem a small matter, but I cannot help believing that the special infantile mortality of the miner is due to their coming home in their pit clothes.

11,815. I cannot see that. I should be disposed to agree with you that bad housing affects it, but I do not think you can put it down so much to the way the collieries are carried on?—I put it down to dirt in the miners' cottages.

11,816. Have you been into many of the miners' cottages yourself?—Not many, but I have been into some.

11,817. Were they clean or dirty?—They varied; sometimes they were very dirty. I do not mean some of the cottages were; I only mean that at some periods of the day the operations were dirty.

11,818. Have you been in a miner's cottage when the father or son had just come home from the pit?—I have never actually seen the washing operation.

11,819. I have. I have seen them go into the bathroom to get the bath?—The cottage I went to had not a bath.

11,820. Do you not think that the cleanliness or otherwise of the house depends very much on the character of the occupier?—I think it depends very largely on the character of the occupier, but there is no reason to suppose that miners, apart from the special disability of having to bring the coal home with them in their clothes, are less cleanly than the agricultural labourer when you are dealing with the million. It is a startling thing that you have the whole million miners with two-thirds as great again a death rate among their infants as you will find among the whole million agricultural labourers.

11,821. You do not suggest that the miner is desirous to take a bath directly he comes home, though the bathroom may be there?—I have not struck one with a bathroom in my little experience, but the mere fact that a man does not take a bath directly he comes home is no part of the case. I venture to say he ought not to be in those working clothes at all.

11,822. Suppose the man does not take that view, why should you suggest that he is uncivilised just because he prefers to wash at home?—I am afraid my judgment as to whether he is uncivilised or not will depend on his mind. What I propose to do is to operate on his mind by providing facilities and making it convenient and comfortable, such as providing a pit uniform.

11,823. Do you mean pit clothes?—Yes.

11,824. He has pit clothes now?—Yes, but they should be kept at the pithead in a locker with a key. At first you would have some miners who would say they would not do it, and I should let them alone; but I believe in a very short time you would have a rapid increase among them. I am not speaking altogether without warrant when I am saying this. There is one colliery where they do have pithead baths, and when they were provided they found at first that there was some reluctance to use them; but what I have read in the reports is that that rapidly diminished, and that now a very large proportion of the miners make regular use of those pithead baths.

29 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

11,825. *Chairman*: Is that at Atherton?—Yes, at Atherton in Lancashire.

11,826. *Mr. R. W. Cooper*: So that really the difference between you and me comes to this: It is a difference between the bath being at the pithead and at the miner's house?—I think that is the vital difference; and very likely the lives of 30,000 or 40,000 babies a year depend on that. I cannot say that for certain, but I suggest that is the biggest cause of the mortality among the miners.

11,827. Does that remark of yours apply to a complete up-to-date modern cottage. That is to say, you say although a house may be a complete up-to-date house, simply because the bath is in the house instead of at the pit head, that that is the cause of the mortality?—That is a hypothetical case which I have not come across, and it is not likely to be the typical case for many years to come. Before you can have an up-to-date cottage throughout the whole industry a whole generation will have to elapse.

11,828. I can point to places where 30 per cent. of the houses are furnished with bathrooms?—I am glad to hear of that enlightened district; but if you take out the number of rooms which are available for the million miners' families at present, and the time it would take to convert those into five rooms and a scullery for each family, it would take a generation. I do not want to destroy quite so many babies' lives as that would involve.

11,829. This figure of 160 per 1,000 births, I understand, is from the Registrar-General's Returns?—Yes—for 1911.

11,830. I have a copy of Hansard for the 19th March, 1919, and I observe that Mr. Pratt, answering a question in the House of Commons, said in the following administrative counties, where over 10 per cent. of the total labour is the work of miners, the infantile mortality for the year 1915 was as compared with 110 for the United Kingdom as follows: Nottingham, 102; Derby, 128; Carmarthen, 102; Denbigh, 109; Glamorgan, 150—then he says that these figures may be taken as representative for these years.—I may observe that Mr. Pratt is a Junior Lord of the Treasury. When I go for statistics I go to the Registrar-General.

11,831. Where does the Junior Lord of the Treasury get his figures from?—I do not know.

11,832. He is speaking before the House of Commons.—Just as you are speaking from the brief that has just been given to you. You could get up your case better. May I explain? The statistical difficulty is this. It is not possible to get any useful figures unless you can take the whole class of miners as compared with another whole class. The comparison between the inhabitants of a given district and another district is not useful because they include people who are not miners. So far as I know the only case in which the statistics of the infantile mortality of a class have been taken out are those of the Registrar General in his report for 1911.

11,833. Now on the question of nationalisation, among the advantages which you suggest is the getting rid of competition, and I think it was already suggested by Sir Richard Redmayne that there was competition amongst collieries for stores for new equipment?—Yes.

11,834. Supposing there was only one buyer, namely, the State, do you not think that the persons with private stores for equipment would combine to make a ring against the State?—They might, but they could do it much less easily than they can against the collieries.

11,835. Surely that is not so, because if there are 1,500 people all coming to them with orders, why should they be able to combine any better against them than against the State when they have only one buyer coming to them?—As a matter of fact, of course, the State would promptly set to work to manufacture its own if it was held up.

11,836. Then it comes to this, that you would propose to nationalise stores and equipment as well?—No, I have not said that. This is not special to nationalisation; it is common to unification. I say if a national coal trust found that it could not get the best terms from the stores from which it bought

it would probably pay that concern to manufacture for itself. It does not pay any one of the 1,500 individually, but it would pay the State immensely.

11,837. You suggest that it should be that particular branch of trade?—I say that they would keep the contractor in order, just as the Government has kept the contractors in order during the war. I am not speaking without warrant. This question has been gone into very elaborately in connection with the Railway Companies. There are only a few scores of railway concerns effectively separated, but when it was looked into on behalf of the Government to see what economies could be made by single purchasing the requirements of the Railway Companies the estimated economies run into many millions—something like 20 per cent. on the cost of stores and equipment, owing to unified purchases. Of course, that has been the experience of one concern after another where a trust has been substituted for separate ownership, that the cost of obtaining the necessary apparatus and stores is found to be very much less.

11,838. Surely you would find that all these various suppliers of stores in the case of a national trust would not be content to die without a kick?—I think they might die with a kick.

11,839. Have you amongst your records any records showing the number of fatal accidents per 1,000 in mines over a long series of years?—Yes, the Home Office publish these statistics. They give the number of deaths per million tons. I have not the figures by me, but, of course, they show a very considerable reduction. (*Mr. Frank Hodges*): They have been put in. (*Sir L. Chiozza Money*): I asked for them. (*The Witness*): The fatal accidents show a considerable reduction per million tons, but I should like to point out that we have not any record in relation to the tonnage raised of the non-fatal accidents. The fatal accidents in mines are relatively so few, fortunately, that it would be much more satisfactory to have the way in which the number of accidents varied with the tonnage. At the same time I do not wish to suggest that there has not been a relative reduction in accidents in mining. It would be a very great disgrace to the industry if there had not been a reduction; but there has been a great reduction, certainly in fatal accidents, and, I expect, in other accidents.

11,840. You have already answered my question with regard to compensation, but I should like to ask you one or two questions about that. I observe in your pamphlet you set forth your views with regard to compensation?—Yes.

11,841. You there say, "There can be no justice in penalising a share and debenture holder in coal-mining companies more than those in other capitalist enterprises that we leave unexpropriated." Do you contemplate nationalising other enterprises as well as coal?—Really I am not able to keep up with the rate at which this is going on. The Government have decided to nationalise the generation of electricity, which is a large enterprise, and last December it was decided to nationalise the railways. I cannot keep up with it.

11,842. Then you look forward to other forms of nationalisation?—I think it is very probable.

11,843. Then you go on lower down to discuss the basis of valuation and say, the 16½ millions—that is sterling—which was proved to be the average profits of the coal industry, including royalties, for the five years preceding 1913, included incomes of different values which must be taken separately?—Yes.

11,844. You mean by that, of course, in ascertaining the capital value of royalties you would take a different number of year's purchase to those on which you would capitalise the value of the collieries?—Yes; as expressed by Lord Sumner's Committee, you take as a factor the number of years which represents the security.

11,845. You are not speaking of the royalty?—It is all the same to me.

11,846. Lord Sumner was dealing with commercial profits.—Pardon me, not exclusively. He was including the freehold interest in the buildings and land.

29 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

11,847. But then, of course, those two elements had not the differing values that these two have in the coal mines?—They have differing values which may be more or may be less. I think the principle is applicable.

11,848. My question is, why you in your proof go to Lord Sumner's Committee instead of adhering to your own pamphlet?—I do not think there is any difference between what I suggest in the pamphlet and Lord Sumner's Committee.

11,849. In your mind there is not intended to be any difference between the two?—No. I only quoted Lord Sumner's Committee because it is always desirable to shelter one's self behind a high authority, and, if possible, the House of Lords.

11,850. Lord Sumner's Committee, when they talk about interest, attached to it a special definition. I mean that is an expression used by them as defining what they mean?—Yes.

11,851. They also said that although they took a datum period special provision must be made for special circumstances?—Yes.

11,852. And so with regard to coal mines I take it you would have to make a special provision either way for special circumstances?—Yes, certainly; I have suggested it.

11,853. Now, a word or two about your plan of management. You suggest management by a district superintendent?—Yes.

11,854. Do you mean that one man to be a sort of district dictator?—No, I think that would only be a term of abuse when we did not like what he ordered. I meant administrator.

11,855. Who are to be in the majority on the proposed local Coal Council?—Really, I have not thought it necessary to be precise about that.

11,856. What interest do you think should preponderate or command the majority on the proposed local coal council?—I do not think it is very important where you have the majority, because I only propose that it should be an advisory and consultative council.

11,857. Is that all?—Yes.

11,858. Only advisory?—Yes, in all cases.

11,859. I understood what you said about pit committees being advisory?—Yes, I said it quite clearly.

11,860. If that was the case the real director or governor would be the district superintendent?—Yes, I have said so—to be assisted by the counsel and criticism of the local coal council; and I have suggested that it should consist of a certain number of the ablest managers and agents and representatives of the employees.

11,861. But only acting in an advisory capacity?—Only acting in an advisory capacity.

11,862. Therefore the real master of the manager would be the district superintendent?—That is my view. The final master would be the Minister of Mines.

11,863. What sized district are you thinking of?—That I am not competent to decide.

11,864. What have you in your mind?—I assume that Northumberland would be one district.

11,865. You know that Northumberland is one-third the size of Durham?—Yes; and I would take Durham as another.

11,866. Durham in peace time with 40 millions output represented by 100 different concerns—do you think one man could very well manage all those?—I think one man can manage the whole British Empire. There is no difficulty at all. It is only a question of hierarchy and sufficient members of the staff.

11,867. All the members of the hierarchy must be more than mere advisers?—Pardon me, in arranging an administration you do not consider how large it is. You put one man at the top.

11,868. Can you invest all with power?—Certainly. Everybody in the mine, in my view, right down to the youngest boy, will be invested with power and charged with a duty.

11,869. As between the manager of the mine and the District Superintendent, who would there be?—I have not provided for anybody in between those two, but of course if you had a very large district it might be desirable to have assistant superintendants.

I have not gone into that. There would still be a District Superintendent even if he had assistants.

11,870. I gather from what you say that you do not intend that there should be emulation among the State managers to produce their coal cheaply?—I hope there will be emulation with regard to every part of their work. The consideration of cheapening working costs would be only one; but I hope there would be just as much emulation in the prevention of accidents.

11,871. You think that would be stimulated by publicity?—Certainly, it is impossible without publicity.

11,872. Do you not think, human nature being what it is, managers would be more desirous to show cheap working coal and leave the expensive coal alone?—But the District Council would soon bring that to light.

11,873. Do you think that the District Council having the control of Durham could do it?—Certainly. Really, I must again fall back on general considerations. You only have one governing council for the British Empire.

11,874. You fall back on general considerations not unnaturally, but I put it to you—and I do not wish to do it offensively—that you yourself have no practical knowledge of carrying on a coal mine?—I am very glad to say I have not.

11,875. *Mr. Arthur Balfour*: I have heard your proof read with great interest. I take it, we may assume from it that you are unconditionally in favour of nationalisation?—Yes.

11,876. How have you been able to come to a final decision of that kind without having a big inquiry like that which we are holding at present?—It is necessary that people who study these questions should make up their minds. I have made myself master of such available information as there is on the coal question, and, after all, I am only responsible for forming an opinion, and I place that opinion at the disposal of the Commission without any desire that it should count for more than an opinion.

11,877. It is really an opinion without your having had an opportunity of investigating it on a large scale?—Pardon me, I have had an opportunity of investigating it on, perhaps, a larger scale than most people.

11,878. Where have you had that opportunity?—Truly, there is no actual case where it has been carried out on so large a scale. I have not, certainly, known any analogous case, but, after all, I have been studying public administration all my life. I have seen and written a great deal about public administration in all its forms, including a very great substitution of public administration for private enterprise which has been going on in the world for the last generation, probably greater than most people are aware. I have studied that. I cannot profess to know everything about it, but I have done my best, with my means, to obtain the material for forming a judgment by considering and investigating what has happened in a good many different countries and a great many different services. I actually was on the London County Council for 18 years, during which a great deal of municipalisation on a considerable scale was done, in which I took part.

11,879. If it was shown to you that the result of the German nationalisation of coal mines was a failure, would that alter your view at all?—There has never been any nationalisation of the coal mines in Germany.

11,880. But they have State owned mines?—Quite so. That is a different thing. The mere fact that the Government owns some of the establishments in a particular industry is not nationalisation of the industry, but something quite different to it.

11,881. Are you aware that the United Gladbeck, the Bergmangluek and the Waltrop mines in Germany were estimated to make a profit in 1915 of £455,000, whereas they actually made a loss of £2,576,000?—I am interested to hear that. Might I ask what was the object with which they were run?

11,882. The object was to make profit?—Was that the object with which the Prussian Government owned mines?

29 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

11,883. I think so. They estimated that one of those three mines would make a profit at the end of that time, the others a slight loss?—I take it from you; but if you have studied the history of the Prussian coal mines you will know that the object was not in the least to make a profit out of the coal mining; it was in order to obtain for its direct consumption the coal which it required for its railway and other sources, and to protect itself against the higher prices charged by the private enterprise coal mines, and until you can ascertain what the complete balance sheet is I do not think you can say that the Prussian Government made a mistake or not.

11,884. Of course those coal mines were run under military discipline?—They were not; as a matter of fact they were run under a stringent autocratic system.

11,885. Very much approaching military discipline?—That is a vague term.

11,886. It is quite clear that those State-owned mines in Germany have not helped them to pay for the war?—They have helped them to carry on the war.

11,887. It has not helped them to pay for the war?—They have not paid for the war yet.

11,888. With regard to the form of nationalisation which you have been good enough to sketch out here, do you believe that it would satisfy the aspirations of the Miners' Federation of Great Britain?—I think you would probably find the Miners' Federation would decide that it was a great improvement on the existing system and they would give it a trial. That is only my speculation as to what might happen.

11,889. Do you think it would be possible to divorce the management of mines from political influence?—I do, if you mean under Liberal and Tory influence.

11,890. You told us this morning the Minister would have to be responsible to the House of Commons?—Yes.

11,891. How could he manage under political pressure?—It depends upon what you mean by political pressure, but I meant free from political influence; I meant free from Liberal and Tory influence. I think it would be possible to make the appointments in a very much more unbiased and disinterested way than appointments are made now, and make them really free from a political bias. I believe it would be possible to carry on the mining industry without any reference to Liberal or Tory politics, as it is certainly possible to carry on the Post Office in that way. I do not think anyone has ever suggested that the Post Office administration is influenced by political pressure in that narrow sense.

11,892. How can an official be free from political influence if his chief is liable to political pressure in the House of Commons?—I was a Civil Servant for some years, and my chief was liable to that in the House of Commons, but I do not know that it affected me.

11,893. You told us this morning that you were unable to get your own way?—Yes, that is the condition of things in working in a great machine. The individual is never able to get all his own way, and it is just the same way in railway administration.

11,894. If that is so, how could you manage to secure freedom from political influence?—I must say *solvitur ambulando*. It is done. I can only suggest it is an advantage that an individual should not get his own way, but it is an advantage that he should be able to make his opinion felt with other people, and reason has to prevail. It is much easier to govern, as has been said, in a state of siege; but it is not good government.

11,895. Why do you want to hand over the coal mines of this country to a political machine liable to pressure and in which people would answer for it in the House of Commons by getting information or figures, if you like, which you do not think as reliable as the Registrar-General's?—No one's figures can be so reliable as the Registrar-General's. If you ask me why I am in favour of the nationalisation of the coal industry, it is because the organisation of the

industry at present is extremely inefficient, in my opinion, and costly and wasteful, with bad social results. Unification has become imperatively necessary, and the only form of unification which I can imagine is national ownership. That is why I am in favour of national ownership.

11,896. I want to take you to the point in Sir Richard Redmayne's evidence. I think you will agree that referred to the same problem and not to the other heads which you attached to it?—Really my recollection of Sir Richard Redmayne's evidence is quite the contrary. As a matter of fact Sir Richard Redmayne, as it so happened, did not refer to any one of those points which the Coal Conservation Committee mentioned, unless they mentioned the reduction of colliery consumption, which I do not quite remember. Practically speaking, Sir Richard Redmayne did not refer to that in this connection when he said that "the present system of individual ownership of collieries is extravagant and wasteful . . . whether viewed from the point of view of the coal mining industry as a whole or from the national point of view, and I think by thoughtful persons on both sides, both the owners, and the workmen, that is pretty generally accepted." Then he went on to state the reasons, and not one of them referred to the conservation of coal.

Mr. Arthur Balfour: I should like Sir Richard Redmayne to be recalled and for him to be asked what he meant. It is a very important point and it covers a very large field.

Chairman: Yes.

Witness: May I read what he said? It is—

"(1) Prevention of competition, leading to better selling prices for exported coal being secured. (2) Control of freights. (3) Economy of administration. (4) Provision of capital, allowing of quicker and more extensive development of backward mines. (5) More advantageous purchase of minerals. (6) Reduction of colliery consumption. (7) More harmonious relations between the workmen and the operators, due to steadier work and adequate remuneration of workmen. (8) Obliteration to a great extent of vested interests and middlemen. (9) Unification of the best knowledge and skill, leading to greater interchange of ideas and comparison of methods. If good results are obtained at one mine and bad in another, these results would be open to all to benefit therefrom."

Those were the advantages which Sir Richard Redmayne ascribed to collective production. That would include, of course, any form of unification, and not necessarily nationalisation.

Mr. Arthur Balfour: Sir, I think I should like to have Sir Richard Redmayne recalled at some time. I think it is very important.

Chairman: Yes. Sir Richard Redmayne's evidence on this point is on page 215 of the Shorthand Notes.

11,897. *Mr. Arthur Balfour (to the Witness)*: With regard to the health of the miners, are you in favour of a Ministry of Health?—Yes.

11,898. Would it be his business to look after the miners' health?—That point was elaborately gone into by Lord Haldane's Machinery of Government Committee in this very connection. Lord Haldane's Machinery of Government Committee contemplated the nationalisation of the mines with remarkable prescience. The Committee had to go into the question of the ultimate overlapping which would exist between the Health Ministry and a number of other Ministries. That question was gone into, and it was decided that where an industry was nationalised (Lord Haldane's Committee was really reckoning ahead) and carried on by the Government, it would be imperative that that Department should have a Minister of its own for reasons which were there given, and in that case the overlapping question would have to be dealt with by some sort of machinery such as a joint committee between the subject Ministry and the industry Ministry.

11,899. Would there not be constant clashing in that case?—There must be always clashing of Ministries. You cannot get a division of functions

29 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

between Ministries which does not lead to overlapping cases, and the various Ministries were distributed by that report, including a Ministry of Mines, in order to get a minimum of overlapping and a maximum of co-ordination.

11,900. With regard to housing, how long is it since you were in a miner's house?—I think it is some years.

11,901. How many years?—I do not remember, but I do not think I have been in a miner's cottage for 10 years certainly.

11,902. Are you aware that private owners have built very large villages of excellent cottages within the last six or seven years?—I am aware of that.

11,903. And that they are fitted with bathrooms?—Ycs. May I say I have not given any evidence as to the character of housing from my own knowledge or about housing at all, but I have only dealt with the facts as put in? I have not even said that the housing was bad.

11,904. Then you agree that the private owner has built a large number of very satisfactory houses?—I should not agree with that—the adverbs are not carefully selected. It is not a very large number of houses in relation to the need of the whole industry. Some private owners have built some decent cottages.

11,905. I have seen a very large number. Have you seen a large number?—No, and I will not contradict you, but I suggest that the adjective must be used in relation to the total. A very large number might be a thousand. If I saw a thousand, I should say it is a very large number, but it is nothing at all in comparison with the million.

11,906. I think if you will take the trouble to look at some of the villages, you will see that it is a large number?—Well, I am very glad to hear it.

11,907. On page 3 of your proof you state that you would be afraid that "a single monopolist concern, having tentacles in every constituency in the Kingdom" would be "far too powerful a leviathan to drag with a hook by the Home Office." You do not object then to tremendous trade unions with equal power, apparently?—I do not object at all, but I think that you have to take the steps necessary to prevent any one trade union being able to use its powers in a way detrimental to the public interest, and one of the ways to do that is to nationalise the industry.

11,908. And you would say the same thing of combinations of trade unions?—Yes.

11,909. How would you go about the necessary control?—As I say, generally the first step is to nationalise the industry. The Government, with the public behind it, is much more powerful than the employers.

11,910. Do you really believe that strikes would be less frequent if you nationalised the industry?—Yes. As I explained, a large proportion and perhaps a large number of strikes occur from all sorts of causes which ought not to happen, and which I do not think would happen in a public service.

11,911. Taking the war period, we have had some little experience of Government control of industry, and are you aware that the number of strikes which have taken place in the whole period have been almost entirely against the Government?—I do not think so. I think the large majority of the strikes in the war period have been against private employers. There have been very few strikes in Government establishments.

11,912. But the strikes which have taken place in private establishments have been against Government decisions and not against the employers?—I cannot understand that.

11,913. Do you agree to that?—No, I think the strike is against the private employer. It may be sometimes because the private employer has not carried out the decisions of the Government.

11,914. Are you aware that those strikes have been very largely due to delay in Government decisions?—That is one way of putting it. I have heard it put that they have been very largely due to delay in carrying out the decisions.

11,915. Are you aware that what you refer to as delay in carrying out the decisions has been due to

the Government having an imperfect understanding with regard to making orders which could not be carried out?—That is what the employers said.

11,916. Has not that been proved by enquiry made afterwards?—That I am not aware of.

11,917. Now, may I take you to the question of the continuous running of the pits?—Yes.

11,918. You said that you would get over the bad depressions of trade by stocking coal?—Yes, temporary depressions and slight depressions.

11,919. Wherever that stocking might take place is not material to the argument?—No, that is so.

11,920. That would mean stocking perhaps 10 per cent. of the output?—I do not know quite; I do not think so.

11,921. If you take the average output in a good year and a bad year, it is about 10 per cent.?—I do not think it is as much as that. I explained that you must make a distinction between small, local and temporary depressions which are by far the most numerous in number, and it is large cyclical depressions which have been in periods of 5 and 10 years. The small temporary and local depressions can be got over by the use of short-term stocking. On the other hand, the large cyclical general variations of production can be much more easily met by varying the number of people taken into the industry and by attention being paid to recruiting for the industry. If you provide for the facts as regards all the little depressions, you can provide for any variation of considerable magnitude by varying the rate of recruiting for the industry.

11,922. In other words, you would attempt to deal with the large depressions of trade by stocking on a large scale?—No, I said not. You would vary the rate at which you took people into the industry.

11,923. Of course you appreciate the loss on the coal stocked would be at least 10 per cent.?—I do not know how you reckon the loss. There would be a loss of interest.

11,924. By waste, and so on?—On that there is a certain diversity of opinion. The loss is very different on some coal from what it is on others.

11,925. If you were trying to operate a pit, you would have to operate it whether the coal was good for stocking or bad?—Yes, you would work each pit continuously.

11,926. Through the extent of that waste you would increase the overhead cost of coal throughout the country?—Yes, to the extent of any waste for that; but remember, in return for that you would have other improved conditions. You would have first of all the security which the stocks provided you with against any interruption of supply, which is very material, although you cannot put a money value upon it. Secondly, you would have a great saving in the cost of running which is involved in absolute continuity of production. Thirdly, you would have another thing which is not comparable in terms of money, and that is the very justifiable security to the colliery workers of their daily dinner: that would be secured to them, and their livelihood would not be interrupted by breaches of continuity.

11,927. To the extent to which you restricted the output by taking on less men or increased the stock, you would increase the cost by an increase in standing charges?—Yes, but you have to take into account the other factors by which you diminish the cost. I am not prepared to say that the net result would be an increase in the cost.

11,928. How could it be anything else?—No one could possibly state at this moment what would be the balancing effect of these two considerations. I have been asked this morning about collieries which only work three days a week. What is the cost of the collieries which work three days a week?—It must be considerably in excess of those which work six days a week. If you can avoid all that loss you have a considerable surplus to set off against any loss by stocking.

11,929. To avoid that loss you have to alter the human nature of the miner and persuade him to work six days a week?—No. I am not talking about that. It is the useless discontinuity which is not due to anything in the miner. I am not talking about absenteeism in collieries which only work three days a week. I do not want to run off into a defence of

29 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

the miner. What we are talking about is the defective management.

11,930. One of the best ways to increase production and also to pay higher wages would be to work full time, would it not?—That is what I am asserting. You cannot secure absolute continuity of working full time under an individual system of ownership of the collieries. It has been stated on behalf of the colliery owners time after time that in no possible way could you, under their system of individual ownership, prevent temporary interruption of working from one cause or another.

11,931. Apparently you can do that under nationalisation because you provide for stocking and restriction of output?—I have not mentioned restriction of output, and I do not propose that in any sense whatever. May I state that I propose that every colliery in State employment should work with absolute continuity unless there is a breakdown of machinery, which I should hope would not happen. I should say any Minister of Mines would deserve to be dismissed summarily if he were so culpable as not to arrange for his mines to work continuously. There is no difficulty in any unified system working the mines continuously, but it is impossible under individual management of the coal mines. It is quite easy under unified management. If you ask me how I do that, I point out at once that you do not work in order to keep pace with a constantly varying demand, but you work to a fixed demand which is in excess of that varying demand in order to provide for the building up of stocks. If you ask me whether I apply that to the great cyclical variations, I say no: those would be met, not by restriction of output in the sense of attempting to limit the output, but by restriction of recruiting to the number of men in the mine to produce the supply which is required.

(The Witness withdrew.)

Chairman: Gentlemen, I think it will be convenient, subject to your convenience, to give Mr. Sidney Webb a rest, and to take two witnesses who have to return to Glasgow and elsewhere. These are witnesses of the economist class, and we have heard a good many of them. Unless some gentleman

11,932. If the mine is laid out to produce a certain output, you would restrict the number of men?—No; I would restrict the number of recruits. I am not in favour of taking on more State officials—as these men would be—than there is work for them to do.

11,933. You would restrict the prospective persons in training for the mines?—Certainly. You would not take into the coal mines at a time when the production was greatly reduced quite so many of the boys who would go into the coal mines if the production were increasing year by year. But that happens now. The private owner does not take new men into his service when his production is decreasing. I am only proposing that what is now done unsystematically, and without knowledge of each other's requirements, should be done systematically in the light of statistics.

11,934. Do you believe nationalised coal mines at the end of 5 years would make or lose money?—I think the object of a national industry is not to make or lose money. The object of a nationalised coal industry is to supply coal, and supply it as required in the best possible way and at as little cost as possible, but it would not be the object of a nationalised industry to make money in the ordinary sense. I think what we have to do is to carry our minds from the notion of making money to the notion of performing public service, and let every one in the kingdom have the coal he wants when he wants it.

11,935. You would run it as a national coal charity?—No; I would not run it as a national coal charity. I think the Chancellor of the Exchequer would get a nice little return out of it as he does out of the Post Office, but the Post Office is not run for profits.

has a particular question to ask, it might be advisable to read their proofs and pay great attention to them, but not to have a cross-examination at too great a length.

First of all, I will call Mr. Graham Wallas.

MR. GRAHAM WALLAS, Sworn and Examined.

11,936. Chairman: I will read your proof, which is as follows:—

"I am Professor of Political Science in the University of London, and was a member of the MacDonnell Commission on the Civil Service (1912-1915). I am not a professed economist, but am familiar with some of the political and administrative arguments for and against "Nationalisation." Many of the arguments which I have heard used against nationalisation seem to me to involve a confusion between the results of large-scale organisation and those of nationalisation. The village carrier is impelled to be efficient by different motives from those which impel the State parcel-postman. But much, if not most, of that difference would also be found if one compared him with the man who delivers parcels for a large privately-owned railway company; or if one compared a village shopkeeper with one of the employees of a multiple-shop company, or of the Co-operative Wholesale Society.

Nearly all students are, I believe, agreed that the advantages of large-scale organisation of some kind outweigh its disadvantages in the case of railway service; and some students believe that the balance of advantage is on the same side in the case of the distribution of food in urban areas. I myself believe, though I have no expert knowledge of the technical facts, that large-scale organisation of some kind is an advantage in British coal-getting.

If so, the question is narrowed down to a comparison between nationalisation and other forms of large-scale organisation. Apparently, in the course of the discussion it is being further narrowed to a

comparison between the nationalisation and large-scale private administration with a considerable degree of State control. I shall myself consider the problem of nationalisation neither as an industrial nor as a technical, but as an administrative problem.

It is proposed that the State should become responsible for the appointment, discipline, promotion and control of perhaps twelve hundred thousand persons, men, boys, women and girls, ranging from the managers of great systems of pits down to pit-boys and girl typists. My own opinion is that this will be an advantage to the community if the State takes reasonable care in avoiding certain administrative dangers, and that it will be a disadvantage to the community if such care is not taken.

The most obvious administrative dangers may be summed up as follows:—

- (a) The coal-mining service might become corrupt in the ordinary sense. Posts might be sold by those who had the power to fill them, as posts in the British Civil Service were sold in the seventeenth and eighteenth centuries.
- (b) The service might get, in the American sense, "into politics." Posts and promotion would be given as a reward for political work or political subscriptions; and those who opposed the party which for the moment dominated either Parliament or the district concerned might be passed over or dismissed, or refused work.
- (c) The service might become, as some of the fifteenth and sixteenth century guilds became, a "family affair." Officials

29 April, 1919.]

MR. GRAHAM WALLAS.

[Continued.]

and workmen might acquire a customary right to appoint or admit to employment their sons or other relatives. Outsiders might only be admitted to work for which there were few applications, and superior and inferior hereditary grades would be thus created.

(d) Or all or some of these evils might develop sporadically and partially.

I should suppose that instances of all these evils might be found in the existing private administration of the industry. Any improvement in the conditions of the service which made admission to it more desirable than admission to other forms of employment would, of course, increase the danger, whether the industry were publicly or privately owned.

In approaching similar problems in the Civil Service, the Royal Commissions which have enquired into them (of which the Playfair, Ridley and MacDonnell Commissions have been the most important) have separated the forms of service into (i) administrative and clerical, (ii) technical, and (iii) manual.

The most elaborate system that has been built up in the British Civil Service is that providing for admission to and promotion in clerical and administrative work. The basis for this system is admission by open competitive examination in the subjects of a general education. It is believed that a properly educated young man or woman can be trained after appointment to do the administrative work even of such a technical department as the War Office or the Admiralty. The higher posts in this work are therefore normally given to those who have been trained in it. If this system is used to any extent in the mining service it would probably be well to require a certain knowledge of natural science in the examination, even from the future clerks and secretaries of the service. The present distinction between "Class I" appointments and those of a lower grade might be modified; and promotion might mainly depend rather on proved efficiency than on the examination by which the original appointment was made. Perhaps it would be well to hold the examinations not in London, but in the coal districts; so that the mass of the candidates, especially for the minor clerical posts, would normally come from those districts, and be familiar with their conditions.

The appointment of technical officers under the State, such as Government chemists, or engineers, or lawyers, or doctors, has hitherto been somewhat haphazard. The Playfair and Ridley Commissions practically ignored this problem. The MacDonnell Commission recommended that in the appointment of young men and women for technical posts reliance should mainly be placed on competitive examination in technical subjects, and that in the appointment of older persons to posts for which they might be expected to have been trained outside the service, all posts should be advertised and applications should be considered by technical committees of selection containing at least one representative of the Civil Service Commission. Since the technical work of coal mining is highly specialised, it would probably be found that the best men for the higher technical posts would be selected from those trained from youth in the service. If so, it will be necessary to provide carefully against "regionalism" in promotion. A brilliant young mining engineer should be able to look forward to the chance of appointment to an important post outside his own district. Care should also be taken that women shall be eligible for all work for which their powers are suited. I believe, for instance, that some of the best living "fossil botanists" are women.

The British State has hitherto given very little general attention to the problem of the best way of appointing, promoting and dismissing manual workers outside the Army, Navy and postal service. I do not know, for instance, that there exists in print any description of the actual forces which influence the appointment or refusal to appoint applicants for manual work in the State dockyards.

Appointment and promotion of manual workers to a service so large and complex as the coal-mining industry would be a comparatively new problem. It should be carefully enquired into as soon as nationalisation is decided on, and continuously watched during the development of the new system. The existing miners would, of course, be taken over by the State, and any system of filling new vacancies and making new appointments should probably be decentralised, and perhaps made to conform, as far as can be done without loss of efficiency, to the best local traditions.

The evidence given before the various Commissions on the Civil Service and my own administrative experience, both on the London School Board and on the London County Council, suggest to me that it would be well for the State, in taking over so large a new service, to consider carefully the right way of dealing with those cases of slackness and inefficiency (both on the administrative and on the technical side) which do not amount to gross misconduct. This problem also exists, of course, in large-scale private industry.

If the mines are nationalised, and particularly if examination is to be used to any considerable extent as a means of recruiting, it will be found that the problem of employment is closely bound up with that of the technical and general educational systems of the mining districts. Those who are engaged in the organisation of technical education and research should be brought into close contact with the whole system. A young engineer or chemist, for instance, whom it is proposed to promote to a higher grade of work, might well be given a short leave of absence, together with opportunities of research, either in Britain or in America, under the general direction of a high technical expert.

All these administrative problems would exist, and would have to be solved, whether the form of nationalisation adopted were administration by an ordinary Government Department or such a scheme of joint Governmental and vocational control as that proposed by Mr. Straker in his evidence.

An essential difference between coal-getting and other industries consists in the fact that the existing coal deposits when once exhausted cannot be renewed; so that each generation of the inhabitation of Great Britain has to decide how far it will prefer the interests of its successors to its own interest. In this all-important respect I believe that nationalisation would have an advantage over private ownership. The same man will, I believe, when he is acting as a voter or Member of Parliament, or Minister, or State official be more influenced by national interests in distant future than when he is acting as a shareholder, or manager, or member of a trade union."

11,937. *Mr. Sidney Webb*: I will only ask you a few questions, as your proof is very clear. You lay the main stress on the method by which the staff is obtained and promoted. That is the most important thing, is it not?—Yes.

11,938. And you point out that there is a danger in all State enterprise that the service might get either corrupt or be influenced by politics?—Yes.

11,939. But I gather that you do not suggest that that has been typical of modern British administration and that it has, to some extent, avoided those dangers?—When I was concerned in the administration of London education I saw the reality of some of the dangers. I was, for my first three years on the London School Board, the Whip of my party, and the Whip of a party sees the motives of everyone concerned, perhaps, in their most naked simplicity. I became then, for seven years, Chairman of the School Management Committee. We were dealing then with the problem which in some ways would be very like this of the miner; that is to say, we had a very large service—the County Council has, I suppose, about thirty or forty thousand teachers—nearly all of whom belonged to a great national organisation, the National Union of Teachers, with a very powerful electoral influence—and undoubtedly there was a period for some years before the County Council took

29 April, 1919.]

MR. GRAHAM WALLAS.

[Continued.]

over the work in which it was extremely difficult to avoid a real scandal in that respect, and where an ambitious assistant teacher might naturally hope for promotion if he interested himself in electioneering and the election of a prominent leader of the body. That evil came to an end, so far as I was able to observe when the County Council took over the work, because the County Council took certain precautions which were not taken at the School Board. It also came to an end because the County Council, I think, represented a larger interest, having financial and administrative interests not merely in one thing, and because it had definitely to feel that it was concerned with the raising of money, as well as with the saving of it. I did feel at that time that it was a very difficult problem, requiring constant forethought and constant observation to prevent evils of that sort appearing even under modern English conditions.

11,940. At any rate, you think it was successfully coped with in that instance, and could be successfully coped with on the lines you suggest?—Yes.

11,941. Moreover, I think you indicate, do you not, that analogous things happen in private enterprise?—I believe in America, where I have spent part of my time, the most scandalous instances of big organisations being in politics are very often cases where the organisations are under purely private ownership. The Boston and Maine Railroad, which corrupted the politics for ten years at least of three of the New England States, was all that time purely private. The Pennsylvania Railroad, whose best friends would not defend all its actions, was under private ownership. As soon as you get a highly organised body dealing with matters of high concern, in non-political ownership, it is used for political purposes.

11,942. Applying that to the alternative of a National Coal Trust, what do you think of the possible inconvenience of a National Coal Trust in this country?—I should have thought a coal trust over large parts of England might very easily, and very probably would, have the same sort of influence that The Pennsylvania Railroad Company had over Pennsylvania, or the Boston and Maine Railroad Company had over the politics of New Hampshire: that is to say, it and its officials would feel themselves forced. They would say they owed it to themselves to defend themselves against attack; they would feel forced to go into politics, and would be a source of corruption by their power of patronage in particular.

11,943. I suppose with regard to the particular means you suggest to be taken with regard to State employment, it would be hardly possible to enforce that with a national trust?—I should have thought, unless the national trust meant national administration, with only the name of a trust, it would be impossible to enforce what the Americans call civil service principles upon the day to day appointments and promotions of such bodies.

11,944. *Sir Allan Smith*: You condemn the American system?—I have stated certain evils which appear, so far as my experience goes, in certain large American public utility corporations.

11,945. And you expect us to avoid those evils?—Yes.

11,946. Are those evils due to any extent to the fact that public officials change with each government?—I think the particular evil I was thinking of, namely a large privately-owned and highly concentrated body dealing with a vital public utility and defending itself against legislation or administrative interference by interfering in politics, does not seem to me to be necessarily concerned with the change in the spoils system.

11,947. What is the spoils system?—That is the system by which, on a change of administration, the whole body of the civil servants in America used to go out of office, and other parties come in. That, as you know, has almost come to an end. With regard to the mass of public officials in America at this moment, the spoils system is very much restricted now.

11,948. Do you think there is any chance of any arrangement of that description, namely, the political power on industrial concerns in this country?—I should have thought that it was one of the great

threatening dangers. Take one industrial concern which is concerned with the sale of alcohol. I should have thought it was rather notorious that that particular industrial concern or set of concerns has felt itself bound to undertake large political activities.

11,949. You mean that it conducts a campaign through its members in Parliament?—And it employs its own officials and representatives in the districts for the purpose of strengthening its political position.

11,950. Then do you think any combination which conducts political activities is to be condemned?—I think all combinations are bound to do it, but I think the State under those circumstances is bound to take precautions against the corruption which might result from such activities.

11,951. What sort of corruption do you think would result from the political activities of the trade unions or Labour Party?—I think it is quite possible that if it was found that the right way to get into a pit, or the right way to get a check-weighmanship, or a clerkship, or one advantage or another at the pit, was to show yourself very active for the Labour party, that would in the end produce an undesirable state of things—both inefficient appointments and a corruption of politics. I think care ought to be taken that some other influence than the recommendation of the local Labour party agent should be brought to bear in the recruiting of the men.

11,952. Under nationalisation would you suggest, not only combinations of employers or capitalists, or whatever you like to call them, but also combinations of workpeople should be excluded, and men should be dealt with on their actual merits?—Again you are using large words. I am confining myself to the question of recruiting and promotion in the service, and I think, so far as possible, it ought to be avoided that in recruiting or promotion you depend upon the political activities either of employers or of workmen.

11,953. Or of membership of an association (say a capitalist association) or membership of a trade union (say a Labour party)?—Certainly, membership of a Labour party which would influence promotion would be disastrous.

11,954. Are you satisfied nationalisation is a desirable experiment?—I agree, if I may say so respectfully, with the statement in the Chairman's report, that the existing system may be held to have broken down. I think it has failed to produce industrial peace or the effective and economical production of coal.

11,955. May I interrupt you to point out a fact? The Chairman's report said, "even upon the evidence already given." Do you think it is possible that the evidence still to be given before the Commission may induce the Chairman to alter his opinion as to the present system of ownership and working in the coal industry?—That may be. I may have an opportunity of reading it, and I may be converted.

11,956. You take the Chairman as coming to that conclusion, and he states "even upon the evidence already given"?—That is so.

11,957. Going on your own ideas and your own convictions, and leaving the Chairman and his report alone, I ask you again, are you satisfied that it is a wise thing to enter into such an extraordinary experiment as nationalising the coal industry in this country?—That is my opinion.

11,958. Which?—That it is wise for us to do so.

11,959. Upon what do you ground your opinion?—I ground my opinion on my knowledge, on the one hand, of the present state of things, gathered from the evidence so far as I have been able to read it now, and other considerations within the last forty years, and from attempts to ascertain the facts from anything—

11,960. Let us have it bit by bit. Take the present state of things: What is the present state of things upon which you ground your opinion?—The fact that the Chairman's report has made that statement.

11,961. Then you are taking his words and not your own conviction?—No, my own conviction is based in part upon my reliance upon the Chairman; but at the same time, in so far as I have been able to read the evidence, and so far as I have, going about the industrial parts of England, been able to observe

29 April, 1919.]

MR. GRAHAM WALLAS.

[Continued.]

the facts, I have come to the same conclusion.

11,962. In coming to that conclusion have you been moved at all by the reference to the various points of argument, namely, housing, infantile mortality, prevention of accidents and diseases—have you been influenced by these points?—If I may say so, I have been influenced by my feeling that a nationalised industry can dovetail itself more conveniently with the other national activities than an industry on a very large scale in private hands. Mr. Harold Cox told us that he wanted to sell the London schools for what they would fetch and start with private adventure London schools. If all the London schools were private adventure schools, I myself think they would be worse schools, and they would be also more difficult to use for the purpose of national and London health and recreation and other purposes.

(The Witness withdrew.)

MR. J. H. JONES, Sworn and Examined.

11,966. *Chairman*: I believe you are Lecturer in Social Economics at Glasgow University?—Yes.

Chairman: The Secretary will read certain portions of the witness's proof, and Mr. Tawney and Mr. Balfour will ask questions.

Secretary:

“ SUGGESTIONS.

Suggestions for Reorganisation.

It follows from what has already been stated that, if it were practicable, experiment along different lines would be desirable. It is suggested that experiments of different kinds are practicable. There are several distinct coalfields, differing in geological features and perhaps in economic characteristics. These areas or fields may be kept separate for purposes of experiment, for, although they are in indirect competition (and sometimes direct), and the differences in the properties of the coals in different areas result in inter-area trade (e.g., anthracite coal may be sent from South Wales to the North; South Yorkshire coke appears to be used in some Staffordshire blast furnaces in preference to that supplied at lower prices from local ovens), they may be regarded substantially as economic entities.

The coal industry is clearly divided into two parts, mining and distribution.

Nationalisation for Scotland.

(a) *Mining*.—Nationalisation has not hitherto been defended in this memorandum. But it has never been tested, and it should be given a fair trial. It is suggested that the Scottish industry should be nationalised. The Scottish coalfield is not only remote from the others, it also seems to be fairly representative in the sense that it contains old and costly mines as well as new and prosperous ones, and many seams yet to be opened. The export trade is fairly important and relatively simple. The housing problem is more acute here than elsewhere, and will need special consideration. For the house-building industry in exclusively mining communities is regarded as highly speculative on account of the precariousness of the life of a mine.

Cartel or Joint Board for South Wales.

The South Wales field lies at the other extremity, and, for technical reasons, presents a more difficult problem. It should be controlled by a Cartel or Mining Board. A cartel is to be preferred to a trust, in that the fate of the industry would not then depend upon a few heads or directors.

The Cartel should be a Joint Board, upon which equal representation would be given to employers, workpeople, consumers and the State (which would also be the chief consumer). Its function would be to purchase the coal from the mine owners, and sell it to the consumers. The purchase price would be quoted “free on truck,” and vary only according to quality.

Deviations from the Quota price.

The difference between the purchase price and sale price (free on truck) would represent expenses of

11,963. Would you apply your mind to housing?—Yes. I say I think it would be more possible under nationalisation to dovetail the industry of getting coal with the industry of making good houses than under the system of private ownership.

11,964. Do you think the provision of good houses ought to be a national burden?—I think it ought to be a national object.

11,965. A national burden?—The question whether the London trams are a London burden is a question of finance. They do not cost anything, but finance is a matter of anxious consideration, and it may well be either that houses would be provided under circumstances which would not appear in the annual budget as a charge; or, on the other hand, that they might appear as a charge in the annual budget.

management plus a contribution towards a special compensation fund. The Board would distribute orders to the mine owners, the individual quota being determined at first by the producing capacity of the mine; but the owner would be permitted to supply additional quantities at prices below the fixed or standard price, the excess to be permitted varying with the extent of the reduction in price—thus x tons at $a/-$ per ton reduction, $(x+y)$ tons at $(a+b)/-$ per ton reduction, and so on. Stocks would thus be accumulated. Under normal conditions the subsequent quota of the mine would be increased pro rata, and the standard price adjusted. This would prevent owners from “dumping” during depression, for the subsequent regulated uniform or standard price would be affected thereby. Yet each firm would quote as much as possible below the standard price in order to retain its quota. The position of the individual mine owner would be (to use a technical phrase) similar to that of a monopolistic combination producing manufactured goods, the demand for which is highly elastic—which is a consummation to be desired.

Determination of the Quota Price.

The standard price would be determined at first substantially by the conditions prevailing in relatively poor mines—to be more precise (for it is a vital point) by the average cost of mining, say, that half of the total supply which is most costly to produce. (The traction is purely illustrative.) But the quota of the richer mines would gradually increase, and the standard price gradually fall (see last paragraph).

Effects of the Scheme.

There would therefore be needed a subsidy for the poorer mines, drawn from the profits of the Board. The subsidy would be pro rata with output, not producing capacity, and there would probably be reached in some cases a point at which a reduction in price, plus fair compensation for closing down a mine, would be better than the maintenance of the standard price. This would be in line with the present custom of scrapping machinery in manufacturing industries. The scheme would avoid the danger of a reduction in wages rates; it would prevent the sudden closing down of mines, allow workmen time to adjust themselves to new conditions, and preserve mines in existence as long as socially desirable; it would provide compensation to the owners where necessary; it would preserve initiative and stimulate enterprise, and considerably reduce the increment in profits due to geographic conditions and prevent that due to trade booms; it would stabilise prices (free on truck) and eliminate the speculative element, while securing a gradual downward tendency in relative prices. Mineowners, with a fairly assured market (yet one susceptible of relative growth) would concentrate upon industrial management, success in which would determine whether or not there would be growth. The Board would institute and maintain a Research and Commercial Institute, and the results would be available to all.

29 April, 1919.]

MR. J. H. JONES.

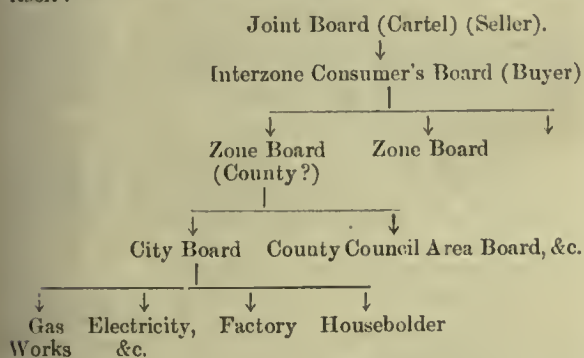
[Continued.]

Control by Workers.

The workmen's Union or Federation for the area would be represented on the Board. But further control is needed. The strength of the workers' claim to share in control is determined by their power to provide service, now and in the future. There is no question of "abstract right" involved. Not only should pithead committees be extended and strengthened, but it seems to me very desirable that a workers' delegate should be appointed as member of the Board of Directors. There are objections to this policy, even when the commercial function has been so largely taken over by the area Board; but they do not appear to outweigh the argument in favour of experiment along this line. Moreover, every workers' committee should be regarded as entitled to all the information now supplied to the shareholders. Under the above conditions there would appear to be no serious objection to profit-sharing—for wages would no longer fluctuate with the state of trade, as they do even at present, when prices are regarded as a test of profits.

(b) *Distribution.*—The export trade should be left in the hands of the Joint Board. Prices should be left to the higgling of the world market, but one-half of the excess of export price (free on truck) over home standard price (plus expenses incurred in the export trade) should be paid to the State, the other half being allowed to accumulate, as sinking fund, to assist in stabilising export trade during periods of depression.

Time will not permit a description of the scheme for distribution, but the following diagram explains itself:—



The "zones" represent the central feature—within each zone there should be a zone price to the various authorities (local and county) being the standard price (free in truck), and average freight to the zone. The local authorities could safely sell to retail dealers. The main object would be achieved, namely, to obviate danger of price associations between the retail dealer and the mine owner. Whether, apart from railway economies, there would be any considerable saving, is extremely doubtful.

Joint Control.

Reference has already been made to the system of joint control. In examining this system it is necessary to distinguish between private and State enterprise.

Private Enterprise.

In private enterprises there are at least five distinct forms of control which may be exercised by the workpeople. The first is that involved in the system known as "collective contract," first advocated by a small group of engineering workmen on the Clyde. Under this system the firm would supply buildings, machinery and materials, and the workers, through their committee, would undertake full responsibility for making the product, such as a marine engine, at a contract price. The term "worker" would cover all grades, from the manager to those who "fetch and carry." The internal management would be entirely in the hands of the committee, working, presumably, through existing managers and superintendents. The functions of the directors would be almost entirely commercial. Other considerations

apart, it is clear that the workers in the establishment would need to form themselves into an association able and willing to accept legal responsibilities, and that this fact alone places the system beyond the range of practical politics.

In the second form of joint control the shareholders and workpeople are regarded as two groups which should enter into partnership on equal terms. They would constitute a new type of firm, and enjoy equal representation upon the board of directors. But the directors are representatives appointed by the constituents to conduct the enterprise and to enter into legally enforceable contracts and take all the risks necessary to conduct that enterprise in an efficient manner. It will be generally agreed that ultimate control and responsibility are inseparable. The two parties would therefore require to accept joint legal responsibility and jointly to undertake risks. Such a scheme of joint control and responsibility would further necessitate an agreement, one clause of which would require to state that a given standard rate of wages was equivalent to a given standard rate of interest and to specify such standards; and that any variation in the excess profits (or in the deficit) would be divisible between the parties in a manner therein prescribed. Given an agreement of this character, the subsequent interests of the two parties would be more nearly parallel than they are at present. But there is no indication that such an agreement could be reached in the near future, partly because the workpeople would not undertake the legal responsibility already specified.

The third form of joint control is that already exercised over conditions of employment through Conciliation Boards and the machinery for applying the terms of general agreements to local conditions. The fourth is that proposed by the Whitley Committee. The fifth and last is the one adopted in the Cartel scheme suggested in this memorandum. It represents a compromise; but a compromise seems inevitable so long as the workpeople are not prepared jointly to undertake those legal obligations involved in contract.

State Enterprise.

As regards public enterprise, the State may either exercise supreme control, through a Minister, or set up some form of joint control on the lines suggested by Mr. Straker. Dual control is unsound in principle and would break down in practice. The first method is the only method which a democratic Government could employ. The functions of the workers' representatives must be either of an advisory character or, at most, administrative functions delegated by the Minister, by whom, moreover, they could be withdrawn."

11,967. *Mr. R. H. Tawney:* I think you make two main proposals. The first is the nationalisation of a single coalfield, the Scottish coalfield, and the second, State control. I understand you have no rooted objection to nationalisation, but you would like to see it tried first by way of experiment?—I have no prejudice against it.

11,968. You do not think it is an impracticable thing; you actually propose its application?—Apart from my own view, I think the position is prejudiced by the report of the Chairman, and it is a question of an alternative to the existing system, not whether or not I agree with the existing system.

11,969. You have recommended, not one alternative system, but one of two. You proposed nationalisation in one coalfield?—Yes.

11,970. You do not think it is the proposal of a mere theorist, but something that can be tried?—Yes, you can try experiments of all kinds.

11,971. Have you selected Scotland because of its special virtues?—Because I happen to live there!

11,972. Your second proposal, which you deal with at greater length, is the question of the Cartel or Joint Board. That is rather like the Westphalian Cartel, a sales agency?—At first sight it appears like the German Cartel system; to my mind it is the negation of it. The whole purpose of a Cartel system is to prevent any excess output. The purpose of mine

29 April, 1919.]

MR. J. H. JONES.

[Continued.]

is to prevent profiteering in the wider sense of the term and encourage excess outputs from those mines which are in the best position to provide such excesses.

11,973. About profiteering, I suppose you mean the danger of excessive prices and so on?—Yes.

11,974. Excuse me, if I ask a question which you have answered in your paper. Do I understand the customers are represented on the Cartel?—Yes.

11,975. Have you read the report of the Coal Conservation Committee?—Yes, I read it when it appeared.

11,976. You remember they point out various technical economies which would be possible with greater unification, or the removal of various defects, at any rate; for example, the waste of barrier coal and the lack of centralised pumping, and so on. Is it not one of the defects of a selling combination that you cannot get those economies of real unification?—There is a good deal to be said about the supposed economies of unification. May I take, for example, those nine points which Sir Richard Redmayne put forward before the Commission. The first so-called economy of unification is the fact that a combination would be able to extort very much higher prices in the foreign market than at present. That does not appear to be relevant to the question of economies of management under a unified system.

11,977. It is a separate economy?—I do not regard that as an economy at all.

11,978. It is an advantage which your Cartel would possess?—I think it is a question that is very likely to arise—and, personally, I would not like to see it—to exploit foreign countries more effectually than at present.

11,979. It would?—It might or might not.

11,980. It might exercise its power or not; in fact, it would possess the power?—The power is determined more by foreign competition than by individual competition at home.

11,981. I suggest to you the point to go upon is the unity of selling which would strengthen the collieries' position in the market. I began by asking you with regard to the first economies mentioned by Sir Richard Redmayne, which stand on a different level; there are others which are only realisable under unification?—Another referred to is the railways, which has nothing to do with coal-mining. The third was the provision of capital out of profits obtained from the export trade under new conditions. Three of the nine seem irrelevant to the question of the advantages to be derived from unification with regard to mining.

11,982. I accept that without admitting it. There are certain important economies that are only obtainable by unification?—I am not competent to judge the extent of those economies. I would suggest that the coal industry appears to an outsider to be in an entirely different position from the iron and steel trades. If you had a cartel in the iron and steel trades, there would be a possibility of manufacturing co-operation, which does not appear in the coal trade. I mean this: in the steel trade you have at the present time a worker producing to-day rods, to-morrow hoops, the third day bars, the next day sections, and so on, and many possible economies are lost on account of individual operations of that character, and a scheme of unification would effect many economies along those lines; but it seems to me that that consideration does not apply to anything like the same extent in the coal industry as in manufacturing industry.

11,983. You are alluding to the economies of standardisation?—Yes.

11,984. That is only one economy. I do not press this point if you have not considered it. A great volume of evidence has been given, and Sir Richard Redmayne is not the only one who has said this, and I refer you to the report of the Coal Conservation Committee that these are economies that can only be obtained under unification. What I want to know is whether mere unification with regard to selling alone would enable you to realise the other economies?—I think it would enable the districts to realise some of them, because all the energies of the people would be concentrated upon management. At the present time a man makes a profit

very often on the commercial side of the business. I have not very much experience of business, but the impression I have gathered from what I have seen is that the top people in a large firm are much more concerned with the foreign policy, if you like, of the business than they are with internal administration. I think that if you could commandeer all that energy, which you would do under a scheme of unification, you would go a long way to effecting the economies which complete centralisation of control would itself effect.

11,985. I do not dispute your statement that each man should attend to his job. It would not touch the question of the waste in unnecessary barrier-coal between the separate properties?—No.

11,986. Nor the waste of flooding the pits through not having centralised pumping, and so on. There are other technical economies of that kind which only unification can deal with. I do not deny the value of your scheme so far as it goes, but I suggest it does not go very far?—I am not sure. You have to consider the economy that would be effected by centralisation of control, but also the things you would lose by a form of unification which did not centralise control.

11,987. You say you must consider the things you would lose by a form of unification which did not centralise control. But there are some things you lose by non-centralised control?—I think you refer to the economies which are obtainable by the complete centralisation of control such as you have under a nationalised system. You have certain economies to which you have referred. On the other hand, you lose certain other economies which might be obtainable under a system of unification, but decentralised control. It is a question of balancing the two things. I would not say that centralised control is better than a scheme of unification which allowed full play with regard to initiative and enterprise.

11,988. Your scheme is a compromise?—Yes.

11,989. Does this system of centralisation allow you to realise certain of the social advantages offered by unification would it allow you to deal with bad housing and accidents? Each mine is to be left very much to manage itself as it likes, and you are merely to combine for selling purposes?—Yes.

11,990. Would it enable pressure to be brought on individual mine owners to level up the standard with regard to accidents and so on?—That question raises a very large point. If you take the whole industry by itself the reply is in the negative. If you take industry as a whole I think you have to assume there are certain functions such as factory inspection which require a separate Government Department, and it is a very moot point whether you do very much by taking the inspection of mining away from factory inspection altogether.

11,991. I am not sure that I follow you?—Suppose you nationalise the coal industry to-day, to-morrow the steel industry, and the third day the cotton industry and set up departments for the special industries. Each one would have a factory law of its own to administer. Then would arise the question in Parliament very quickly, whether or not it would be worth while taking these centralised administrative functions and group them together, and you might have in the end a new department of factory inspection such as you have at present.

11,992. That hypothesis is one of your own. I did not suggest that. I suggest under proper management of the coal mine you would not get the perpetual collision between the financial interest of the mine owner and the interest of the nation in preserving the lives of its members which you have now?—I fully agree.

11,993. To that extent it is a gain which is so great as to be incalculable. We are killing three men a day. I want to know whether under the scheme you propose it is not an immense disadvantage that you would not begin to realise that gain?—I think the point I am trying to make is rather different; it is not whether the three men a day should be saved, but whether the Coal Mines Department is the Department to provide the appliances of safety or to provide they shall be procured.

29 April, 1919.]

MR. J. H. JONES.

[Continued.]

11,991. Again we are at cross purposes. I am not suggesting for a moment when you nationalise the coal interests that you should abolish the inspection of coal mines. I suggest when you have a public service you have not this collision between the profit making interests of the private owner and the interest of the State in preserving life?—Yes.

11,995. So your scheme does not realize the full possibilities of unification?—I quite agree with you. The first point which I do not quite follow is, that you are bound to lose under a scheme of unification, but decentralised control, precisely those benefits to which you refer.

11,996. You are bound to lose under the scheme?—Under the scheme I suggest here.

11,997. Supposing you have a minister in Parliament who is hauled over the coals when a man is killed or an accident occurs, are not accidents more likely to be avoided than at the present time; does your scheme provide for that?—No.

11,998. Am I right in thinking that you suggest a subsidy should be paid from the surplus earnings of the more fortunate mines in aid of the poorer mines?—Provided the subsidy is required on account of the policy of the Board itself.

11,999. That is to say, provided you are satisfied that the mine is effectively administered?—Yes.

12,000. That the managers are doing their best and no waste?—Yes.

12,001. You see no objection to subsidising the profits of the less profitable mines?—It is in the scheme of nationalisation put forward by the Fabian Society.

12,002. Do you see any objection to that?—Under the scheme I do not.

12,003. You prefer it?—I prefer it.

12,004. Is it agreed it would be necessary to have stringent safe-guards to satisfy yourself that mines were not subsidized unnecessarily?—Yes.

12,005. Have you considered the use of a public costing system?—It is implied in what I say in the paragraph under "Control of Workers" or it is a corollary to that.

12,006. Are you satisfied that if you have a better costing system you could without the danger of

wasting money use the surplus of the more fruitful mines to subsidise the less?—Yes.

12,007. You speak of joint control. It is under the heading of "Control by Workers." Is there to be one representative of the workers on the board of directors?—Yes, one of the directors of the individual firms.

12,008. Is not that rather a limited form of Joint Control?—I suggest the possibility of a much greater degree of control, to which I have no objection, and which I would welcome provided the workpeople accepted the responsibility of control as well as the desired powers. It is in the second paragraph of the Supplementary Memorandum.

12,009. I suggest that this right to nominate a single director on the Board is a right which would be quite worthless in practice?—It is a compromise. I am sure that it is worthless, and for this reason. In the first place the suspicions of the miners would be very much reduced if they felt their own representatives were there when policies were being discussed. In the second place it would be a tremendous advantage from the point of view of the men if they were represented before a point had crystallised and presented as a complete thing to the workmen themselves for discussion.

12,010. It is hardly joint control; it is not very "joint"?—The whole thing hangs on the second paragraph of the Supplementary Memorandum.

12,011. *Mr. Arthur Balfour*: I take it you feel there is not sufficient precedent to warrant the risk of complete nationalisation straight off?—I have no prejudice against nationalisation. My prejudice on the whole is in favour, I think. But I do feel that here for the first time in the history of this country we have an opportunity of experimental legislation, and it does seem a great pity that we should take a huge leap in the dark when we could walk forward slowly and feel our way.

12,012. You would not be in favour of any gradual system to subsidise the export trade of coal against the home coal?—You mean the policy of dumping?

12,013. Yes, the policy of dumping abroad?—No.

(The Witness withdrew.)

(Adjourned to to-morrow morning at 11 o'clock.)

SECOND STAGE—FIFTH DAY.

WEDNESDAY, 30TH APRIL, 1919.

PRESENT :

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. R. W. COOPER.

SIR ARTHUR DUCKHAM.

MR. J. T. FORGIE.

MR. FRANK HODGES.

SIR LEO CHIOZZA MONEY.

MR. ROBERT SMILLIE.

SIR ALLAN M. SMITH.

MR. HERBERT SMITH.

MR. R. H. TAWNEY.

MR. SIDNEY WEBB.

MR. EVAN WILLIAMS.

SIR RICHARD A. S. REDMAYNE (*Assessor*).

MR. ARNOLD D. McNAIR (*Secretary*).

MR. GILBERT STONE (*Assistant Secretary*).

Mr. Arthur Balfour: Sir, may I ask that the Trades Disputes Act, 1906, be circulated to the Commissioners?

Chairman: Yes, it shall be circulated at once.

Mr. SIDNEY WEBB, Recalled.

12,014. *Mr. Evan Williams*: You have quite made up your mind, I gather, that nationalisation is the best means of conducting the coal industry?—If I had to give a decision at this moment, I should

certainly act upon that principle, but I hope I am always willing to be corrected and to learn, and therefore it is only a question of your asking me my opinion at this moment.

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

12,015. So that you have an open mind on the matter?—I have quite an open mind on all subjects.

12,016. And you are quite prepared to change your mind upon this matter if it is proved that all these advantages which you claim for nationalisation can be procured by some other means?—I should certainly be prepared to give very sympathetic consideration to any alternative.

12,017. Your present opinion is founded, as you say, upon a study of these matters?—Yes.

12,018. Both as regards production and distribution?—Yes.

12,019. With regard to production in the first place, are your conclusions based upon a close observation of the practical working of the industry?—Of all industries generally—not particularly coal.

12,020. Have you given to this industry any close observation?—Not any thing that could be called close observation over any long term.

12,021. To what extent have you given any observation to the working of the coal industry?—I have never been personally engaged in the working of the coal industry.

12,022. Have you ever been down a colliery?—I have once been down a coal mine a long time ago, but I do not give anything for that. Anyone going down a coal mine does not see any more than he is asked to see.

12,023. I quite agree with you. Have you, in forming your opinion, based your conclusions at all upon the opinions of persons practically engaged in the industry?—I have endeavoured to consult persons personally engaged in the industry, but my experience has been that those engaged in the industry on the owners' side (may I say?) are very unwilling even to consider the possibility of any change in the industry, and when I was concerned three years ago with writing the pamphlet which has been referred to (it was then a chapter in a book) I sought information from various people, but I found it impossible to induce any colliery owner, or shareholder, or manager, or mining engineer, that I could get at even to reveal any of the secrets of the existing organisation.

12,024. You did not find any one of them who had any idea that nationalisation would be an improvement in the management of the industry?—I am sorry to say I did not find many of them who had any ideas at all: they were practical men.

12,025. Without ideas?—Yes. That, I venture to say, is one of the great evils of the existing profit-making system in coal mining as in other industries, that the practical men are men shockingly destitute of ideas.

12,026. So that you attach no value to the opinion of practical men upon this matter at all?—I should attach very great value to the opinion of practical men upon the subject if I could get it, but they are so seldom willing to form an opinion.

12,027. If you do get it on this Commission, you would attach considerable value to it?—I should attach all the value to it which commended itself from the intellectual character of the gentleman who was giving evidence. You see this is a subject which requires a consideration of general ideas, and merely working in a coal pit or in a coal mining office will not give you general ideas. It is a question of statesmanship.

12,028. So that you really attach more importance to the opinion of the theorist in this matter than the practical man?—In the English language—especially on the lips of practical men—"theorist" is generally used as a term of abuse. It really ought to be the highest term of praise. Therefore, it is difficult to know in what sense it is used. As a matter of fact I suggest that this is a question for, in the literal sense of the word, statesmanship.

12,029. Without consideration of the view of the practical man at all?—No; any statesman takes into consideration all the views of everyone he can get because he has to deal with them.

12,030. But your opinion is formed without the aid of those views?—No, I have taken advantage of all the views I could get, and especially everything that was in print, and as much as I could get orally, and I could not do any more. May I explain that I think it is desirable, and perhaps even a duty, that people should formulate views on subjects like this, even if they have not the whole of the information. When I wrote that particular pamphlet three years ago I deliberately did it, although I had not the fullest possible information, because I thought it was high time that something was set down definitely in order that it might be corrected. I am sorry to say that so far as I can discover from the whole of the coal-mining industry there has been no serious criticism of that pamphlet so far as my knowledge goes. I do not say it is not open to criticism, but I only regret that the coal-mining industry never took the trouble to criticise it or even to consider the proposal.

12,031. There may be several reasons for that?—Yes, there may be.

12,032. Do you want to nationalise the coal industry more particularly than any other?—I think industries become ripe for nationalisation at different dates and stages. The coal industry is one of the first which admits of nationalisation.

12,033. You think the coal industry has ripened to that stage?—I think it has become imperative in the national interest that it should be promptly turned into national ownership. There is a very serious national loss every week and year that it is delayed.

12,034. And you are convinced of that?—I am convinced of that at present, but I am here to be converted.

12,035. I suppose, following that, you would nationalise every industry in turn?—Between now and infinity possibly that might happen.

12,036. What is there in particular in the coal industry that makes it to your mind the first that should be nationalised?—I do not say the first; I said one of the first. In the first place coal is an article of common necessity which is of vital interest to our industries. In the second place, it is an industry which is very badly organised at present, and suffering very seriously from disorganisation or lack of organisation on all hands. There are the distributors who are unorganised and inefficient—men inefficient by reason of the distribution system. The coal mines are unorganised, and therefore inefficient as a system; and even the royalty owners are unorganised, causing sometimes a great deal of trouble.

12,037. I shall ask you upon what you base that presently. Do you disapprove profit-making at all?—I think it is a low motive and corrupting.

12,038. And you think it should be done away with altogether?—No. You cannot actually do away with motive by Act of Parliament, but I think a form of organisation could be devised which would give less scope to that motive and more to other motives.

12,039. You would like to do away with it, would you not?—I have not any such pretensions as that, but I would give as little scope to profit making as the state of organisation would permit.

12,040. Even if the results to the nation from the present profit-making system were better?—In that case if the results to the nation of the present profit-making system were better, I should not condemn it.

12,041. Is it not up to those who advocate nationalisation to show that the nation would be better off as a whole than under the present system?—I think the matter is a little shifted; it is for those in the dock to show profit-making is worthy of being continued. It is profit-making which is on its trial at the moment.

12,042. Is the man in the dock to be condemned unless he can prove himself innocent?—No, I do not suggest that.

30 April, 1919.]

MR. SIDNEY WERN.

[Continued.]

12,043. But it comes to that, does it not?—No, I was following your metaphor. It is not for me to prove my case except as an indictment of profit making.

12,044. If you propose to substitute something for the present system, surely it is up to you to show that the proposed substitution is better?—I am willing to take it on that line, but the exculpation of profit-making does not depend upon that.

12,045. Is there anything in what you have written before or in your proof that shows that nationalisation is going to be better, or which proves it?—That is really a matter of opinion. I think myself that there is, but I should not wish to impose that opinion upon anyone else. What I have written stands for itself.

12,046. Is it any more than a condemnation of the present system?—I think it is.

12,047. I grant you that, to the extent that it is a suggestion of something better, but without any proof of that?—If I may say so, in the strict sense of the word "proof," it is impossible to prove anything about something which does not yet exist. I have not pretended to prove that.

12,048. You suggest it really as an experiment?—No. Again, if I may say so, that is a dyslogistic way of putting it. As a matter of fact, to do nothing is an experiment. At the present moment for the Government to do nothing in this matter is to my mind a very serious experiment, which is weak by week having palpably bad results. It is the resource of weak minds to believe that doing nothing is to avoid a decision, but really it is as great and as momentous a decision as doing something.

12,049. Do you consider releasing an industry from control by the Government is doing nothing?—I did not say that. Whether you want to release the industry from control is an arguable matter. I was only protesting against a policy of inaction.

12,050. Would you call that an experiment?—Yes. All these things are experiments.

12,051. You mean that a reversion to the pre-war state would be an experiment?—A reversion to the pre-war state would be a most grave experiment fraught with grave national peril, but there is no chance of that.

12,052. I suppose that is what is intended to be done in all other industries?—I hope not; if so, there will be trouble.

12,053. Of course I do not suggest that any other industry will be reorganised in the way you suggest with regard to the coal industry?—Let us keep to the principles. There will be trouble if there is any attempt to revert to pre-war conditions.

12,054. Is there going to be no trouble if there is a radical change of this kind in the coal industry?—Probably. I do not make any suggestion to the contrary.

12,055. I understand that you claim in the coal industry under nationalisation you would get better wages for the workmen and better conditions of life?—I have not actually put it in that way, but I should say nationalisation will conduce to better conditions of life certainly, and better conditions of employment in the large sense.

12,056. Without higher wages?—I did not say without higher wages. I think there might be possibly higher wages, and there probably will be higher wages.

12,057. Do you expect the price of coal to come down?—No, I cannot tell you about that, but I say that it is possible even that the price of coal might come down.

12,058. With higher wages?—Yes, with higher wages.

12,059. And a lowering of the price of coal?—Yes.

12,060. Is there any profit to be made by the State out of working the coal?—I think that is a possibility.

The mines would not be run for the sake of profit, but as you cannot run any national enterprise with an exact figure, there would probably be an incidental profit as in the Post Office.

12,061. Do you think the nation could stand the running of big industries of this kind without profit?—Pardon me! I did not suggest it should be run without profit. On the contrary, I was suggesting it would be inevitably run with profit as the Post Office is.

12,062. Would it be as great a profit as at the present time?—I do not think it is necessary or desirable that the State should make as large a profit out of the coalmining industry as the present owners and royalty owners are making. I do not think that is an advantage. It is not to the advantage of the nation that individuals should make profit, but it is very often to the detriment of the nation.

12,063. That is to say, that there should be production at such a cost as to leave a margin of profit; do you think that is detrimental to the nation?—No, quite the contrary; I was expressing quite the contrary view.

12,064. But is not that what it comes to?—No, it is not. What I mean is, that a profit which provides the capitalist with anything more than is absolutely necessary for the carrying on of the industry is a loss to the nation and a waste.

12,065. Is not that excess of profit which is more than necessary to carry on the industry devoted to carrying on other industries either in this country or abroad?—I do not understand. In so far as there is any profit to any individual other than what is absolutely required for the carrying on of the business, I suggest it is from the economical point of view a loss and a waste.

12,066. Even if that profit is derived from abroad by the export of coal, for instance?—That is an attempt to levy tribute on foreign countries which I do not think on the whole pays in this country.

12,067. Coming down to the actual practical question of the financial condition of this country at the present time, do you not think it is imperative that every industry should be run at the highest possible profit?—No. I think for every industry to be run at the highest possible profit would be ruinous to this country, because it would mean the diversion of an unnecessary part of the product for consumption in an unnecessary way. The profits of the capitalists are not an advantage to the nation, but a loss to the nation, in so far as they are not absolutely required to carry on the business. There is no advantage to the nation in the capitalists getting higher profits. There is only an advantage in their getting just enough, and even that we may be able to dispense with under other conditions. But the advantage of higher profit is non-existent: it is a loss.

12,068. This is, of course, an academic question, but it is a serious one as to whether this war is to be paid for by this country?—Yes, but I have never heard it suggested that the war could be paid for by the capitalist getting higher profits. All the profits that go to the capitalist are a detriment to our paying for the war.

12,069. On what is taxation to be levied to carry on the government of this country?—It surely cannot be suggested that it is desirable to pay high profits to the capitalist in order that the State should get back a small proportion of that profit in taxes. That is a ruinous method of finance. It is putting butter into the dog's mouth in the hope of getting some of it out.

12,070. I do not think the comparison between putting butter in a dog's mouth and taxing the profits of the capitalist is at all a fair one in this matter. However, I think we are digressing. You are suggesting a very elaborate administration to carry on the coal trade as a national industry?—But it is much less elaborate than the present system, I may observe.

12,071. Do you think the administration you propose would be entirely an addition to the present

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

administration?—It would be in substitution for the work of the present administration.

12,072. What part of the present administration is going to be done away with by your suggestion?—I first of all propose that the existing shareholders and debenture holders should be relieved from any function which they perform in the administration and in return for which they receive a considerable income. Then, secondly, the great mass of the directors of the companies would be relieved except in so far as some of them might serve on the advisory councils. Then a large part of the administration of the administrators in the distribution trade would be relieved.

12,073. I am confining myself to the production side for the moment?—Yes, but the case includes distribution. It is very difficult to separate one from the other.

12,074. I think they are easily separated. I am speaking now of the production side of the industry?—Yes. The difference would be this: that you would have a Minister and certain district superintendents instead of 1,500 Boards of Directors.

12,075. The shareholders, of course, you eliminate, and you pay them interest on capital in future, or what will represent their capital in Government stock, so that that makes nothing either here or there in the matter?—Personally I have suggested all the shareholders and other interests should be adequately compensated according to the principles laid down by Lord Sumner's Committee.

12,076. Have you made any sort of estimate as to the number of people you would require for the central and local administration?—No.

12,077. Have you made any estimate of the cost of it?—No; because I think it is impossible to draw up any precise plan, and it is merely in order to be of some service to the Commission that I have put down the heads of the plan that I think might be adopted.

12,078. Do you not think it is inevitable that there must be a very large increase in staff?—No. I think on the contrary there would be a probable diminution in staff except in so far as very important functions, which it is to my mind almost criminal of the present industry to be without, would have to be supplied in any efficient industry.

12,079. You are referring to research work, are you not?—Yes, and statistical work and costing and precautions against accidents. All the new services would, of course, involve new staff.

12,080. Is it your experience that a Government Department is managed with a smaller staff than a privately-owned concern is?—Yes, that is my experience. In so far as you can compare like with like, a Government Department is managed with a smaller staff than the corresponding system of administration is managed under separate ownership in an industry. The reason is this—the number of the Government staff is known and their salaries are entered in an estimate; the number of the staffs employed by the colliery companies, for instance, is not known and their salaries are not entered in any common estimate.

12,081. Do you suggest they employ more persons than are necessary?—No, I do not suggest that at all. I think they have a silly system; that is to say, if you divide your 3,000 mines up between 1,500 separate companies and you have several thousands of distribution firms, that necessarily involves more work and more staff than if you have any single organisation. It is not a question of Government, but a question of having a single organisation instead of this chaos of warring atoms.

12,082. Do you suggest there would be a single man less employed on the staff of a colliery under nationalisation?—I have already pointed out that probably there would be new departments of work undertaken which would involve an increased staff.

12,083. But I mean apart from new departments altogether?—I can only suggest that if I had the organisation of the coal distribution of London, I do not think I should spend so much on establishment expenses as the £800,000 a year which is now allowed.

12,084. I am not speaking of distribution but of production?—If you give me up distribution, then perhaps I shall be able to save something towards an increase in the staff of the colliery, but I am not admitting there is going to be an increase.

12,085. That is not an answer to my question?—I have tried to answer that there would be a number of new departments for work which is now neglected.

12,086. I ask you to confine yourself to the existing departments. Do you suggest there would be one single man less employed at any one particular colliery controlled as it is at the present time?—If you mean the staff of a particular colliery, certainly I think there would be no man less in fact, but the colliery would probably appoint a safety manager in addition to the present management. I think it is very likely. I was not referring to a particular colliery, but to the organisation of the industry. After all, a colliery is not the coal trade.

12,087. No, but it has to be organised by units?—Yes. I do not know that I can help you. I have not suggested there would be any fewer men employed at any particular colliery. I have suggested that the office organisation of the industry would be relieved of a certain number of people.

12,088. Is not your inability to help rather due to your want of knowledge on the matter?—No; I think on the contrary that I have rather considerable experience in this matter of organisation of staffs.

12,089. Of collieries?—No. I have not troubled to organise a colliery. I have not had the opportunity, and I have not suggested that the organisation of the colliery—if you want to go down to that detail—will be altered, but it is the organisation of the industry.

12,090. Would the organisation in a district not require a very large addition to the present staff?—I think there would be for the new functions.

12,091. I mean for the co-ordinating of these collieries and keeping them in line with one another?—Have they been co-ordinated at present?

12,092. No?—Then it was a new function. If you mean that the fact that they have gone on without any co-ordination at present will involve a staff to co-ordinate them, certainly. That is part of the price—the very small price—which you have to pay for co-ordination, which is a new function.

12,093. Would not the co-ordination of districts involve a very large staff again?—No, I think not. I think it will be very cheap compared with the advantages. I am quite sure if you were to go to an American organiser of industry and propose to him the possibility of uniting the 1,500 coal concerns into one combine, he would regard the opportunity of co-ordinating—especially scientific costing and comparison—as a source of very great economies. It is not a question of nationalisation, but of one form of organisation as compared with another. Unification would make the same economies and the same advantages as it chose, but it would have no motive other than profit-making.

12,094. It is a matter of opinion?—Everything is a matter of opinion, of course.

12,095. If those who have practical knowledge of the industry disagree with you, what would you say?—I should estimate, of course, the value of any man's judgment, not by his knowledge of coal, or even his knowledge of a colliery, but by his knowledge of the possibilities that are open to him by scientific costing and comparison of a really efficient organisation of the industry which does not exist in the coal trade.

12,096. Are you sure that it does not exist in the coal trade?—Yes. I do not think anyone has ever suggested that the organisation of the coal trade at the present time is efficient.

12,097. No one has suggested that it is perfection, but I submit to you that there has been no evidence that it is inefficient?—We have it in evidence from Sir Richard Redmayne "that the organisation is extravagant and wasteful is generally accepted." At

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

any rate it is Sir Richard Redmayne's opinion, and he has given in evidence that it is generally accepted that it is extravagant and wasteful. I should not put myself up as an authority against that statement.

12,098. And you think Sir Richard Redmayne's statement applies to the industry as a whole?—Certainly it did as a whole, but not in detail.

12,099. And that is the only opinion upon which you base your view that the industry is inefficient?—Pardon me!—not quite the only opinion. If you remember for the last 100 years there has been a stream of controversy as to the desirability of combinations in the coal trade.

12,100. I do not remember the last 100 years?—I need not remind you of the very extensive arguments and discussions that there have been, and always the argument has been that the industry was inefficiently organised and that if it could be only combined it would be then very much more efficiently organised, but the owners have never been able to combine.

12,101. I think we may have an opportunity of asking Sir Richard Redmayne what he did actually mean?—Well, we have in evidence what he said.

12,102. With regard to the distribution, have we had any evidence at all on this Commission of the conditions before the war?—Yes, I think so.

12,103. Was not the whole of the evidence confined to conditions during the war?—No. We had evidence from the Coal Controller's Department of what the expenses and profits of the distributing firms in London had been before the war, because he endeavoured to keep them at the same rate.

12,104. Was it not your complaint that he had given them extravagant amounts in excess of the profit they would have made before the war?—No, that is not quite it. He had endeavoured to keep it at the same rate; and, because the tonnage was reduced, to keep the same amount of profit for each firm it was necessary to raise the allowance per ton. I do not think it has been suggested that a larger profit has been made in the distribution of coal in London than before the war in the aggregate. The figures were the normal figures, so far as the Coal Controller could ascertain.

12,105. But all the evidence we have got, apart from the profit on the distribution of coal, was for the war period?—I submit not. I submit that the Coal Controller's Department gave evidence as to what they found the profits to have been in the pre-war period.

12,106. I say apart from that one bit of evidence about the pre-war profits?—Yes, but consider how important was that piece of evidence. That was official evidence based upon examination of the books of the firms for London.

12,107. That is apart from profit?—No. I am speaking of profits.

12,108. Leaving profit aside, have we any sort of evidence as to the distribution of coal other than that which obtained during the war period?—I am afraid I am not able to understand. I think we have had evidence.

12,109. I do not think we have?—I am sorry. I do not know how far you suggest it would be desirable to go back.

12,110. I mean the whole of your comparison, if it is made upon the evidence that has been given here, is a comparison with an entirely abnormal period?—I really must protest against that. That is an attempt to discredit or weaken the evidence given by the Coal Controller's Department, who gave evidence of a very valuable kind and very convincing kind, and not merely with regard to war conditions. It was evidence of a very convincing kind as to the actual cost and expenses and profits of the pre-war period, and that evidence might perhaps be impugned, but it has not been impugned and it stands.

12,111. That is as to profits?—No, as to expenses as well. Surely it will be within the recollection of the Commission that tables were put in showing what the distribution costs were for each item in the pre-war period and for the period during the war. That was evidence which was as valuable evidence in respect of the pre-war period as for the post-war period.

12,112. That is still on the question of cost and the margin over and above cost. It really comes back to that?—I beg your pardon. Is there anything else?

12,113. I mean the method of distribution of coal over the country. We did not get any evidence as to the pre-war period?—I do not think any evidence has been given as to the method of distribution of coal over the country except incidentally.

12,114. Except for the war period?—No, it is not a question of the war period. There has been no evidence given about it.

12,115. There has been a good deal of evidence?—I do not agree. There is a considerable amount of evidence as to the railway distribution of coal in the pre-war period, and separate ownership of the trucks, and as to the smallness of each consignment. We were told that on the London & North Western Railway 80 per cent. of all the coal carried by that railway went in consignments of under 20 tons, and consequently at very increased expense. That has been given in evidence, and I give it in evidence now.

12,116. Was it given in evidence that that was a cause of increased expense?—Yes.

12,117. By whom?—It has not been given in evidence here, but it was given in evidence by Sir James Inglis before one of the Committees.

12,118. While we are on that point, do you suggest it is possible to distribute coal in bigger quantities than that all over the country?—Yes, and it is done already in this country in certain cases.

12,119. Yes, where more is required. Do you suggest country stations should get their deliveries in bigger quantities than that?—As a matter of fact I do. Under a properly nationalised system they would get deliveries in bigger quantities than that, because the smallness of the consignment is due to the fact that there are a very large number of dealers in coal each of whom orders his small consignment; but if you had one distributor for each local area, he would have only one order, and he would be supplied as a matter of fact for the quantity budgeted for during the year in a certain number of trains. It would not be necessary to send 10 tons at a time.

12,120. You would send him a whole train load?—Yes.

12,121. And let him stock a year's or six months' supply at a time?—No, not necessarily a whole year's supply, but I do suggest that the consignment going in 5- or 10-ton lots is a very serious cause of expense and trouble and loss of life of the shunters, and I suggest that that is due to the present system of separate ownership and can be only got rid of by a unification system.

12,122. And you suggest with a unified system the country station should get coal in train loads?—I did not say that, but I said it would get its coal in much larger consignments than these 5-ton lots.

12,123. Do you suggest that would be an economy?—I do. That has proved to be an economy.

12,124. Where and by whom?—It was proved by the figures of the Coal Controller's Department.

12,125. Have we had any figures with regard to the distribution of small quantities in that way?—Yes, I think so.

12,126. Of less than a complete truck load?—That is my impression.

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

12,127. Do you suggest it would be an economy to deliver coal which had to be put in stock in a large quantity at stations rather than send a truck load and cart out of the truck and send the truck away when empty?—Is it seriously suggested that the distribution of coal in 5-ton lots all over the Kingdom is an economical system?

12,128. 5-ton lots is a different matter. I am speaking of single truckloads?—But a great many trucks only carry 5 tons.

12,129. There are very few trucks which carry only 5 tons—that is of the trucks which carry coal?—If you are asking me whether the distribution of coal in 5- or 10-ton consignments all over the Kingdom is an economical system, I say no; it is a most extravagant system.

12,130. Do you suggest coal is being distributed in 5-ton lots all over the country?—Yes, 5- and 10-ton lots.

12,131. I am speaking of 10-ton lots?—There are some 5-ton lots, and 80 per cent. of all the coal carried on the London & North Western Company goes in consignments of less than 20 tons—80 per cent. of all the coal on that vast system.

12,132. That is two truckloads at a time?—Yes.

12,133. Or it may be one?—Yes, that is a highly extravagant system, and I venture to say no one acquainted with organisation or administration would dream of suggesting that that is an economical system.

12,134. I should be very much surprised if anyone connected with the trade suggested it was more economical to send coal which had to be put in stock at a railway station. I am afraid that it is a difference of opinion between practice and theory?—No; I do not think it is a difference of opinion between practice and theory. If it were, theory is the better guide. Any intelligent person would follow theory rather than rule of thumb.

12,135. Do you say he would follow theory rather than experience?—I say rather than rule of thumb. Of course no one should act only on theory, because that would be making it a rule of thumb.

12,136. Do you suggest the coal trade should be guided by theory even if that is contrary to practice?—Short of miracles you cannot have practice contrary to theory.

12,137. There is evidence here that you can get theory very contrary to established practice.—Your theory may be inaccurate.

12,138. That is what I am suggesting.—Is it a theory or a fact that the earth goes round the sun?

12,139. I do not think we had better digress into astronomy?—No; perhaps we had better drop the use of the word "theory."

12,140. You say you would remove entirely the present incentive of profit-making in the industry?—I should wish to do so.

12,141. Would you remove it from everyone engaged in the industry?—Yes.

12,142. The owners, the officials, and the workmen?—Yes.

12,143. You would remove the incentive of profit-making from the workman?—Yes. I look upon profit-making as a low and corrupting motive desirable to be got rid of so far as possible. Unfortunately we cannot get rid of it in all industries as yet, but so far as you can organise social life without profit-making it should be done.

12,144. Profit making is somewhat deeply engrained in human nature, is it not?—No; it has only prevailed over a small part of the earth's surface during a small period of its existence.

12,145. It means, does it not, getting as much as one can for oneself?—That is not profit-making but self-interest; profit-making is one special department of self-interest. Profit-making is an entirely new motive for the administration of industry. It has not

prevailed over any part of the earth's surface for very long, and it does not prevail over a large part now.

12,146. But it is one of the strongest incentives to getting as much for oneself as one can, is it not?—Profit-making is a special form of that.

12,147. Before you do away with that, you would have to change human nature, would you not? Can you do that by Act of Parliament?—My answer is yes. As a matter of fact human nature contains a great deal more than profit making, and consequently you can get along without necessarily changing human nature—not that I shrink from that, because we change human nature every day.

12,148. By Act of Parliament?—Yes. We do not pass Acts of Parliament every day, but whenever we do pass an Act of Parliament, we to that extent change human nature. Human nature is the most malleable of things. It is altering every year and in every generation. It varies from class to class and climate to climate.

12,149. It is an interesting topic, but I do not think it is quite germane to this enquiry.—I agree.

12,150. In your proof you speak of the "relative inefficiency of the British coal supply." That is relative to what?—Relative to what it might be.

12,151. Relative to perfection?—Yes.

12,152. Do you consider that it is inefficient relative to other trades in this country?—"Other trades" are rather a large number. I did not intend to compare coal-mining with other industries there.

12,153. Is it inefficient compared with coal-mining in any other country?—I really do not know, but no other country has nationalised its coal supply, and if you compare one chaotic system of private adventure in coal with our chaotic system of private adventure in coal, it does not seem very important to decide which is the better.

12,154. Is any system which is not nationalised chaotic?—Any system which is not unified is chaotic. The very basis of the private ownership of collieries is the competitive jostling of one with another.

12,155. Is not all improvement brought about in that way?—No, or very little improvement in my opinion.

12,156. You admit, I take it, that the industry has progressed very considerably in this country during the last 40 years, say?—The industry has got larger, yes.

12,157. And is it not more efficient than it was 40 years ago?—I should imagine so. I really do not feel quite sure, but I should imagine so.

12,158. Is an industry which has grown from say 50,000 tons output to 287,000 —?—It is entitled to the merit of having grown.

12,159. Is it carried on more scientifically to-day than 40 years ago?—I should hope so.

12,160. Do you know?—No, I really do not know, but I can admit that it must be.

12,161. You cannot make any comparison between the industry to-day and 40 years ago?—No, my acquaintance with it 40 years ago was rather small.

12,162. Well, say 20 years ago?—I feel a difficulty in making a comparison, but I will accept it that it has taken advantage of the advances in science which has been made.

12,163. The death-rate in the industry has been decreased a good deal, has it not?—If you reckon per 1,000,000 tons raised, yes, very satisfactorily.

12,164. And per 1,000 men employed?—Yes, I suppose so. The total number of deaths does not fall, but there is more coal raised for each death.

12,165. But per 1,000 men employed has not the reduction in accidents generally been very marked?—Unfortunately I am not able to ascertain that. The proportion of accidents to tonnage, or the proportion of accidents to men employed, compared for a series of years has not been published.

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

12,166. Let us confine ourselves to fatal accidents?—Yes, but, unfortunately, if you confine yourself to fatal accidents you are liable to error. The number of fatal accidents is happily very small compared with the number of serious accidents, and the 1,500 deaths in the year are only a very small proportion of the 150,000 serious accidents. The proportion of deaths has diminished, but we do not know that the proportion of serious but non-fatal accidents has diminished, if they have done.

12,167. Do you suppose for a moment if the proportion of deaths has come down to half that the proportion of other accidents must not have followed in the same way?—I am afraid I cannot draw that inference, but I do not assert that the proportion has not improved.

12,168. Does it not necessarily follow that the causes of both classes of accidents are the same?—I think not. I think we are apt to be misled by remembering the explosions. But the explosions are such a very small part of the accidents that I do not think you can infer that the casualties will be proportionate to the deaths.

12,169. You mean non-fatal accidents in proportion to the fatal accidents?—Yes.

12,170. Apart from explosions, are not the causes of fatal accidents and non-fatal accidents actually the same?—I think not, but I may be wrong.

12,171. I suggest very much that you are wrong?—Then let us have the figures.

12,172. No, I mean the causes—the very causes which you put yourself afford the proof: run over by trams, shaft accidents, and that kind of thing. Are they not the same causes which produce fatal accidents as non-fatal accidents?—I do not make a point of it, but I do not draw that statistical inference. It seems possible the number of fatal accidents might have diminished very much more than the number of non-fatal accidents. Perhaps I am wrong. I do not make an assertion on the subject, but I refuse to accept the contrary assertion.

12,173. If the fatal accidents have diminished, is not that proof that the industry is more efficient than it was?—Yes.

12,174. And a strong proof?—Yes.

12,175. And that has been brought about by private ownership?—It has been brought about partly by the Home Office in opposition to private ownership.

12,176. I do not think you are justified in saying that, but it has been brought about under private ownership?—It has been brought about under His Majesty's Government.

12,177. The control of the Home Office over the coal industry, you say, has been responsible for it?—I only put in a claim for part of the credit to the Home Office.

12,178. Then the rest is due to the managers of the mines?—May I put it in my own way? I would say that a number of managers and owners of mines have desired to prevent accidents and have wished to discover means of preventing accidents and have co-operated with the Home Office in preventing accidents. Some others have not, and the permanent pecuniary interest of the owners has been necessarily and innocently against any expensive precautions for the prevention of accidents, and they have, as a matter of history, resisted a number of the proposals of the Home Office for such precautions.

12,179. Do you suggest really that owners object to putting in appliances that are prescribed because of the expense?—Yes, certainly they do. They would not be profit-makers if they did not. They would be bad people of business if they did not object. There must be always an objection to any improvement, however valuable the improvement is, when it costs a great deal of money, and it is quite a proper objection.

12,180. Are you not aware that the objection of the coalowners generally has been to the prescription of a certain kind of appliance?—Quite so. That is the form the opposition always takes. No one is opposed to improvement in the abstract. It is only when a suggestion is made of a concrete improvement that it meets with opposition.

12,181. If there are differences of opinion as to the way in which a certain improvement could be brought about, and the Home Office prescribe one way only without giving latitude to the colliery managers, do you not think it is natural that there should be objection to that?—That is what I have said. It is quite natural and it has happened.

12,182. Is that actuated by motives of pecuniary gain?—I did not say it was actuated solely by motives of pecuniary gain. I do not mean that the owners consciously and deliberately resist an improvement for the sake of profit, but there is this standing pull on their minds of the importance of making profit. I am not making an indictment against them, but it is a quite inevitable accompaniment of the profit-making organisation.

12,183. When you say it is cheaper to compensate for accidents than to prevent them, are you not making a serious indictment against colliery owners and managers?—No, not against the owners and managers but against the system of profit-making. I make a very serious indictment against the system of profit-making because when it finds it is cheaper to compensate for accidents than to prevent them it weakens naturally the stimulus to prevent accidents. But that is the fault of the system.

12,184. On what do you base your assertion that it is cheaper?—On a study of the Employers' Liability Acts and the Workmen's Compensation Acts for the last 40 years.

12,185. Have you any figures to prove that?—I have not them in my head.

12,186. Have you them anywhere?—No, it is not possible to produce figures as to what the cost has been or would be. I am only giving you a judgment for what it is worth.

12,187. Why do you make an assertion of that kind when you have no basis in the shape of figures?—You may take it for what it is worth. It is based upon an examination of the proceedings. I have written on the subject once or twice in the course of my life, and it is based upon an examination of the discussions and arguments and proceedings relating to employers' liability and workmen's compensation and the reports of the insurance companies on the subject, and I do give it as my judgment that it has been ascertained, and it has been admitted to me by various business people, that as a matter of fact it usually costs less to compensate for accidents than to make arrangements which would to a considerable extent prevent them. Of course I go on to say that many managers and owners do nevertheless try all they can to prevent accidents when they would very often make more profit by not preventing them.

12,188. You say "it has been ascertained." It is a very serious accusation?—There is no accusation at all against the individuals but it is a serious indictment of the system of profit-making.

12,189. It must be an indictment against the individual?—Very well, if you think so.

12,190. And I say it is an absolutely baseless indictment until you can say, if it has been ascertained, upon what data it has been ascertained?—I have given you my basis.

12,191. It is an assumption you have made yourself from speculation upon the matter?—It is a judgment upon the facts as they have come to my knowledge.

12,192. What facts?—I have already mentioned the experience of the insurance companies and the mutual funds, and the statements made in discussions as to what would be the cost of this, that or other improvement which would prevent accidents.

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

12,193. What figures have you had?—I have no figures.

12,194. No figures at all?—No.

12,195. So that you make a statement of this kind, saying it is cheaper to compensate than to prevent, without having any figures before you?—Now let us be precise. The statement which I made which I quite hold to—

12,196. "Usually costs less to compensate for accidents than prevent them"?—Yes, that is my statement. You will observe by the very form of that statement that no figures can be given. It says "usually," and the statement is "usually costs less to compensate for accidents than prevent them." It is impossible to substantiate that by any figures. You will notice the word "usually." I defy anyone to prove that.

12,197. It means in the majority of cases?—Yes, in a majority of cases.

12,198. If it is in a majority of cases, it is over the industry as a whole?—Yes.

12,199. Do you suggest it is not possible to prove that?—Yes, I do, as a mere statistical matter. You cannot give what the cost of preventing them would be, and therefore it is impossible to prove that by figures.

12,200. That is why I say it is not right to make such a statement unless you can prove it?—That, after all, is a matter for each individual's judgment. The statement will only go for what it is worth.

12,201. Now with regard to housing, do you suggest there is any greater obligation upon the coal industry to provide houses for its workmen than for any other industry?—Of course, there is no greater legal obligation, but you probably refer to what we call the moral obligation. I suggest it is not a matter of one industry rather than another. It is a matter such as this: If a man starts an enterprise in a place where there is no housing accommodation, I venture to think that he is under a little moral obligation to see that the people whom he attracts to that spot to work for him have some opportunity of decent housing. Of course, it is on that ground I assume that the colliery owners very often, and, perhaps, very largely, have done something in the way of the provision of housing.

12,202. Do you say it is generally the case that colliery companies provide houses for their men?—I am sorry to say I have nothing in my head which would enable me to say whether it is more than half the companies or less than half the companies.

12,203. You advocate housing the miner at the expense of the industry?—Not wholly. I think the obligation of housing is one which should fall on the local authority, but this is a case of a special population which I have suggested is analogous to that of extraordinary traffic on the roads, in which case the local authority is not required to provide the whole of the expenses, but the industry is required to contribute, we may say, roughly, what is extra, and I suggest that the cost of re-housing the mining population ought equitably to be shared in some way between the housing authority—which means, ultimately, the ratepayers—and the industry, on the analogy of extraordinary traffic on the roads.

12,204. I do not quite appreciate the housing of the miners as being analogous to extraordinary traffic. Do they require more houses, or a different class of house, or anything of that kind?—I do not suggest that they require a different class of house or more accommodation, but when an enterprise is opened up in a place where there are no houses, it seems to me that we ought to ask the promoters of that enterprise not to throw the whole cost of housing upon the unhappy rural district council into which they may happen to go, but the promoters themselves ought to bear part of that expense. It is in that

sense that I think the mining population is a special case—not, of course, all the mining population, but where the mining population has been brought into a district in which there is not already housing accommodation.

12,205. Do you suggest that the mining population is worse housed than any other industrial population at the present time?—Really, that is a very difficult question to form an opinion upon. After all, it is like the hen's egg: it is not all over alike. I certainly think that the miners of Lanarkshire are worse housed, on the evidence, than any other section of the population. Of course, that is probably not true of Durham or Yorkshire, I think. It varies.

12,206. You do not suggest that a national scheme should apply generally over every industry with regard to housing. You do not think it is purely a national question?—As I have explained, I do not think it is a case in which the industry has a moral right to ask the local authority or the State to bear the whole of the expense.

12,207. Then, if the coal industry has to bear half of the expense of housing its own population, is it also to contribute its share to the housing of others?—Yes.

12,208. In addition to that: it has to pay twice over?—Yes, just in the same way that a quarry-owner has to pay his ordinary rate towards the upkeep of the roads and he has to pay over again any excess for the extraordinary traffic that he puts on the roads.

12,209. Does a miner's house impose an extraordinary expense upon a local authority that another man's house does not?—As I have explained, it is not the house but the fact that a number of those houses are required for the purpose of the industry which would not be required if the pit had not been opened.

12,210. Is not every house that is put up liable to pay rates like every other house?—Yes, that is so; but I am afraid the revenue to be derived from the miner's cottage will not pay the local authority for putting up the cottage.

12,211. Would that not be the same if any other industry were set up in the district?—Certainly, I have said so.

12,212. It is really a question of increase of population?—No, it is a question of the promoters of an industry attracting a new population to a locality.

12,213. Is there not an advantage of the authority that it should be done in that area?—I am not sure. Every house put up in West Ham inevitably means an increase of rates. The expenses attendant upon that house in West Ham involve a greater cost than all the rates which can be got out of that house. That is only one case.

12,214. Are you aware that collieries in areas where they exist pay a very large proportion of the rates?—That is so.

12,215. Are you aware that collieries generally are rated higher than any other form of industry?—No, I am not aware of that. I believe that is an arguable matter.

12,216. I believe it is the fact, and I know it to be the fact?—Well, I have not said anything to the contrary.

12,217. In that case, if the colliery company pays in a district the bulk of the rates, supposing it is the only industry in the district, whatever increase in rates is necessary the colliery company bears the bulk of it after all, does it not?—Yes, in that case.

12,218. Is it to pay in rates and to pay indirectly in building houses?—No, pardon me. I have not suggested that the collieries should pay for building houses. It has been suggested in the Chairman's

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

report that the payment for the colliers' houses should be met by a tax on coal, which does not fall, I assume, on the colliery owner. What I have suggested, on the other hand, is that it had better be taken out of national funds provided by the purchasing of the royalties.

12,219. If collieries are nationalised it would be a national charge in any case, would it not?—Yes, one way or the other it would.

12,220. You do not make any difference really to the nation, if there is a charge on this particular industry, or on the whole country, if it is national?—It depends on how it is charged upon the industry. In my opinion, 1d. a ton on coal would raise the price of coal, and then it would be paid by the consumers.

12,221. You suggest in your proof that a rise of 1d. a ton would have an effect upon our export trade?—Yes, we argue that it probably would.

12,222. You were not so keen in arguing that in the last stage of the Enquiry?—It may not have been my business to argue it. I am not aware that I took part in any argument.

12,223. I am not sure you did not take part in cross-examining in the contrary sense?—I am afraid that Counsel is not responsible for the line of his questions in cross-examination.

12,224. I hope that we are neither of us Counsel on one side or the other?—No, we are a co-operative enterprise for getting at the truth. It shows the benefit of co-operative working over private enterprise.

12,225. Now you suggest there are certain things than can be brought about by nationalisation in regard to falls of roof, shaft accidents and prevention of accidents, that cannot be done now. How do you suggest falls of roof are going to be lessened under a nationalised system?—I suggested that falls of roof and other causes of accident were at present continuing more than they need do, because of the pull of the profit-making motive preventing costly precautions against accidents, and that if you could get rid of that pull of the profit-making motive you would probably have the precautions made more freely.

12,226. I am asking you what precautions do you suggest should be taken to prevent falls of roof that are not now taken?—I suggest that all the necessary precautions should be taken to keep the roof up and prevent the falls.

12,227. Are they not being taken now?—No. The proof that they are not being taken is that you have this large number of accidents.

12,228. How do you suggest that the roof can be kept up under a nationalised system of working better than under the present system of working?—Because, as I have endeavoured to explain, at the present time for every piece of timber that is supplied the owner of the colliery has to pay, and that is a deduction from his profits.

12,229. Do you suggest for a moment that he refuses to supply adequate timber because of the cost of it?—Yes.

12,230. That is a very serious accusation to make?—I now want to read a case from the last Annual Report published by the Home Office on the subject: "The mine was not and had not been in conformity with the Coal Mines Acts in many respects. The offences relating to the supply of timber were of a serious nature. In certain places the roof under which the work was carried on was not adequately supported (as required by Section 50 (1) of the Coal Mines Act, 1911), and a sufficient supply of timber or material suitable for supports was not kept within 10 yards of every working place as required by Section 51 of the Act. The workmen were, if they required timber, to draw it from the waste or other disused places."

12,231. You read that to us yesterday?—I read that in response to a question yesterday. I am afraid

I may have to read it in response to a question to-morrow if I am asked the question.

12,232. Do you suggest that one case of that kind supports your assertion?—Yes, I consider that that one case gives certain reasons to suppose that the numerous accidents which are occurring, which prove that adequate timbering was not done, are through contraventions which exist; and I am supported in that fact by the Home Office, which immediately follows on that by urging compliance with the law on this point. Now the Home Office would not have urged compliance with the law on this point had there not been some reason for it. In fact, there was almost a matter of complaint that this star was being brought.

12,233. Do you suggest that it would not be possible for one case to occur in 3,000 collieries of inadequate timbering under the nationalised system?—No, certainly not.

12,234. Are you aware that the majority of accidents that take place from falls of roof are either due to inadvertence or errors of judgment or negligence on the part of the men in not putting up the necessary timber?—I have no doubt that that can be alleged. Obviously, I am not in a position to judge how far it is accurate. All I know is that there were 718 separate accidents from this cause and 733 people were killed, and that that was in excess of the average of the preceding five years, and that is a very grave fact.

12,235. There had been an increase in the accidents from falling roof?—As compared with the previous five years. I have not the figures for the previous periods.

12,236. You seriously suggest that those would be lessened under a nationalised system?—I quite seriously suggest that I should expect those accidents to be lessened in number if there were no longer a profit-making motive for being economical with precautions.

12,237. And you base that assumption upon the one case that you have just read out?—No, I base it on the 160,000 serious accidents last year.

12,238. Have you investigated the causes of any one of them?—I have not based it on any single case.

12,239. Are you able to base a conclusion upon them?—Yes, I am; because it is not an indictment of a particular colliery or the particular manager; it is an indictment of the profit-making system which has a permanent pull in every sense against costly precautions, and in spite of that permanent pull I am glad to think that owners do take precautions; but it is obvious that it must be an advantage to have that pull removed.

12,240. It is a very serious assertion even to suggest it?—It is a serious subject.

12,241. I put it to you that it is an untrue suggestion to make?—I am interested to hear you say that, but the fact remains that as many as the whole of the casualties in the Gallipoli Foreo took place last year in the coal mines.

12,242. There are 1,100,000 men engaged every day in the year?—That is true; and 160,000 of those were unable to work for several days because they were so seriously injured.

12,243. How do you suggest that the trams would be better run under a nationalised system?—May I again fall back on the Home Office Report: "The proceedings against the Agent and Manager of Dowlais Colliery for failing to comply with Section 43 (1.a) of the Coal Mines Act, reported by Mr. Dyer Lewis on page 57 are of particular importance. I fear managers and others generally do not realise that the provisions of the sub-section in question as to the provision of a clear space of at least 2 ft. in width between the tubs and the side of the road means a space free from any obstruction. If flanges of pipes buried beneath the surface of the space provided protrude up through the floor in places,

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

even to the extent of 2 inches, the clear space required is not provided, and persons other than those specially mentioned cannot be allowed to travel on foot when the haulage is in motion. The object of the proceedings"—was not to convict the person, you will notice—"was to impress upon managers the requirement of the sub-section, and this was obtained by the course the Stipendiary Magistrate took in dealing with the case." You will still notice that the Home Office felt it necessary to take a case into Court, not because they particularly wanted to convict the persons—as a matter of fact, it was eventually dismissed on payment of costs—but in order to deliberately impress on managers and others concerned the necessity for keeping this clear space.

12,244. Do you assume from that that managers have not been doing their duty because of a profit-making incentive?—I should not like to impute the motive. It is quite clear that managers had been a little inadvertent in the matter in the judgment of the Home Office.

12,245. Would they be less inadvertent under a nationalised system?—I suggest if they had not this desire to pull the profit for their firms they would not have deflected so much. It does not require any proof. If you have a permanent pull in one direction and you can get rid of that permanent pull you will alter the course.

12,246. Do you not think it possible that a pull in some other direction might affect it?—That is always possible, but that would not affect the truth of what I have said.

12,247. Are you aware that the majority of accidents on tramways took place because the men did not take advantage of refugo ways?—I have heard the same thing said with regard to children being run over in the streets. You have to allow for a certain amount of human nature, and you have to take your precautions for the accepted human nature.

12,248. Would that human nature be altered if you have nationalisation?—No, but precautions would be taken that are not now taken.

12,249. Are you aware that in forming the general regulations the owners suggested that there should be an obligation on the men to use the safety appliances that existed and that that was resisted?—I was not aware of it, but it does not surprise me.

12,250. Do you not think it follows that, although you can make the provision of safety appliances compulsory by law, you cannot make the taking advantage of them compulsory?—That is true. May I say what a very important inference can be drawn from that? In this case of the defective timbering the workmen were, if they required timber, to draw it from the waste or other disused places—that is to say, more than 10 yards. Now, if you impose any irksome job on anyone—in this case illegally—to make him draw his timber from a longer distance than the Act requires, it is inevitable that in a certain number of cases the timber will not be drawn, and that is why you have to have such regulations.

12,251. Are you aware that at that time the Home Office were impressing on them the necessity of economising timber?—What the Home Office said was: "Proper economy in pit timber is undoubtedly a matter of pressing importance, and there is no objection to the withdrawal of timber in such a manner and to such an extent as is consistent with safety, but the provision of an adequate supply at the working places, as required by the Coal Mines Act, is still more important as being essential to the safe working of the mines. Economy can and must be practiced without infringing this Act, and endangering the lives of persons employed in the mines." What the Home Office found was that under a mistaken patriotism the owners were economising in such a way as to infringe the Act.

12,252. Then would you eliminate the mistaken patriotism?—Yes, I would have prevented a mistaken patriotism which economised in timber at the expense

of men's lives. May I remind you that as a matter of fact the number of men killed by falls of roof went up to 733 that year as compared with 645 for the average of the five preceding years? If the economy in the use of timber led to the death of those 88 extra men and the maiming and crushing of a great many more, it seems to me that that was a very bad instance of the perversion by this permanent pull.

12,253. This was during a period when there was State control of collieries?—There was no more State control of collieries than under the Coal Mines Regulation Act in that respect.

12,254. There was financial control?—There was financial control, but you know nothing can be worse than bureaucratic financial control over a profit-making industry.

12,255. You suggested that it is necessary to bring all the coalfields up to the standard of Northumberland and Durham?—I only said if we could do that we should save 300 or 400 lives a year. I said that was a desirable thing to be aimed at, but I did not commit myself to the statement that it could be done.

12,256. It points in that direction?—Yes, it does.

12,257. Do you suggest that the number of accidents in Northumberland and Durham are due to their higher standard?—I have suggested that some of the superiority with regard to the number of accidents is due to geological conditions in all probability as compared with South Wales.

12,258. Is it not due entirely to that?—I hesitate to think that the number of shaft accidents can have anything to do with geological conditions.

12,259. Are you not aware that the shafts are very much deeper in South Wales than they are in Northumberland and Durham?—I am afraid that the smaller number of shaft accidents is not due to the shaft being softer to fall into in South Wales. After all, 100 feet is enough, and you do not make it any greater by falling 500 or 600 feet.

12,260. That is not my point?—Then I do not understand it.

12,261. A deep pit may be more dangerous than a shallow pit?—It may.

12,262. You do not know whether it is or is not?—I should say it is sometimes.

12,263. And a large number of small pits may be more dangerous than bigger and better equipped pits?—I think that is very likely, especially as regards the better equipment.

12,264. You are aware that in South Wales there are a large number of small pits?—Yes. I have always understood that the coal industry of South Wales was not a well-organised industry.

12,265. You must not assume that without knowing the facts?—No; but I was taking the facts.

12,266. Are you not aware that the small collieries are performing a very useful function?—No; I can not say anything for or against them in that respect because I do not know.

12,267. But you do condemn the industry because there are a large number of small units?—Yes. *Prima facie* an industry with a large number of small units will not be so efficient as an industry with large units.

12,268. You do not know why there is such a large number of small units?—No, I do not.

12,269. If I told you that for that reason it could be worked on a better scale, would you agree with me?—No, I do not agree at all, because I do not know the way the coal should be worked. I do not think it is desirable to work coal in any particular year which is below the common quality.

12,270. Do you suggest that these small collieries are worked at a loss?—I do not know.

12,271. Do you not know that these small collieries are worked at a less cost per ton than the large collieries?—No.

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

12,272. I thought you did not. You have been condemning without knowing the facts?—No, I have not at all.

12,273. With regard to the continuity of working from the point of view of the export trade, do you suggest that it is possible to keep collieries going that are dependent on the export trade by any system of stocking at all?—Yes.

12,274. Take the case of the South Wales collieries with an output of over 100,000 tons of coal a day shipped, and the coal is sent down to the docks to await ships coming in; bad weather comes along and ships do not turn up—how do you suggest that that coal should be dealt with?—One way in which I think it must not be dealt with is to deprive the miners of their food for the days in question.

12,275. I am asking you how it should be dealt with, not how it should not?—I am arriving at it by a process of elimination. There is a way that is obviously a wrong way. You should no more deprive the miners of their wages for that day than you would deprive the clerks in the office of their wages or the horses in the pit of their food. I will now proceed. Surely there is such a thing as stocking, even for exports. I have heard of stocks at the ports, and I suggest that that might be carried a little further.

12,276. By the provision of more wagons, do you mean?—By the provision of more places for keeping the coal, of which wagons might be one, if wagons is the cheapest way.

12,277. You suggest, therefore, that there should be a sufficient number of wagons employed in the trade of South Wales to provide storage to enable the collieries to work regularly throughout the winter, bad weather, delays to tonnage and everything else?—I did not say wagons. I said wagons or some other method of storage. I do emphatically suggest that there should be a sufficient storage to enable the collieries to work with continuity, and I do suggest that that would be, though not to the individual colliery owners, because they would naturally not like to incur the expense of stocking; but it would be economical to the community, because they would get continuity of working.

12,278. Do you suggest that that is a point on which practical knowledge is not of value?—I always welcome practical knowledge when I can get it.

12,279. Can you suggest any means by which South Wales large coal can be stocked to the extent of 100,000 tons a day?—What is the difficulty of stocking 100,000 a day? It does not appear to me a difficulty.

12,280. What about the labour?—It does not cost any more to stock 100,000 tons than it does to stock 10 tons 10,000 times. It probably costs less.

12,281. Do you suggest that there should be sufficient men kept for an emergency of that kind?—What I imagine is that there is a regular system by which the coal is sent down from the pits day by day, and I see no difficulty in that coal, instead of being put on board ship, being put where it is to be stocked, the same amount every day.

12,282. The same amount sent down?—I did not commit myself to the method.

12,283. I am afraid you are committing yourself to nothing?—I am not called in to advise the South Wales Collieries how to do it.

12,284. But you condemn the present method?—Yes.

12,285. And you suggest nothing better?—I think I have suggested something better.

12,286. You have suggested it in a very vague way?—I should be quite willing to be called upon to advise on that subject.

12,287. I think if you could advise as to some means the South Wales coal owners would be very willing to pay you very handsomely?—You remember the professor who said to his class, "That way there is money to be made; go and make it if you like; we will go on with something else."

12,288. You seem to imagine that there is no comparison of methods of working and cost of production between one colliery and another at the present time?—So far as they are in separate ownership I believe there is next to no comparison.

12,289. May I suggest to you that that is entirely wrong?—I am quite willing to receive the suggestion.

12,290. If that is wrong is that another assumption?—I only said I received your suggestion. I want to be shown how it is wrong first.

12,291. If I suggest to you that in every colliery of the district there are institutes of colliery engineers where the fullest discussions take place, what would you say?—I have read their reports and a number of the papers read in the Societies of that kind—not by any means all, of course, but I have read a number, because I was rather interested in the professional organisation. I read a number of the papers and proceedings, and they are very interesting; but if you think that is anything like the scientific comparative costing which is very much practised in American trusts and combinations and has been introduced into this country, I am sorry to say you are mistaken.

12,292. I am not suggesting anything of the kind. I am simply suggesting that you have gone further than the truth in suggesting that at the present time there is no common knowledge as to the amount of coal being raised?—That is so. There is certainly no common knowledge, even in the Home Office, of the amount of coal being raised each week. They do get the totals for the past year.

12,293. Would you be surprised if I told you that in the Coalowners' Office at Cardiff there is an accurate record every week of the coal raised?—My point was the Kingdom.

12,294. If it can be done under private ownership in a district, do you think there is any difficulty in it being done in the Kingdom as a whole?—I did not suggest that it could not be done. My statement was that it was not done.

12,295. For the Kingdom as a whole?—Yes.

12,296. As a matter of fact it is done by the Coal Control?—That rather proves my point, that under a system of private enterprise it was not done. If the Coal Controller comes along as a Public Officer and does it, it only shows the fact that private enterprise was proceeding without that knowledge.

12,297. Is it necessary to nationalise mines to bring about a return of that kind every week?—No, I was not suggesting that it was. I was only suggesting that private enterprise at coal mines is extremely inefficient, and I mentioned that as a proof.

12,298. Does that not prove that private enterprise has done more than public departments have done?—No, the statement is not proved by that assertion.

12,299. The fact remains that private enterprise has done this and a Government Department which ought to have done it has not done it?—Pardon me, I do not say a Government Department has not done it at all. I merely made the assertion that private enterprise has been proceeding without a knowledge of what is going on in the business all over the Kingdom. I did not suggest that it was the business of the Government to have that knowledge. I only pointed out that the private owners were doing very badly in the matter.

12,300. I thought you did complain that the Home Office had none of these particulars?—I may have done so.

12,301. That something, you say, that ought to be done by a public department has been done by private enterprise?—I do not admit that what I am talking about has been done by private enterprise, and I also do not admit that what I was talking about has not been done by the Home Office. The mere fact that something else has been done by the Home Office seems to me not to disprove my statement.

12,302. I am afraid I cannot follow you in the niceties of dialectics. I think you have me there every time?—I was only pointing out in that statement that it is one of the essential elements of competitive enterprise among 1,500 separate concerns that there should be a lack of co-ordination. It is a defect

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

of the quality of competition—it cannot be helped—that if you were to get all that information you would be dispensing with competition. It is for that reason that the Chairman's Report has convinced the Government that we must have either unification or nationalisation.

12,303. Do you suggest that the Government were convinced by the Chairman's Report on its merits?—I have no doubt about it.

12,304. Was it not your view that the stopping of the strike was the main object?—Surely that was part of the merits. The effect on the minds of the miners is an important element. It is only because private enterprise has led to a neglect of that important factor that there have been difficulties.

12,305. It was the effect of the Report in stopping the strike, and not its merits in any other direction?—Possibly.

12,306. I have one question to put to you on compensation. Do you think the comparison with the liquor trade is a fair one in assessing compensation?—I think so. I do not want to be derogatory to either industry, but as a matter of fact I have pointed out that what is compensated for is not the coal or the alcoholic drink, but the established expectation of being able to draw an income, and it is that which the State interferes with, and it is for that that compensation is due.

12,307. Do you think it fair to make a comparison between a trade that a good many people think ought to be suppressed altogether and an industry like the coal industry, which ought to be continued and expanded?—I can only say if I were an arbitrator that I should not allow that to influence me by a single pound in any direction, because I should not compensate for the coal or the drink, but for the disturbance of established expectation of income.

12,308. You suggest in your pamphlet that it is possible to get by nationalisation a uniform price all over the country?—Yes, I think so.

12,309. All over?—Yes, for domestic coal.

12,310. Ireland?—You could include Ireland if you like. I had not contemplated that.

12,311. Shetland?—Sbetland, yes—St. Kilda. There is exactly the same means of doing it as there is in conveying a parcel to those places, and you have to make exactly the same assumptions before you are justified in doing it.

12,312. Would you put up the price to the man at Chesterfield in order that the man at St. Kilda should get it at the same price?—No, I have carefully explained that it would not be putting up the price to anybody from what he is accustomed to pay.

12,313. Would it not mean a considerable allowance in one case, or a raising in another, if it is to be uniform?—I think not.

12,314. You think it is the same as it is with postage stamps?—I think it would be a great convenience, and there is quite good justification for regarding coal as a public service, just as the sale of postage stamps is a public service.

12,315. Do you suggest that the miners should still get their coal free or at a nominal charge?—Yes, as they do now. I am a conservative person. I never propose to alter more than need be.

12,316. So that you would put the miners in a privileged position with regard to all the rest of the country, although you set out to get a uniform price?—May I explain? It has been found for 2,000 or 3,000 years expedient to be lenient to the people who are actually working. "Thou shalt not muzzle the ox that treadeth out the corn." I always think of that as a leading case, and that is a matter of convenience.

12,317. Would you sell postage stamps to the employees of the Post Office at a cheaper rate?—I think in that case the question of administrative convenience does not come in, but if it did I should certainly consider it. We do not find it convenient to muzzle the ox.

Mr. Robert Smillie: We did not hear very distinctly on this side, and I thought Mr. Evan Williams put it to Mr. Webb that, as a matter of fact, the Government did accept the Chairman's Report in order to stop the strike. If that is the assertion,

then I would ask Mr. Williams to go into the box in order to prove that.

Mr. Evan Williams: I asked Mr. Webb.

Mr. Robert Smillie: I thought you put it as a fact.

Mr. Evan Williams: No, I asked the question.

Mr. Robert Smillie: I thought you followed it by saying that as a fact it was so.

Mr. Evan Williams: No, I am not in a position to say so.

12,318. *Mr. J. Forgie:* Mr. Evan Williams has gone over the ground so thoroughly that I have not very many questions to put to you. You do not seem to be so conservative of some interests as you are of others. You are willing to conserve the privileges that the men have at the present moment because it has been going on for a long time, but you do not seem to be willing to conserve the coal trade to the coalowners?—I should be very sorry to take it away from them without giving them fair compensation. I do not boggle at the amount.

12,319. You are here giving evidence in favour of nationalisation of the coal trade?—Yes.

12,320. I would like to ask you—I think you have answered the question already—if your mind is absolutely foreclosed to the consideration of any other system of carrying on the coal trade except nationalisation?—Certainly not. I try to keep an open mind, and to learn from day to day, and I hope I do so.

12,321. Is your mind absolutely foreclosed to private ownership?—Oh dear no. We must necessarily rely on private ownership for many things; therefore it must be regarded as a possibility.

12,322. Private ownership is, of course, impossible without profit?—Very likely. I should not necessarily have condemned it in that way, but it may be so.

12,323. And you are absolutely against profit making?—No. I merely suggested that it was a rather low and corrupting motive, and that there were better motives on which we might rely increasingly; but, of course, we are all strangely mixed, and I do not say we can entirely free ourselves from profit making.

12,324. Do you attribute the whole faults of the coal trade, as you bring them out, to profit-making?—No; I think that would be unduly seeking to uniform everything under one head. I think that a large part of the lack of organisation is due to private ownership and also to a feeling that competition was the best method of carrying on the industry. I am surprised that the owners have not discovered the advantages of unification before.

12,325. Probably it may be that the owners have been too patriotic?—It may be that they were too patriotic; but all those who attempted to combine all down the ages were less patriotic than the others.

12,326. The coal trade has made great progress and has increased the output of the country and met the whole demand?—Yes, I think we may say that some people have gone short of coal at times.

12,327. Very seldom, I think?—On the whole, less often than not.

12,328. I think the coal owners, under private ownership, have met the demand of the nation with regard to coal?—Yes.

12,329. And at the same time they have supplied very cheap coal to the consumers?—That is a matter of degree.

12,330. At all events, they have supplied the quality and the quantity that each consumer wanted?—Yes, on the whole, certainly.

12,331. Of course, it may be that there were questions of transport, but still the consumer had the class and quantity of coal he desired?—Yes.

12,332. Under control during the war, which, of course, we all submitted to, the consumer has not got in many cases the quantity and the quality that he wanted?—Yes. I should not ascribe that to control; I should ascribe that to the war.

12,333. We have submitted to that, of course?—Yes.

12,334. Especially with regard to quality, it was sometimes very much unsuited to his purpose?—I believe the number of cases of that sort were fewer than 5 per cent.

12,335. Much more than 5 per cent. in the district I am referring to?—Possibly.

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

12,336. Under any system of nationalisation—in fact under the system you propose here—a distribution of that kind would be brought into effect?—I do not think so. I think a system of control as distinct from public ownership is essentially different from private ownership, but still I will go to the heart of your question: there would be as an incident of the nationalisation—the distribution of coal—some attempt to direct the distribution so as to secure the lowest possible cost, but it does not follow that an individual or a particular concern who wanted a particular kind of coal would not be allowed to have it. I suggest that that concern should be allowed to have the top brick off the chimney—any particular coal that it chose, even from the Orkneys; but I would take care that it paid the whole cost of the exceptional service that it was getting.

12,337. You think that nationalisation would be the best thing for the coal industry?—That is my present opinion.

12,338. You do not think that it is possible to organise and carry on the coal industry under private ownership?—I would not go as far as to say it is not possible; I would say it is very inexpedient, and, as a matter of fact, I do not think it is politically possible.

12,339. Are not the men who have conducted the coal trade in the past as good as those who would conduct it in the future? They are human beings, and have been trained in the industry.—Yes, and I hope we shall have their services.

12,340. What difference will it make to them to nationalise, barring profit making?—The difference will be that instead of leaving themselves under the motives of profit making and incidentally, as I rush to admit, doing work of public utility, they will be seeking the public utility and only incidentally drawing their salaries. That is the difference in a nutshell.

12,341. Do you say that the workmen in a State service are superior to the workmen of private employers at the present moment?—I would say that the workman has been in a very unfortunate position, that he has been the sport of the capitalist system for so long now that it is hardly fair to take him as a test, but, even allowing for that, I am inclined to think that there is rather more sense of public obligation and public duty among the workmen who are regularly and permanently employed by the State than among corresponding workmen employed in private capitalist service.

12,342. Has that been proved to any extent?—I am afraid it is not one of those statements which are capable of any exact proof. You were asking me for my opinion, and I gave it.

12,343. I want to know whether any practical experience or any proof could be brought forward of that?—I am afraid not.

12,344. It is a hope and an expectation?—No, it is a judgment.

12,345. That a change from private ownership to State employment will bring about an entire change of mentality?—I have also that hope; but, as a matter of fact, the statement that I made was a judgment of the present.

12,346. Have there been any fewer troubles, strikes or grievances in a State service than a private enterprise?—To answer you literally, yes; I think the experience of State employment is that the number of strikes is considerably smaller than under private enterprise, because so large a number of small stoppages occur from what I will call trivial causes which ought not to have taken place. I do not pretend that public enterprise prevents all differences of opinion as to the terms of employment, but I think I may say that numerically the number of stoppages is much smaller under a public enterprise than under a private enterprise.

12,347. Political pressure may have something to do with that?—I do not understand what you mean, but if you mean that the State Department is rather more careful to listen to the claims of equity than a capitalist exposed to competition finds himself able to be, I grant that that is so.

12,348. There was a very serious strike in London lately in the Police Force?—Yes.

12,349. That is a State service?—That is so.

12,350. Do you think that the policemen should have a very high ideal of his duties?—Yes, but he is also a human being.

12,351. But still that high ideal should prevent strikes?—I do not say the policemen were altogether in the wrong. They made a forcible representation to headquarters which got attended to.

12,352. In going to this nationalisation question, is it your opinion that all industries should be nationalised?—That is rather a speculative opinion. My opinion is that when we arrive at the perfect social organisation we shall probably find that all industries are nationalised, but it will be a long while before we get there.

12,353. The coal industry you think is one of the first industries to be nationalised?—Yes.

12,354. What is your reason for that? Do you not think that it is one of the industries that should not be nationalised because of its physical difficulties?—That does not weigh with me at all. In fact, I do not think as an industry it has so many difficulties as some other industries, but it is one of the first that require nationalisation for several reasons. Its product is one the consumption of which enters into every person's life and every industry. It is very important that that product should be available with the greatest regularity, and with the least possible sacrifice. It is an invaluable national possession; the coalowners who are selling the coal are not making the coal; they are not replacing the coal; and no one has yet shown how you can, under private enterprise in coal mining, have any motive for preventing eating up the national resources. There is nothing that can be suggested to prevent the coalowners from eating it up as fast as they can. Then there is a further point, that the industry is a small one; it is in a very small number of hands; there are only 1,500 concerns to be dealt with as regards the extraction of the coal. The royalty owners are only some 8,000; and the distributing trade is not very large; and, curiously enough, you can compensate adequately all the interests concerned for less than one year's retail price of the coal.

12,355. You do not consider it a very large experiment to make to nationalise the coal industry?—No—on the scale of the experiments to which we have become accustomed it is not. Our minds have become enlarged.

12,356. Where does the financial position of the country come in?—I shall know more about it tomorrow. It is a matter of very great financial importance to the nation that we should nationalise the coal mines as quickly as possible.

12,357. No matter what might take place—whether the result would be a success or a failure?—No. Of course I am only answering according to my judgment. If my judgment were otherwise my answer would be otherwise.

12,358. Assuming after it was nationalised that it was a failure, that it did not pay its own way, and had to be subsidised from other sources, there are two methods from which it could be subsidised, either by an increased price, or a reduction in the wages?—Yes. I should imagine that, whatever the cost of working the coal is, the price will be adjusted to that cost. I do not think there is any mystery as to how the matter can be made good.

12,359. Then how could you answer Mr. Williams' question as you did with regard to one price all over the country?—That is for house coal.

12,360. I quite agree that your opinion may have changed with regard to the £1 a ton?—When I said £1 a ton I was not allowing for currency changes. It makes the price twice what it was then, and the £1 would be £2. It is not a change of opinion.

12,361. You intend in the future that the price should cover the cost?—Certainly, the price in the aggregate, of course.

12,362. Do you expect under nationalisation that you would be able to reduce the price of coal below the present price?—Really, I have not been able to form an opinion about that. The present price is

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

such an artificial entity that I cannot tell how long it is going to last. It is arbitrarily fixed by the Government, and to some extent it has relation to the high price of coal to neutrals.

12,363. You know that there is not very much profit in the coal trade?—Of course, it must vary from mine to mine. We have it in evidence that the cost of production of coal varies from as much as 6s. a ton lost to 12s. a ton profit. Consequently there must be that enormous range.

12,364. You admit that there is a very much bigger range for the export price?—I dare say.

12,365. That would affect some collieries more than others?—Very likely.

12,366. My question is, is it likely that under nationalisation, working under the same conditions as under private ownership in the past, coal would be produced at a cheaper rate?—If I were a Minister having to steer this through the House of Commons I should be extremely careful not to hold out any expectation of a reduction in the price of coal, because I should not want it to be quoted against me in the future. I want to live a few more years after nationalisation and I shall be very careful not to hold out a hope of a reduction in the price of coal.

12,367. I quite agree with you, but is it not in the interests of the consumer and the nation that we should find some means of getting back to the old price of coal?—Yes.

12,368. Is it not likely if the present price of coal is maintained that in the future other industries in the country will suffer very materially?—Really, I do not think so.

12,369. At the present moment you know that this country is having great difficulty in getting orders for its manufactures?—May I say that a great many countries in the world are not giving orders?

12,370. Orders are being giving which are going past this country?—Yes, I have heard that stated for the last 40 years.

12,371. In fact Birmingham has been importing steel rails from America?—And I have heard that for 40 years.

12,372. I do not know whether there was a difference in the price 40 years ago compared with the price at the present moment?—I really do not know what the difference was.

12,373. If it was found that the present high price of coal had an injurious effect on the industry, and in fact stopped industry, and the coal mines were being run by the nation, what would be the method adopted by the Minister of Mines to try to make the supply of coal at a cheaper rate?—I really cannot foresee; but I do not imagine that we should give a subsidy to any industry by letting them have specially cheap coal.

12,374. If the price is reduced it must be found from one of two sources. It must be found by taxing the people or the industry being subsidised in some way or other?—Yes. I should not propose to subsidise the industry. An industry which cannot exist without being subsidised is not very profitable to the nation.

12,375. Then you take up the position that whatever the cost is the price must be made to cover the cost?—I think so.

12,376. Therefore the nation cannot possibly sell the coal at a cheaper price except by reducing the cost?—I think that is so.

12,377. With the uncertainty of the future, do you think it advisable still to nationalise the coal mines?—Yes.

12,378. Do you not think it better to wait for a more favourable opportunity?—It is because of the uncertainty that I think it is imperative to do it at once.

12,379. Before nationalising the coal mines, or before deciding upon nationalisation, would you agree that the Commission ought to ascertain on the balance of evidence whether the industry so nationalised will be run at a profit, or will have to be subsidised?—That is a subject on which evidence cannot be given.

12,380. Supposing the coal trade is nationalised, and you find afterwards that it cannot pay its own way,

what would be your remedy?—Pardon me, I cannot contemplate it not paying its own way, because the price will have to be fixed in relation to the cost. I cannot imagine that the coal industry is going to be subsidised out of the taxes. The price would have to be fixed to cover the cost in the aggregate.

12,381. *Sir Arthur Duckham*: A lot of the discussion that has taken place has not been clear to me because I am not quite clear of the definition of some of the words used. One word has been used quite a lot that I should like to have a definition of and that is the word "profit." What is profit in your mind? How do you use the term "profit"?—I use the term "profit" to mean what is taken by the entrepreneur as the difference between the outlays he has to make in all directions to carry out his enterprise and the net price or proceeds that he gets for the product of the enterprise, and that difference that we may call profit incidentally serves for his remuneration.

12,382. So you would not call anything a profit that is obtained, may I say, without capital? Take the case of a man who gives his services—he cannot make a profit by giving his services?—I think that is so, by definition.

12,383. You would say that?—Yes.

12,384. Then what does "capital" mean? May I put it this way, to show you my difficulty: Say that this man has made money, and he does not spend it, and he has money to spare: is that money capital if he invests it in any concern?—It depends on the application. Assuming that he invests it, as it is called, I think you may fairly say it is capital.

12,385. And he becomes a capitalist?—To that extent.

12,386. Therefore he becomes something to be avoided, if I may say so?—Oh dear no!

12,387. And also a man without brains?—I hope not. We are all more or less capitalists in that way.

12,388. You do not propose to prevent people from becoming capitalists?—In that sense, no. My notion of a socialist State is that there will be a great deal more private property than at present, because it would be owned by ten million families instead of by a comparatively small number; therefore in the aggregate there would be much more property owned privately, only it would be in more equally distributed lumps.

12,389. You would agree that it should have a reasonable return on it?—I do suggest that in so far as it is necessary to induce people to save by giving them a reward, such a reward should be given in the form of a rate of interest.

12,390. You would give them a reasonable rate of interest?—I would give them no more than is necessary for the purpose.

12,391. Then that is governed by the purpose?—Yes.

12,392. You are in agreement that it should have some rate of interest. We have had it stated that the rate of interest on the average in the coal industry before the war was not unreasonable?—I do not think I should like to say that.

12,393. Would you consider 9 per cent. unreasonable?—I certainly consider it is unnecessary. I do not venture to suggest that it was more than was necessary to attract capital to the industry under the present system of private ownership and disorganisation in which the industry is, but I think it is more than would be necessary to attract capital into the industry if it were properly organised under a public system; therefore there will be a very considerable saving under nationalisation in the rate of interest, and that is one large source from which any possibility of a rise in prices would be prevented.

12,394. I am only too glad to know that you do not object to my making money. Do you really consider that Government departments are run as efficiently as ordinary good commercial concerns?—I do not consider that they are run as efficiently from the point of view of making profit.

12,395. From the point of view of output from the office?—I do not consider they are run as efficiently in the way of output from the office, measured in

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

the way of work done. What I say is that they are run more efficiently than other enterprises of a like nature when you take into account the objects they have in view.

12,396. I take it that you are not speaking from practical experience?—Yes, I am.

12,397. Have you controlled any large Government department?—I have never controlled any Government department. After all, only a Prime Minister can do that.

12,398. Have you ever been in charge of a Government department?—Never.

12,399. Have you ever been in charge of a business?—No, thank God!

12,400. Will you take it from me, who has been in charge of a Government department, that I do not think a Government department is run as well as a private enterprise from the public interest?—I am interested to hear you say so.

12,401. You have spoken about workmen in Government service. I take it what you say is a matter of opinion?—Yes.

12,402. On this question of housing, you would not suggest that it is possible to divide the housing of the miners from the general housing of the country; it must go through together in a general scheme?—Yes, certainly. You can only deal more or less with the mining districts.

12,403. If you assist the housing from the coal industry, it is a charge on the coal, however you do it?—In a sense.

12,404. The 1d. tax is a charge on the coal?—Certainly.

12,405. If you take it out of the royalties, it is a charge on the coal?—In that sense I would agree.

12,406. With regard to the question of safeguards, I would submit to you, and I think you would agree with me, that the safeguards taken in regard to the gas undertakings of this country are not delusive. I am speaking of the sliding scale?—A certain number of the gas companies work under the sliding scale clauses, and I think that is one of the most effective checks that has been devised, but it must be noted that it is only applicable where the product is standardised to one quality practically. I cannot imagine how you would deal with the engineering industry on that basis. It also involves an absolute control over the capitalisation. No one is allowed to put money into a gas company just as he likes or as the directors like; it has to be done in certain ways which are watched over by the Gas Auditor. Then, of course, it is an absolute bar to any watering of the stock; that is not allowed. Then a certain criticism has been made as to the economic effect, even of the gas clauses, in the encouragement of a certain extravagance or discouragement to economies at certain points of the scale.

12,407. From a general point of view, that is a workable system?—Yes.

12,408. It has broken down during the war, but it has worked well, and there is a possibility for a scheme of private management, and yet in some way controlled?—Yes, that is quite the most promising form which I have ever yet seen it take.

12,409. I am glad to see that you are more specific in your evidence than you were in your proof with regard to the pit committees. There you state that

the pit manager is responsible, and has a final word, except as far as referring to his chief is concerned? I think that is inevitable.

12,410. It is not quite clear here. With regard to this matter of safeguarding the consumer, it is not so much with regard to the household consumer that I am worrying about, because coal does not vary so very much for this purpose, but it is the industrial consumer where the specific coal is absolutely essential to him. How do you safeguard him in your scheme?—I think the only question arises in so far as the coal administration directed the distribution. In so far as that has to be done, or it is desirable that it should be done for the sake of economy in haulage, it seems to me that it would be quite possible to allow any particular consumer to have his fancy in the form of coal on equitable terms; that is, that he should be required to pay what might be estimated as the extra cost of the disturbance of the system.

12,411. If I were an ordinary consumer in London, I should get my coal at a fixed price—that is my suggestion—but if I were an industrial consumer, I might have to pay extra for it?—I think if you were an ordinary industrial consumer and were supplied on the general system, that you would find that you were getting it for less than the domestic consumption; but supposing you wanted some particular brand that could not be given you in the ordinary way, then I am afraid one must ask you to pay whatever cost was involved to the system in putting itself out to meet your convenience.

12,412. You would give your consumer the right of choice?—I would.

12,413. With regard to stocking, you have no experience, I take it, of stocking coal?—No, I never stocked more than five tons.

12,414. I have stocked several hundred thousand tons. You have no idea what it costs to stock coal?—I have not.

12,415. Would you consider that it would be against your scheme if it cost more than a shilling a ton for actual handling?—No, I should not; a shilling a ton strikes me as moderate.

12,416. I give you that as a figure, apart from the other charges?—Yes.

12,417. You realise the great danger of coal fires in stock heaps?—Yes; it varies from quality to quality.

12,418. And also how you stock it?—Yes, how you stock it.

12,419. It is a great danger, is it not?—There is, I believe, a large amount of stocking at present. It is not a novel expedient. I have seen large mountains of coal in different parts of the world.

12,420. Poor coal or stocked coal?—Stocked.

12,421. I should think they were in Germany?—No, I have not been in Germany for some years.

12,422. With regard to standard coal, you are not an upholder of standard coal, are you?—No; I do not understand the qualities of coal, but I have learnt that there are a great many more names than there are qualities.

12,423. You are not suggesting that you should mix qualities of coal to obtain the standard?—No, I have never suggested such a thing.

Sir Arthur Duckham: I am glad your theory runs with my practice in that matter.

(Adjourned for a short time.)

12,424. *Sir Allan Smith:* I am rather distracted at your evidence for this reason. I cannot make up my mind as to which is the consideration of greater importance in the position that you take up; either nationalisation from political standpoint or social economic standpoint, or nationalisation on account of the various considerations which you refer to, namely, housing, infantile mortality, prevention of accidents and unification of costs; which is it?—I am afraid I am not able quite to answer. I think all those considerations come in. I take it the final consideration, the biggest consideration, must be the probable effect on the life of the nation, and it is

very difficult to say how far there is one influence rather than another. I should certainly lay most stress on what I call the social effects on the standard of life of the people concerned, rather than upon any monetary advantage. I think the monetary advantage must be allowed to come in.

12,425. I do not know that you quite understand the point I am making. You have stated definitely you are a democrat?—Yes.

12,426. You have also stated in your *précis* that there is thus politically no alternative to national ownership?—As between unification and national ownership, yes.

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

12,427. Unification involves a certain amount of private enterprise?—Yes.

12,428. Therefore, from a political standard or social economic standpoint, you are in favour of nationalisation?—Yes.

12,429. Is that the major fact? Is your determination more influenced by the various points you have raised as a group, the housing accidents, infantile mortality and cost?—Really I find it very difficult to assess the different values. I would suggest a great many of the monetary advantages could be gained by mere unification; but, as against that, there is first of all the political objection that a national coal trust would be so injurious, or thought to be so injurious, as to be impossible; and, secondly, that I do not see that a national coal trust would have any other motive than the individual colliery owners with regard to housing, accidents and infantile mortality.

12,430. May I put it this way, that *prima facie* your view is that nationalisation is wise, and from the point of view of the coal industry you seek from the details of the points there to select certain considerations which you think would justify you in applying your general principle of nationalisation?—I think I would rather say that I have endeavoured to adduce facts and considerations which seem to me to support the general argument. I hope I have not selected them unfairly.

12,431. Not by any means; I do not suggest that. You object to unification without control?—Yes, certainly.

12,432. I suppose that applies to the coal getting as well as the coal distribution?—Yes, I think so.

12,433. If that is so, why do you suggest that the coal distribution should be offered to the Local Co-operative Society?—Because a Co-operative Society has no profit-making inducement; any profit it makes must by the very nature of its being hand back to the consumer as a discount on price.

12,434. Let us be quite clear. You object to anything in the nature of a monopoly that is not Government controlled?—No, all I say is, a monopoly that is not publicly controlled.

12,435. What do you mean by public control?—There are three forms that work in this country: (1) the National Government under the control of the House of Commons; (2) the Municipal Government under the control of the local ratepayers; (3) the Co-operative Society under the control of the community of consumers.

12,436. Let us examine the last, which is the one we are referring to. The co-operative control under the jurisdiction of the superintendence of the consumers approximates very closely to the private enterprise subject to the jurisdiction of the shareholders?—

With this very extraordinary difference, that the shareholders' interest is to get as large a dividend as possible, and therefore to put the price up as far as possible, whereas the co-operative members' motive is first to keep the price down low because they pay it and then to restore all the margin to themselves not in the proportion to the capital they have at stake, but in proportion to their purchase; it is a mere discount on price; therefore it is not unfair to say the co-operative members, although twice removed are always induced to keep the price as low as possible, whereas the shareholders have a particular inducement to keep it as high as possible.

12,437. Is it not the case in the long run that the co-operative wish to see the dividends on their purchases and the shareholders wish to see their dividends on the investments?—Yes, that is so. The dividend in those cases is as different as chalk from cheese and only resemble each other in the name.

12,438. We must admit income is income. It is what comes into the receipt of the individual who receives it?—Yes.

12,439. Whether he gets it by way of kind or cash, surely that does not matter?—That is so.

12,440. I assume you agree the shareholder is entitled to remove a director who is not making profit for the company?—Yes.

12,441. And that your co-operator is entitled to remove a manager who is not doing the same thing?—Making a dividend for the consumers, yes.

12,442. Therefore, when it comes to bedrock, the underlying principle which actuated the co-operator is the same as the underlying principle which has actuated the shareholder?—It may be stated in that way. There is the very essential difference that the larger the dividend to the shareholders the worse, other things being equal, for the community; the larger the dividend for the co-operative members, the better, other things being equal, for the community.

12,443. Yes. Of course, that is a matter of argument, probably. You agree with me, I think, from what you said, that the main principle, the bedrock principle, which dominates the one equally dominates the other?—Yes.

12,444. If that is so, do you think it is wise to embark on such an extraordinary experiment as unification without sufficient data?—I think it is still more dangerous to embark on the extraordinary experiment of making no change.

12,445. I do not suggest that for a moment. I quite agree with you, because we cannot stand still; we must either advance or go back?—Yes.

12,446. Supposing you disagree with any organisation of the community, is it not wiser to take part in that organisation and see if you can put it right than to scrap that organisation with its experience behind it and start something new for which there is no data?—I do not think you can lay down that as a general principle. In my consideration the organisation which exists has so many fundamental defects in its very nature that no improvement that you can see would sufficiently ameliorate it, and the wise course would be to throw that organisation away and use your experience of the past—you never throw away your experience—to construct a better organisation.

12,447. Surely you have already stated that it may be that in certain forms of unification a very great amount of progress would be made?—A far larger amount of profit would be made, not necessarily progress, for the common profit of the shareholders.

12,448. It would depend upon the nature of the unification whether that profit went to the shareholders or the community?—Yes, but unification as such would increase the profit for the shareholders.

12,449. I suppose you agree that monopolies are not wise?—Monopolies in private hands are very injurious. Monopolies in public hands may be, and I think frequently are, the very best method.

12,450. Have you any experience of monopolies in public hands?—Yes.

12,451. What?—The Army.

12,452. Might I suggest that there is no comparable factors?—Pardon me. For a very long period of time the Army used to be a matter for private contractors. Wars were waged by contractors in return for sums of money for their own profit. Eventually it was found not to be a good system. The Army was nationalised and nobody proposes to go back. Curiously enough the art of war has enormously improved and the development of initiative and invention have so far transcended any periods during the era the Army was carried on for private profit as not to be comparative.

12,453. I do not propose to follow you in that argument. Have you any experience of the activities which the Government has undertaken in manufacturing in this country?—I cannot say I have personal experience; I have not had to do with them.

12,454. You know the Government have certain arsenals and dockyards?—Yes, also certain sulphuric acid works.

12,455.—They are there presumed to compete with private enterprise?—Yes.

12,456. Do you think the advantages for nationalisation have been demonstrated in any of those experiments?—Yes, abundantly. Take, for instance, the manufacture of sulphuric acid which was lately undertaken on a large scale by the Government.

12,457. Will you distinguish between war and peace?—I cannot. Our experience has been so largely under war. It does not affect the quality of the sulphuric acid or the cost of production. The Government production of sulphuric acid has been carried on, as I understand, from such factories as were available at a very much greater advantage

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

than the manufacture of sulphuric acid under private enterprise.

12,458. What do you mean by much greater advantage?—In this case at much lower cost, but much more advantageous to the people concerned in the manufacture.

12,459. Do not you understand if you are manufacturing *en bloc* you can lay out your factories in a way that will reduce the cost of manufacture, and in a small manufacture you cannot?—That is certainly true. That is a very valuable argument for unification of industry. As a matter of fact, some of the sulphuric acid factories in private hands are themselves large. It is not a comparison of small plants with large plants.

12,460. With regard to the question of cost. Do you know anything about the peace-time arrangements with regard to the Government establishments with regard to cost?—There has been no scientific costing system at work in the Government factories until a few years ago any more than in private enterprise in this country, as far as I know.

12,461. The question of unification does not follow as a necessary consequence of nationalisation. The Government would have to make up their methods to apply the result of experiments in private enterprise in the matter of costing?—Certainly. A Government would, I presume, apply all available knowledge, a large part of which is accumulated under the system of private enterprise.

12,462. Do they do that now?—I believe they do not—but as a matter of fact they do to a very great extent in the manufacture of munitions and so on, so that the private enterprise has learnt an enormous amount in the way of working with regard to cost.

12,463. Do you suggest nationalisation should be carried forward on the basis of the war experience and not the basis of peace experience?—I consider it should be carried on on the basis of all human experience, all knowledge and all science.

12,464. Do you think you will find so many private individuals would continue in these Government Departments?—I happen to believe that a great deal of them, especially the men who came in from private enterprise, have not been successful. It has been a very bad failure on the part of the Government. I am not blaming the Government; they could not do otherwise. The business man has not been a success generally in Government Departments during the war, in my opinion.

12,465. Is that on account of the weakness of the business man or the weakness of the Government?—Fundamentally I think it is due to the fact that he got into a new climate. He had been brought up to act on the profit-making methods. When he has to take into account national considerations he is at sea. Added to that, he is, unfortunately, very much of a rule of thumb man. Many have despised theory and neglected science, and I am afraid it has not been successful.

12,466. Have you any idea who was responsible for the running of the Ministry of Munitions?—Its activity was so manifold that I cannot give any answer to that.

12,467. Have you examined the personnel of the Munitions Council?—No.

12,468. You do not know how many business men were there?—No, I do not remember.

12,469. If I say it was entirely composed of business men, what would you say?—I should not be surprised.

12,470. You admit the business man was quite out of his element and has been a failure in Government administration?—I was speaking generally; I would not say that of all the men. I say if you asked any impartial outsider who knew anything about the facts as to what he would say as to the relative qualities of the business men who had come into Government organisation during the past four years, and let me say the University Professors who have come in, I think you would get their answer that the business man on the whole had not been so much of a success as the University Professor, which is rather curious.

12,471. It depends entirely upon what the business

was and what the Professor was expected to do?—That is so.

12,472. The business man, I suggest, did the work and the University Professor made the reports?—The University Professor probably provided the science.

12,473. After the work was finished?—I think sometimes it was the work had to be done before they went to the Professor?—Eventually the Government got science to work to the greater advantage of the business enterprise.

12,474. We will leave it at that. With regard to the question of accidents, you have suggested that it is cheaper to compensate for accidents than to avoid them?—I have said that is so usually.

12,475. You have indicated there is always that element at the back of private enterprise that it may be cheaper to compensate than to avoid?—Yes.

12,476. What does the compensation to the miners cost?—I have forgotten the figures. It turned out much less than the mine owners anticipated.

12,477. If I were to say that in 1913 the total compensation to miners—I admit it includes other mines than coal mines—was £1,350,000 odd and in 1912 £1,185,000 odd, would you accept that?—That is about £1 per man per annum.

12,478. About 25s. Would you suggest that the precautions which are desirable to be taken in the interests of safety would not be met by an annual expenditure of about a million and a quarter?—I cannot really give you any useful opinion about that. I do suggest it probably would be desirable to spend more than a million and a quarter per annum in additional safeguards. I think that would have its dividends in a diminution of accidents. Obviously no estimate on my part would be of any use.

12,479. You agree that a million and a quarter spent in safety precautions over and above what has been installed would be a very important element?—Yes.

12,480. Have you found that private enterprise in other industries has fallen short in providing the necessary safeguards?—Certainly; very badly indeed.

12,481. To what industries do you refer?—I may remind you of the docks. It is a very singular thing in my opinion that the docks made so little precaution against accidents until a few years ago when they were brought partly under the Factory Act and compelled to make some such provision.

12,482. Have you any reason to think those provisions have not been carried out?—I have no knowledge on the subject. I feel sure they have been adopted, because the Factory Department would insist upon it.

12,483. Is there any reason why the Mines Department of the Home Office should not do the same as the Factory Department has done for the factories and see the necessary safe precautions are adopted?—I have no reason to doubt the Home Office has done and would do all it could in that direction. I am not bringing a charge against the Home Office of failure of duty. My point is, all you can secure by penal enactments is a bare minimum; that the inherent difficulties of a criminal law compels you to restrict your requirements to a minimum which you can enforce universally and with common consent, and there is very much more that could be done voluntarily by the persons in charge of the industry, and very much more is done, I hope and believe, by particular collieries above the minimum that they are required to do; but against that, under private enterprise, you always have this permanent pull of the profit-making motive which must affect even the most benevolent and philanthropic colliery owner; therefore I suggest under a public department you would have those, what I will call potential, precautions taken to a larger extent.

12,484. Have you any knowledge of the way the dockyards carry on their work?—No, I cannot say I have any personal knowledge.

12,485. Do you know whether in the dockyards the precautions for the prevention of accidents is greater or less than in the ordinary shipyards of the same category?—I do not know the proportion of accidents. I think it is a defect that we have not a more scientific costing system on that head. The Admiralty always

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

claim they do take very much more precautions against accidents than in the private shipyards. They are constantly bringing forward that as an argument when an increase of wages is asked for. It is pointed out that the workers in the Admiralty dockyards get advantages which the workers in ordinary shipyards do not get.

12,486. Do not confuse things. Do you suggest these advantages relate to safety precautions?—Yes, some of them. That is one small point.

12,487. Are you advised on that point?—I am giving my opinion.

12,488. It is very dangerous, because, as a matter of fact, these advantages do not relate to safety precautions, but the general conditions under which the dockyard is run from a labour point of view?—I suggest that safety from accidents is definitely one of those things.

12,489. That is your opinion?—Yes.

12,490. Have you had any experience of safety precautions being provided and not used?—No, I cannot say I have anything in the nature of personal experience. I know the fact is so.

12,491. Have you any knowledge that safety precautions are provided and are actually removed before the work proceeds?—I have no knowledge of that, but I can quite believe it.

12,492. Have you any knowledge of the fact that miners have been prosecuted for exposing naked lights in mines?—I am aware of that.

12,493. It comes to this, the employer is not altogether responsible for the precautions in respect of having provided precautions that they were not taken advantage of in all cases?—I do not think the moral duty of the employer is limited to merely placing the precautions there for the men to use. As a matter of fact, I apprehend even the Coal Mines Regulation Act requires him to carry on an elaborate system of supervision and inspection in order to see the precautions are taken advantage of, and it is part of my suggestion that that supervision and inspection is not attained—is not sufficiently comprehensive.

12,494. Surely, do you suggest that in a mine, or in a shop, or in a factory there ought to be some one continually on the spot watching an individual to see he takes advantage of the precautions that are provided for his safety?—I do suggest that, and, as a matter of fact, that is the case.

12,495. Where?—I do not say one supervisor is to stand over each one man, sailor, or miner. As a matter of fact it is part of the duty of the captain of the ship to see necessary precautions are taken by the seamen under his command. The captain of a ship usually makes a minute inspection of the ship every day to see these precautions are taken. I do not suggest that every mining shareholder should make a minute inspection of the mine.

12,496. That is perhaps going to extremes. It is not what happens while the superintendent is watching the men; it is what happens when the superintendent is not watching the men that causes the trouble?—I think it is both. I admit you cannot have supervisors standing over each man all the time. The amount of supervision and inspection will vary from next to nothing to a great deal.

12,497. Supposing there are safety precautions fixed to a machine, and these are unbolted and removed, would you hold the employer responsible for that or would you say he was guilty because his tendency to cut down the expense of management has prevented him taking a humanitarian point of view?—It might be he was guilty if, for instance, the machinery had not been inspected for six weeks. You put the case of a bolt been removed just after the inspection and put back before the next inspection: no court would convict that owner of culpable neglect. You can easily understand it might be culpable neglect.

12,498. Do you think seriously the supervision which is required to look after the safety precautions would be greater in the case of the supervisor or inspector employed by the Government than one employed by private enterprise?—Yes, I do.

12,499. Do you think the private enterprise is wholly disregarding the interruption that takes place in works will cost far more than the accident itself?—I do not think the private owners of collieries at all wish to disregard the pecuniary loss that is incurred by accidents, but on the whole it does seem to me that the motive of saving cost does come in to militate against the fullest possible use of precautions.

12,500. I take it, therefore, that of the coal owners as a whole you have rather a poor opinion in that respect?—No, I think, poor creatures—

12,501. I do not think they ask for your sympathy?—That will not prevent my extending it to them I think, poor creatures, they are acting under the influence of a bad system; they are dragged by their profit-making motive even unconsciously to themselves.

12,502. They are not singular in that respect?—No. There are a great many other people in other industries who are subject to the same thing.

12,503. With regard to the nationalisation you propose how would you deal with by-products at a coal mine?—I would deal with them in exactly the same way as the main products.

12,504. So that if there were coke ovens or residual products?—With regard to coke ovens and residual products it seems to me they would be dealt with by the allocation department by sending them where wanted to the best advantage.

12,505-6. Would you nationalise the coke ovens and residual products in the same way as the coal?—I would certainly take over for the State the whole of the assets of any particular colliery. I do not suggest you need necessarily at the same time nationalise a coke oven which is not being carried on in connection with the coal mine, if there are any such.

12,507. In these residual products or in the manufacture of coke you would have two jurisdictions in the industry; first, the nationalised jurisdiction where the mines have been nationalised, and private ownership where they are not?—I would have two in place of several hundreds. You have now your private enterprise coke ovens and many coke ovens run by collieries. We should reduce the jurisdiction by substituting the one State ownership in connection with the coal mines in place of the multiplicity at present.

12,508. So far as the mine owners who run coke ovens in connection with their collieries?—Yes; in that way there would be a diminution of competition.

12,509. I suggest again that is a matter of opinion?—Certainly; we should be substituting one owner for a number of owners.

12,510. With regard to your purchase price of the collieries you indicate what would be required to buy out the shareholders?—Yes.

12,511. What provision do you make for working capital?—I have not suggested anything thereon, as a matter of fact, in the pamphlet that has been referred to. I have put down a considerable sum to cover not only working capital, but also cost of improvement.

12,512. That would have to be found separately from the purchase price?—Certainly, except in so far as the ordinary working capital of the colliery would be taken over, of course, in purchasing the concern as a whole.

12,513-14. Does not that belong to the shareholders?—If I buy in the aggregate the shares of the company, I buy the assets of the company. I say if I buy the shares of the company, I purchase in that act over its cash balance; therefore I should take over the existing working capital in the compensation. It is merely the additional working capital which I foresee the State ought to put in to make improvements which I have otherwise provided for.

12,515. With regard to the question of the profits made by the collieries, have you any information as to what those profits have been over a period of years?—Yes, we have of course had before this Commission a great deal of evidence.

12,516. I may be wrong. As a matter of fact, I have not been able to read what took place previous to my advent. You may tell me what took place. Over

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

what period have you information as to profits?—I have forgotten; certainly not any long period. I think we had information with regard to about a decade; I think information with regard to the Scotch collieries longer than a decade.

12,517. What average dividend was paid then?—I think we can take the average net profits of the coal mines were 9 per cent.

Sir Arthur Duckham: That was for five years.

Sir Allan Smith: These five years are extraordinary five years.

Sir Arthur Duckham: Before the war.

12,518. *Sir Allan Smith*: Would you be surprised to find that for years on end the colliery industry made no profit at all?—I should be surprised to hear that for years on end.

12,519. Would you be surprised to know that the average profit for 50 or 60 years does not exceed 5 per cent.?—That is contrary to the evidence given. I remember going to a colliery some years ago for another purpose. The owner of the private colliery was sufficiently candid to unlock his private ledger and show me his profit and loss account for the preceding ten years. No other business man has done that to me. It was interesting to notice two years' net loss; four years' net profit, then two years' net loss, and so on. I am quite aware there are such things as years of loss.

12,520. With regard to the co-operative coal mines I understood you to say that the co-operative movement has certain coal mines; is that correct?—It has begun. The English Co-operative Wholesale Society has purchased one colliery.

12,521. How long have they had that?—I think about a year.

12,522. Can you tell me whether the percentage of accidents there is greater or less than the average?—I cannot. I should doubt if there was any difference, or whether there has been time enough to get any return.

12,523. Notwithstanding the absence of the sordid motive?—Yes, I have no information.

12,524. With regard to research, do you know what is done in other industries with regard to research?—Yes, I have sat on Committee in connection with the Council of Science and Industry.

12,525. Do you know in some industries a great deal is being done in research?—In some industries work is being done; "a great deal" must be a matter of opinion. I do not regard it as a great deal.

12,526. Take the metal trade. Is there not a great deal of research being done there?—Certainly there is a great deal of research compared with nothing; but, compared with what there might be, I cannot help thinking it is inadequate; it is hardly worthy the name of a great deal.

12,527. Where does the money come from which provides funds for carrying on that research?—I suppose it is contributed—it is very often done at the expense of the professors themselves.

12,528. I did not know they were a profit-making people?—No, I am not aware that professors or the university continue researches for profit; but they have nevertheless conducted a great deal of research.

12,529. You know private enterprise and private subscriptions have set up laboratories?—I am aware they have set up some. I believe the Gilchrist-Thomas process was discovered in a back room in London by a student of the Birkbeck Institute.

12,530. Quite possible, and other discoveries have come by accident?—By accident to the man looking out, but not generally by accident in an ordinary sense.

12,531. By an accidental circumstance, but in a general investigation?—You mean there was a brain at work?

12,532. Is it not the case so far that the State has done less in the way of pioneer research than private enterprise?—That is not true generally of the State. It is a special defect of our Government that it has done so little. But the British Government has done a great deal more than is usually remembered, especially in coal mining. The British

Government has done a great deal at the expense of the taxpayer for a long series of generations. I may observe that the National Physical Laboratory is of some importance.

12,533. I do not suppose you contend that nationalisation would altogether eliminate the risk of accidents?—No, I have said so. I have said you cannot hope to avoid all accidents. I would put it more paradoxically and say if it really is an accident it cannot be avoided. What we call accidents are things which ought not to occur, or a good many of them.

12,534. I suppose you have heard of a place called Chepstow?—Yes.

12,535. Do you know there is the beginning of a shipyard there?—Yes.

12,536. Do you think that is a satisfactory adventure of any Government Department?—I have heard a great deal of criticism of it. I am not prepared to pronounce judgment whether it was a wise step or not.

12,537. You also know of the activities of another Government Department at Crippenham or at Slough?—I am quite confused as to which Government Department that is.

12,538. There are so many I cannot tell you at the moment?—With regard to that Crippenham experience, if it is to be mentioned, may I say we have not heard the last of it yet?

12,539. Not by any means?—I do not know what the result is. It may prove to be a brilliant success for all I know.

12,540. It may?—I am not at all admitting it is a failure.

12,541. With regard to infantile mortality, you refer to the difficulty of drying wet clothes and domestic troubles due to the calling of the miners?—That was a suggestion of mine as the only distinguishing feature which I could discover.

12,542. Surely nationalisation is not required in order to get over that?—That is quite true. I did not suggest it was.

12,543. I assume that point would be perfectly well met by making provisions, either by way of pithead baths or by communal baths in the miners' villages or elsewhere, to get over the difficulty?—I have to point out the mining industry has existed in private hands for a great many years, and when the Government actually was convinced that pithead baths were necessary, and endeavoured to make them universal by the Coal Mines Regulation Bill in 1911, that was opposed by the colliery interests and it had to be dropped. If we do not have pithead baths at this moment, I think it is to be directly ascribed to the influence of the colliery proprietors. I do not believe the colliery proprietors had any animus against pithead baths or any desire to prevent the workers having the advantage of them, or any desire that babies should die; but the pull of the profit-making motive necessarily and almost inevitably led them to object to this charge being imposed upon their industry.

12,544. I suppose even a member of the Fabian Society may change his mind by experience?—I hope the members of the Fabian Society are noted for changing their minds whenever any evidence is produced.

12,545. The information for the Commission has not been that the owners have not provided them?—There has been no evidence that the mine owners are willing to erect pithead baths.

12,546. I suppose you are aware of the provision of the Factory Act with regard to the provision of basins, hot water and soap in certain industries?—That has been brought in by the Home Office during the last two or three years.

12,547. No, long before that?—It was under the Factory Act of 1915.

12,548. You are rather misinformed on that point.

12,549. *Sir J. Chiozza Money*: It is perfectly right.—There were certain exceptionally dangerous industries like lead in which it has prevailed for a few more years.

12,550. *Sir Allan Smith*: Or brass, where provision was made for washing?—Exceptional industries. I am talking of the general requirements.

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

12,551. I am referring to the particular requirements which were made and have been in operation for some years?—You did not mention the particular industries at first.

12,552. That was my intention. Do you know whether these have been taken advantage of by those for whose benefit they have been installed?—I am aware they have very largely been taken advantage of.

12,553. Then, again, I am afraid we must put that down as a matter of controversy?—I am giving the evidence.

12,554. I accept your information. You have figures, and it may be your experience is not as complete as is required for a definite pronouncement of your opinion?—I have yet to learn I give an opinion without warrant.

12,555. Have you visualised any scheme of unification which falling short of nationalisation would give general satisfaction?—No, I have considered such schemes of unification as have been suggested as far as I know and such as I have been able to think of. I have not found any scheme of unification of the coal mines which holds out any hope of getting rid of this permanent pull of the profit making desire that I have spoken of in an adverse way, to housing, accidents and infantile mortality; but, further, I have not seen any signs of unification which would not put the consumer at the mercy of the proprietors, and I have not been able to discover any possible safeguards or controls by the Government which would adequately protect the consumers, as I have explained. Then there is a final consideration. There may be something to be said for private enterprise and private ownership, initiative, freedom, and so on. There may be something to be said for the advantages of public ownership; but there is a great deal to be said against a system of private ownership which is then put under bureaucratic control. You are apt then to lose the advantages of a better system; you lose the production and the initiative of the capitalist because he has always to be checked by these public regulations; and, on the other hand, you lose the advantage of public ownership because you do not get the additional benefits; you can only enforce a minimum, and you have the perpetual conflict of two forces, which is not economical. To give an illustration, there was a time when the London Water Supply was in the hands of eight companies. They carried on a great deal of unification that got rid of internal competition. I was then on the London County Council. We were always fighting the water companies to get further and further control for the benefit of the consumer. A very eminent Counsel whom I know who was standing Counsel for the Water Companies, at a certain point went to them and said: "Gentlemen, the game is up; whatever the advantage of private enterprise so long as uncontrolled, we are losing this advantage because it is put under control and restriction; you had better take the opportunity of selling out and let it pass into municipal ownership." That is illustrative.

12,556. Illustrative of the wisdom of Counsel in advising his clients?—Yes.

12,557. But not illustrative of the advantage of making such an extraordinary experiment of such vital importance as nationalisation of the coal industry?—I think it is.

12,558. The circumstances are different. There you had the unification first to find out that position; here you have no unification?—I said you had partial unification. There were eight separate companies. There is now only one London Water Board. The unification has gone on to a certain extent only.

12,559. With regard to the benefit to the State, do you hold the view that whether the balance sheets of a nationalised enterprise show a profit or not that nationalisation would give the individual citizen an immediate profit which cannot be shown as a balance sheet profit?—I think that is so, certainly.

12,560. Do you suggest that whether a balance sheet shows a profit or not is no criterion as to whether or not the industry as so carried on under a nationalisation basis is good or bad for the nation as a whole?—It is putting it strongly to say no

criterion. I say it is only one factor. In any estimate of advantage I would not give it all to that factor. There is no contemplation of a national coal industry that could not make out a level balance sheet. Presumably the price would be fixed at such a figure as to cover the cost.

12,561. That is finance of a description that would not be tolerated in the sordid motive of profit-making. In other words, you would make the punishment fit the crime?—I should ask the consumers of coal to pay the cost of producing the coal.

12,562. Whether that is uneconomical or not?—It is the best method of production the community is capable of.

12,563. Not necessarily the best?—An angel might conduct it better. You cannot do it better than the communities' knowledge will allow.

12,564. We have not to deal with angels, but people who have tried to make good in the industry of coal winning?—I wish to take advantage of every possible knowledge and experience those people can bring.

12,565. With regard to the labour conditions under a nationalised scheme, do you think the conditions under a nationalised scheme would be better than under a private scheme?—I think it is probable they would.

12,566. Why?—I have once or twice expressed, I think, that a large proportion of the number of stoppages are due to resentment at particular acts of what are considered tyranny. I think a better organisation of the industry would eliminate the opportunity for those. I do not mean to say it is because it is State employment; I mean the industry would be better organised.

12,567. Do you think Woolwich Arsenal has been freer of labour disputes than the ordinary engineering shop?—As a matter of history, it has been very much freer.

12,568. Are you satisfied of that?—Yes, I am. I am speaking with some knowledge of the labour side of the engineering industry.

12,569. I am not altogether without knowledge on the same point?—I am aware of that. I suggest if you take the last 50 years since 1870, there have been fewer stoppages at Woolwich than in the privately directed engineering industry.

12,570. Take the last five years?—The last five years has been a very exceptional time. There have been a great many stoppages in the engineering industry where privately owned.

12,571. Including Woolwich?—Excluding Woolwich. I said a large number in private industry. That would exclude Woolwich. I do not think there have been more stoppages in Woolwich than in the private industry during the last five years.

12,572. Do you think that a Government official is a more human individual than an official acting under this sordid private enterprise?—I think it would be very much the same individual, but he would have a different set of motives.

12,573. Let us examine that. The manager in Woolwich has got his salary and has to do certain things. He knows nothing about profits; the manager in an engineering factory has his salary to do certain things and has nothing to do with profits; what difference, psychologically, operates in one from the other?—I suggest, if you put it to me, that the manager of the State enterprise would be even unduly desirous of avoiding trouble. I think there might be something in that. I think the errors of the managers of the State enterprise will be that they will be continually thinking that they must not have friction.

12,574. Then, if they do, they are failing in their duty to their superior, the State?—Quite so. I think there might be a tendency to err on that side.

12,575. The cost of production will be piled up against the nation?—That would require to be corrected by appropriate organisation; the error will be not that he will have more trouble but less trouble.

12,576. Have you had any practical experience in handling labour in a factory?—I am happy to say I have remained unspotted in that respect.

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

12,577. Your provisions are quite untrammelled with the main activities of life in that sense?—I have my experience of administration without them.

12,578. Is your theory more theory than practical?—I have had a practical experience in administration.

12,579. Does experience in that direction tend to be of value when you are dealing with human nature of labour in a factory?—I think it does. I have even written a book on works managers.

12,580. My enemy has done that?—He is buying many copies of this book.

12,581. Out of curiosity perhaps?—And is learning from it too.

12,582. With regard to the advantages first taken in relation between municipal employers and private employers, would you suggest that a greater advance has taken place in the Government establishment than in the privately owned establishments?—Really I cannot say. I am not concerned with that action one way or the other. I am afraid I cannot answer that. I have not it in mind which side has had the greater advance.

12,583. You are aware of the general administration of Government departments?—Yes.

12,584. Are you aware that until recently the dockyards and arsenals had to approach the Government by way of a formal petition to be heard?—Yes.

12,585. That petition is heard twice a year?—Yes.

12,586. Is anything like that taking place in private establishments?—No.

12,587. Would you say that is an out of date arrangement and ought to be abolished?—Yes.

12,588. Therefore in that respect alone the private establishments have been ahead of the Government establishments?—The private establishments also, or a number of them, absolutely refused to receive the men's case when presented by their own officers.

12,589. What sort of establishments are you referring to?—The very large number of establishments that would not recognise the trade unions.

12,590. In what trades?—In all trades.

12,591. Take the dockyards the same as the shipyards. How long is it since the shipyards refused to recognise trade unions?—I really have not that in mind.

12,592. Take Woolwich Arsenal, compare that with the engineering establishments. How long is it since the engineering establishments refused to recognise trade unions?—I have not that in mind. There are still establishments that refuse to recognise trade unions or admit any trade union official. There are still industries in which trade unionism is forbidden by the employers and stamped out when they get a chance. You must put one thing against the other.

12,593. These industries in the main are rather small?—Some are large.

12,594. Mention some?—The flour milling industry.

12,595. Supposing you had the interchange of cost indicated in your précis and supposing you have your consumers' interests watched over by some form of co-operation, not bureaucratic control, or some form short of bureaucratic control, and supposing you could lose your obsession with regard to the sordid motives of profit-making would you consider it feasible to build up a scheme that would be satisfactory from the standard standpoint short of nationalisation?—No, because I cannot imagine any system of control of cost and prices which would be adequate to prevent the ingenuity of private interests from getting round them. The ingenuity of the private industry in dealing with public regulations is very great.

12,596. Has that not been got over by the Defence of the Realm Act and the Munitions of War Act?—No, I think the Defence of the Realm Act and the Munitions of War Act have always left an enormous margin for what I can only characterise, using my own term, as plunder, advantage being taken of the State to make an excessive profit.

12,597. Has the State made a profit?—Every advantage is being taken of the necessity of the State by private capitalists to make, privately, excessive profits.

12,598. Are you not aware in many cases the State has compelled the employers to show their costs and the costs have been fixed, not from the employers' point of view, but from a strict actuarial point of view?—Yes, and to great advantage in many cases. The effect has been to throw light on the enormous plunder that has been made.

12,599. It has stopped it?—It did in particular instances to some extent stop it.

12,600. If it was successful thou would it not be successful now?—It is not successful. I must prevent misunderstanding. I mean the influence of the Defence of the Realm Act and the regulations of the Munitions Department have not been successful in privouing excessive profits at the expense of the community, and I must not be quoted as saying that they furnish an instance of where the Government is successful in preventing excessive charges; they have not been successful. They have only been successful in that case to a partial extent. The amount of the Excess Profits Duties shows how enormous the profits have been.

12,601. The Excess Profits Duty is not confined to manufacturers?—No. Excess Profits Duty is not confined to manufacturers, but there is very little except manufacturers and extraction and shipping.

12,602. I am taking it generally from your evidence that although you say you have an open mind you have not with your great experience of this matter been able to introduce anything yourself as a substitute for nationalisation?—Assuming we must have unification, assuming that unification is necessary, I have not discovered any way in which the nation could safely allow the coal mines to be owned by a great trust without danger of an excessive price to the consumers, without danger of an interruption of the supply and without any particular disadvantage as regard housing, accident and infantile mortality.

12,603. Do you proceed on that assumption having regard to the terms of paragraph 9 of the Chairman's Report?—Yes, as at present advised. We have not yet had any evidence from the mine owners. I shall consider any evidence that is presented on behalf of the mine owners.

12,604. Do you think the opening words of that paragraph "so far as the evidence already given is concerned"—?—Not "so far" pardon me. "Even on the evidence already given" which has a very different meaning from "so far."

12,605. Even on the evidence already given supposing evidence were given by the coal owners or others which would rebut the evidence given you would hold yourself free to alter your conception if you thought that was necessary in view of the further evidence?—Certainly.

12,606. *Sir L. Chiozza Money*: Sir Allan Smith said something to you about the beginning of a shipyard at Chepstow. Look at that. Is that a picture of a shipyard pretty well completed at Chepstow? (*Handing photograph to the witness.*)—Yes; there is more than a beginning perhaps; there is laying the first keel.

12,607. It is to show Sir Allan Smith was asking you about something he had not examined. Who initiated the Chepstow Yard?—I do not know.

12,608. Do you know it was a first-class business man, Sir Eric Geddes?—I am not surprised.

12,609. Will you take it from me it was Sir Eric Geddes?—Yes.

12,610. If it was Sir Eric Geddes, Sir Allan's question is a reflection on a first-class business man?—We have to consider the particular necessity the Government may have been under at that date.

12,611. Are you aware it has been carried on by other first-class business men, including Lord Pirrie and Sir William Collard, both business men?—Yes.

12,612. If the Chepstow Shipyard is a hideous mistake, they are hideous mistakes of business men?—I did not say they were a mistake.

12,613. But if they are mistakes, they are mistakes, and hideous mistakes of business men?—That inference would be drawn.

12,614. With regard to the trade cycle. It is suggested to you that there would be great difficulty in dealing with the nationalised coal industry because

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

of the variation in the output of coal. Look at that record of the output of coal in this country for 50 year and look at it from the year 1870 down to the present time. Perhaps you might take it for 43 years down to the beginning of the war. Is it not a steady increase? (*Handing document to the witness.*)—The whole fact, of course, is a steady increase. I believe that the particular years, five or six years during which there was a setback in the absolute aggregate production, the setback was never more than 5 per cent., and was usually only 1 per cent. or 2 per cent. Practically there is no variation in the production of coal deviating from a steady rise, except to a very trivial extent even in the worst years.

12,615. In other words, the question was asked you again under a misapprehension of the facts?

Sir Allan Smith: I have no desire to raise any question as to what my apprehension was or not; that is for the witness and not for the cross-examiner.

Witness: It did not refer to you, I think. As a matter of fact, we are always too much under the impression that the cycles are very bad in their magnitude. I indicated in my first answer the year of depression was much more serious with regard to the depression of profit, and, to some extent, depression in price than any depression of quantity.

12,616. *Sir L. Chiozza Money:* There is a difficulty to be apprehended with regard to any particular setback in output because of the trade cycles?—So far as the last 50 years' experience is concerned, it shows there never would be any diminution in the production of coal.

12,617. Now with regard to the efficiency of Government operations. Have you any information as to the work of the National Physical Laboratory during the war?—Yes.

12,618. Are you aware that it afforded the very greatest assistance to the private manufacturer, who had hitherto done nothing in that direction with regard to the manufacture of fine gauges?—That is so, and in the enormous work of the National Physical Laboratory before the war it was of great value to various industries.

12,619. It was the neglect of standardisation of business within this country that led to that neglect?—To a large extent the Government Engineering Standardisation Committee has been the means of improving standardisation.

12,620. Is it not true the efforts of the State Department, the Ministry of Munitions, has done more to-day with regard to standardisation in this country than during the previous 30 years?—That is likely.

12,621. With regard to theory and practice. Some questions were addressed to you that seemed to question your right to speak of this subject as a practical man. Is it not a fact that during your experience at the London County Council you were directly concerned with the administration of a great many very important public works?—Yes, I was. I may say this, that whilst I was there I was nearly always Chairman of one of the important committees, and practically I was responsible for the administration of large sections of what was perhaps the largest, or what was then the largest, staff and most varied staff in any enterprise whatever in the Kingdom.

12,622. So far as any judgment or experience was concerned, was not that as good experience, or a better experience, than is gained by most business men who carry on these collieries?—It does not fetch so much money. I have been very pleased to take advantage of it.

12,623. Did you do that under the incentive of private profit?—The members of the London County Council are not paid.

12,624. With regard to private profit, when you were criticising profit it is the case, is it not, that you were criticising commercial profit?—Yes, I mean the ordinary profit on price; the profit which is the margin between what the man has to pay out and the price he gets for the product he makes.

12,625. You were not criticising the propriety or advisability of making profit in its real sense for the nation?—The surplus which is either in the balance sheet of the co-operative society or Govern-

ment Department, or of the whole community, is not profit in the same commercial sense.

12,626. Are you aware what usually happens in a democratic country when profit is made in a State Department; there is then a call for reduction in price?—Yes.

12,627. Is not that what happened in Australia?—Yes, and in all municipalities.

12,628. Is not the effect to give the commodity at the lowest possible price to the consumer?—That is the tendency, and that is far better than making a surplus that is called profit.

12,629. Would not that be a far better thing for the industry of the country if applied to coal than if coal owners were able to make huge profits, which is recommended to you as a good thing to be aimed at?—Yes. I consider the profit of the capitalists, except so far as necessary to attract the capital and brains in the industry—anything beyond that is not any advantage to the community. The height of the capitalist's profit is a waste to the country.

12,630. May I ask you with regard to high profits: Is it not the fact that the spending of those high profits by the people who make them takes the work out of the productive industry and puts the profit into an unproductive industry?—It gives rise to a multiplicity of servants.

12,631. With regard to the question of the indictment of private enterprise I take it you were not indicting individuals?—No. I was trying to be very careful to sympathise with the individuals who found themselves caught in a bad system. It is the system I was indicting.

12,632. With regard to the indictment which is the indictment of the system and not the individual, is not the Mines Act itself in the majority of its clauses an indictment of the system of private profiteering?—I had not thought of that. It would be so expressed very well. The results of the profit-making industry were found to be so bad that the Criminal Law had to step in to prohibit certain things which were being carried on. That does amount to rather an indictment of the system.

12,633. *Mr. R. H. Tawney:* You are anxious to see the system of public costing adopted in coal mining?—Yes.

12,634. Would you explain more fully the kind of advantage you expect to get?—By costing I mean a scientific, accurate and precisely ascertainable cost of each particular operation from the beginning to the end in each particular enterprise and then the continuous comparison of those costs in order to reveal anything which is startling above or below the mean, and so direct attention to those exceptions.

12,635. That is to say, as the criterion of efficiency of management you would rely on your costing system instead of on profits?—Very largely. The costing system would be a real test of efficiency. The making of profit is only a test of making profit and has no necessary connection with efficiency. The amount of the profit is very far from being the measure of the efficiency.

12,636. About the position of the worker in a nationalised industry. How far do you think that the transference of this industry from being a service carried on for private profit to being a service carried on for public benefit is likely to produce any psychological change in the attitude of the workers towards it?—That must, of course, be a matter of estimate. I think there will certainly be a change. I am prepared to apprehend and to look out for a certain tendency to what has been called the Government Stroke. It is quite possible that in some cases some of the men may think they will take advantage of not being looked after by a profit-making employer. I think that can be counteracted. On the other hand, I think there will be amongst a number of the men, and I hope progressively amongst all the men, a good, healthy sense of being engaged in public enterprise for public good. I think that is a great advantage. I think the elementary teacher gains enormously by his feeling that his service is for the public good. I think the miner is capable of the same sort of stimulus and emulation.

12,637. Do not you think one of the conditions of developing that kind of spirit is that the workers should have effective control over the conditions of

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

their work and be responsible for its success?—Speak generally, that is so.

12,638. How far does your scheme allow for the creation of an organisation that would develop that?

It is very difficult to sketch out organisations. I can only make a plan for consideration. I suggest what you are thinking of does not depend quite so much on committees and councils, as sometimes has been suggested. I think the desirable thing is that every individual person in an enterprise should have a definite duty and a definite responsibility. I think any man who is charged with a responsibility is elevated by it. I should like to see every man with a precise definite duty and responsibility and proper power in his own degree. I look more to that division of power instead of concentration of authority for the moral effect.

12,639. With regard to your pit committees which should have authority; would you allow them to elect managers or sub-managers or should they be merely advisers?—I suggest they would be better for criticism. I should hope there would be no question of deciding things by majority in future. It ought to be a question of taking counsel. I look in future to not so much peremptory authority in the world. I think that is a product of very feeble intelligence. Anybody can govern in a state of siege. I think the report of the costing expert would be shown to the men and the manager will say, "What are we to do with this? We are shown to be in excess of some other men," and they will take counsel together as to what they are to answer to that.

12,640. I do not know if you can say anything about the export trade. Have you any special proposition with regard to that?—I suggest with regard to the export trade it is quite a separate question from the rest of the argument, and there are three alternatives: either the State Mines Department could carry on the export trade as the exporters now do with the advantages that Sir Richard Redmayne pointed out, that they would be a united body dealing with foreign purchasers. That is one plan. The second plan would be that the State should carry on the enterprise but should employ the existing export merchants and factors to do the business for it at a commission. I believe that there are such transactions already and some of these experts do act for a commission. The third plan would be the State will say we will not trouble about the export trade, but leave that to these export merchants and factors and merely sell them the coal for them to make a profit on it if they can. I think there are those three alternatives. The question will be affected by what is done with regard to foreign Governments. I expect in future the Governments will to an increasing extent purchase collectively what is required for the inhabitants of their countries and possibly over long terms. If you come to have Governments contracting, as we have already had during the war, for large enterprises, such as all the wheat, all the wool and all the coal, possibly it would be better for the Minister of Mines to do the business.

12,641. That is to say, the problem of the export trade can be treated if necessary as a separate problem?—Yes; it is quite easy.

12,642. It is not germane to the larger question of nationalisation?—It is not germane. It is not a difficult problem; it is quite an easy job.

12,643. You say the Minister of Mines should have a seat in Parliament. Are you aware of the kind of objections that are made to that proposal?—They are founded on lack of knowledge and misunderstanding of terms. In the sense that the Minister of Mines will be responsible to public opinion I want him to be in politics. I want him to be responsible to public opinion. If it is supposed he will necessarily have a different policy of administration because he belongs to a particular cabinet Government, let me say I do not think that is true any more than the Post Office has a different policy.

12,644. Do you contemplate your mining service under these proposals being financially self-contained?—Yes, certainly, except so far as it may yield a surplus of revenue to the Exchequer.

12,645. A criticism sometimes advanced against that is that by some concealed method it might be subsidised from the public funds?—I do not think it would

be possible to conceal that method. In any case, I would suggest the people who will not be in the employment of the Minister of Mines are so far much more numerous than those that will be in his employment, in fact, ten times as numerous. There will be no likelihood of a bias in favour of the miners. He will be held well in check, so far as he is in Parliament, by the opinion of the consumers of coal. Secondly, I would point out, in so far as electoral pressure is concerned, it has been so contrived by Providence that the miners are all together in about 30 constituencies in which they exercise great influence, but they exercise very little influence in the other 670; such little influence as they may have will result in their returning members to Parliament as they ought to do, but will not exercise the sort of influence that is exercised by the teacher or Post Office official. I do not say it is bad over all the constituencies, consequently it is a much simpler question with regard to that particular political difficulty than the taking over of all the Schools, for instance, which we have done, or the running of the National Post Office, which we have managed to do.

12,646. You seem to think the consumer will keep his end up?—I think consumers will have an influence on public opinion and the House of Commons more than the miner himself.

12,647. Do you desire to see the consumer represented *qua* consumer on the Mining Authority, or do you think the officials of the State are sufficient to speak for them?—I think there might be an advantage in having some representative of the consumer on the National Council, not because of any vote he might exercise, but he might be there as a voice.

12,648. *Mr. Frank Hodges*: You are aware that in 1912, when the Miners' Federation brought in a Bill for the Nationalisation of Mines and Minerals, they dealt with the question of compensation in that Bill?—Yes.

12,649. In that Bill in clause 3 these words were put in: "Provided always that the value of any minerals or right to work minerals or mineral wayleave shall not be taken into account in computing such price, for all of which sufficient compensation shall be paid"—Yes.

12,650. That is so; they did not propose to compensate mineral owners for their holding at that time?—That is so.

12,651. In your précis and in your evidence you rather object to that point of view?—I always think in proposing to expropriate any particular private owner it is well to give him compensation, not for anything he has, but for your disturbance of his established expectations. I am quite aware that when workmen have been disturbed in their established expectations through the shutting down of mines, or anything of that sort, they have not been compensated. I think that is wrong. I do not think it desirable to repeat that wrong in connection with the owners. I was successful when on the County Council to get compensation for watermen who were disturbed because a bridge was made. I think it is the right thing to give compensation to any person whose income is interfered with. I cannot help thinking the royalty owners ought to be dealt with in the same way. The leading case is the Tower of Siloam. The people on whom the Tower of Siloam fell were not greater sinners than others; but for the grace of God we might all have been royalty owners.

12,652. There are not many miners who are royalty owners?—I should think possibly not.

12,653. It is proposed to compensate royalty owners in hard cash or in money of some kind?—Yes.

12,654. That would be on the assumption that they are to be losers of money?—They are going to be losers of what they have regarded as their own incomes.

12,655. Is not there an objection to royalty owners being similarly treated—I put the point quite seriously—to individuals who have put some money into something?—Yes, that, of course, is arguable, but I would suggest as a matter of practical experience it is extremely difficult in any old standing income to distinguish between the people who have given value for it and those who have not.

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

A large proportion of these 8,000 recipients of royalty rents probably have purchased those royalty rents, or their ancestors have, and the number who have those royalty rents by grant from the Crown in some past epochs which they, perhaps, ought not to have had, is not so many as we think, and it is difficult to distinguish between them and the others. The better opinion is after a long period of years you had better assume all titles are equally good or bad, but treat them all alike.

12,656. I gather from your own calculation that would involve the nation in the cost of something like 60 millions?—Yes; that is to say, we should redeem an income of six millions a year for sixty million pounds. We need not bind ourselves to the exact figure. I think that is about it.

12,657. You propose that should be, as it were, a tax upon the industry?—Yes, that is to say, the industry would gain by the 60 million between the cost of borrowing 60 million and the six million a year. There would be really two million odd more to the industry per annum.

12,658. That rather limits the possibility, does it not, of the industry itself hearing that burden as it, in fact, now bears the burden?—Quite so. You would only gain the difference. The difference would be something like two millions to two and a half millions per annum. It would be a nice little sum for the housing.

12,659. What do you think, apart from the question of finance and apart from the question of better administration which you emphasised considerably yesterday and to-day, is the cause of this question of nationalisation coming to the front at this particular moment?—I think, in the main, it is an awakening of consciousness among the wage-earners; that they are, if I may put it this way—they are rising to manhood and not willing to go on as a class for ever obeying orders which are given by another class of property owners; and they are asserting they want to be their own masters in the only way in which in a dense community anybody can by his own efforts do so.

12,660. That would be, in your judgment, much more potent, perhaps, than a mere academic looking at the problem of production?—I think so, when you regard a mass movement. It is much more a movement of feeling that is necessary than any working out of a theory; that must always be so when you are dealing with a mass of men.

12,661. Would you say the industrial strife of the last four or five years in the mining industry, (apart from the question here and with regard to wages), that that volume of disputes that has arisen is indicative of some such spirit as you have described?—That is my own opinion.

12,662. Do you think that has been made more manifest during the war?—I think it has. I think the war eventually has made the nation realise that it is a nation. We have been working for these four years, and we have been putting forward a great national effort which everybody has felt to be a national effort. The Post Office was a dull, drab thing. You could not get up patriotic co-operation in the Post Office. The war has brought this home to everybody—that there is such a thing as nationalisation, and it is for the nation collectively to do something and to do it with no small measure of success. I attribute to the indirect effect of the war the rapid quickening of the spirit.

12,663. That is what the effect of clogging production means. It was more or less spasmodic during that period?—The friction and stoppages to which the feeling gave rise, I think, have been a great drawback, of course.

12,664. If that is symptomatic of that feeling, what would be the trend of events if the miners had to face the possibility of a great national capitalistic trust? Would that make for happier relations between the workmen and the employer or for more continuous production?—No; of course, I think it would be a most gigantic calamity. I am convinced that the formation of any capitalistic trust must inevitably cause this feeling to flame up into very serious dimensions.

12,665. What do capitalistic combinations result in? Do they result in still greater trade union combinations, do you think?—Trade unionism cannot go very much further among the miners than it has gone, but I think the spirit of trade unionism would be enormously strengthened amongst the miners; I think also the miners would find allies in their resentment amongst the other trades.

12,666. If that antagonism grows, that is to say, if trustification was to be substituted for the present system, and not nationalisation, you would have the growth of an antagonism which sooner or later would result in a vast national calamity?—That would be my very serious apprehension.

12,667. You would say that that is a fact or supposition which the employer class ought to direct very great attention to?—I think it is a fact that must be taken into account by everybody, and especially by the statesmen.

12,668. *Mr. Robert Smilie*: When referring to compensation I take it you meant compensation for the known royalties?—Yes. My suggestion was certainly limited to that. I have not sufficiently gone into the question of the unknown coal. I should be rather callous about any respect to private rights in that connection.

12,669. Would it not arise from time to time as new coalfields were discovered?—Possibly it would, but I should feel very much inclined to vest all unknown coal in the State straight away.

12,670. Could you justify paying people because it was known there was coal under their land, and not paying landowners when coal was discovered in their land?—Of course there are always difficulties in marginal cases. You will remember that I pressed, as the ground for compensation, the disturbance of an established income. I do not think you are quite entitled to pay so much regard to an income that has not arisen.

12,671. Surely people who have ground always have expectations that there may be coal there?—I should regard that rather lightly.

12,672. I suppose you are aware that the people who own the surface claim the ground down to the centre of the earth?—Yes.

12,673. We used to be taught that Hades was in the centre?—Yes.

12,674. And it is said that there is considerable heat in Hades. Suppose they discover that the heat could be used, would you pay a royalty rent for that?—No, I do not think so.

12,675. I suggest that the common impression that the owner owns everything down to the centre of the earth and up to the Heavens goes beyond what the laws now provide?—I do not think we are going to be at all scrupulous when cutting for underground tubes, for instance, about paying anything for compensation. We are not going to have regard to the landowners' rights in the air, and accordingly I think I should try to limit the compensation to royalty owners who know where the coal is. I am not prepared to say that there may not be marginal cases which may have to be dealt with, but I do not at present advocating compensation for the unknown coal.

12,676. Do you know of any single landowner who by his own efforts or expense has discovered the coal?—No, I do not; but you must remember that though the landlord may not act for himself he may hire somebody else to act.

12,677. Do you know of anybody who has hired anybody else?—Not directly hired, but, of course, by making a contract you in effect hire a man.

12,678. We have some pretty deep collieries here where private capital has in the first place bored to many hundreds of yards depth: have you ever heard of any of them being down to a depth where the landlord has not claimed a royalty?—An owner claims the soil right down to the bottom. I can only say that the law is changing on that point. When the tube railways were built under London no compensation was given for the infringement of the landlord's supposed right down to the bottom of the earth. We ought not to go on repeating the landlord's shibboleth that he owns down to the bottom.

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

12,679. I suppose you know that they are willing to give up any claim to the air above 2,000 ft.?—I am not aware of that, but I think they will have to come down.

12,680. You said one extraordinary thing, and that was that you were willing to leave outside of nationalisation the pits of the collieries owned by firms who were also iron and steel firms. Do you know that is a very considerable portion?—Yes, I believe it is. I only made that suggestion in order to make the transaction a little more easy. It might be found more convenient to take them over, but I was throwing out the suggestion as one that might be borne in mind—that in so far as they only supplied themselves it might not be necessary to interfere with their coal production.

12,681. Are you aware that any such thing has not been before the Commission or the miners in all their resolutions?—No, I did not realise that.

12,682. Would you be surprised to know that so far as many steel and iron works are concerned they own amongst them hundreds of collieries?—I should have thought that was rather a large number. I know that they have a good many.

12,683. Take the case of William Baird & Co., which is an iron firm: they own a very large proportion of the collieries in Ayrshire?—Yes.

12,684. A considerable proportion of the collieries in Lanarkshire and some in Stirlingshire. Did you mean to nationalise the mines of the country and leave those mines in the hands of William Baird & Co.?—Certainly that was the suggestion I made—in so far as they used the coal for their own factories.

12,685. Unfortunately, you did not say you would nationalise the pits producing coal for steel making. You said you would not nationalise the pits of iron companies, but if they had more coal than they wanted they could sell to the nation?—That was the suggestion I made—perhaps without sufficient consideration. It may be that I was wrong, and it would be found more convenient to take over the collieries. I believe there would be no physical or financial difficulty in separating the collieries from the steel or iron works. It would be quite possible physically to separate them and leave the ironworks in private ownership, and it would be quite possible financially to do it.

12,686. You know generally they say they keep the accounts of both the iron and the steel side and the coal side absolutely distinct?—Yes, I believe they do.

12,687. I suppose you have heard it said that sometimes when a claim for an increase in wages was made on coalmasters who were also ironmasters at the time on the ground that they were doing well, that the mine owners said that they were making all their profits out of the iron side of the business?—I know that is said.

12,688. And the reverse is the case when the iron men applied for an increase; they said they were making all their profits on the coal side?—Yes, that unfortunately has been said.

12,689. Would it not be rather dangerous to begin to trifle with a great industry of that kind by leaving any collieries with them at all? Should they not be put in the same position as the iron and steel makers who have no pits?—I do not altogether hold to excluding those collieries from nationalisation. It was a suggestion put that it might be a lightening of the ship, but if it is not a lightening, it would be better to take them all over.

12,690. That raises another difficulty that Mr. Forgie put to you, that during the dull period or bad period in iron or steel there are bound to be a considerable number of miners idle?—Yes.

12,691. If your position had been carried out of leaving the coal mines owned by those firms in their own hands, there would only be their own men idle?—Yes, that would certainly be an unfortunate concentration of unemployment which ought to be avoidable and would be avoidable if the reduction in production could be spread over the whole industry or if the men could be shifted.

12,692. In view of the extent of coal mines in the hands of the iron and steel people, and in some cases they are also shipbuilders—in view of that, would

you not rather change your position on that matter?—Yes, certainly. I think the points you have mentioned indicate that it might be better not to make the exception which I perhaps rather rashly suggested.

12,693. Is there any other form of profit to the nation than financial gain? It was put to you again and again, and I quite understand why it should be put from the employers' point of view, because their minds always run on profit—it was put to you in another way that the nation would not secure considerable profit other than financial gain. If you can save to the nation, as well as to the mothers of the nation, the thousands of babies who are now killed because of their environment and surroundings, if the nation by taking over the mines can improve the conditions and can save to the nation those thousands of babies, would that not be a profitable transaction from the nation's point of view?

—Yes, I would go further and say it is the only profitable transaction; but, of course, there are many other cases, not merely the accidents that I spoke of which might be saved, but also, coming to pecuniary matters, a mere reduction in the price of coal would be an enormous profit to the nation, and yet it might be the very reverse of profit to the Mining Department.

12,694. Of course, if the nation takes over its mines, it would expect to develop them to a greater extent than they have been developed up to the present time?—Yes, certainly.

12,695. You would expect the nation to take advantage of our knowledge of machinery to introduce the most up-to-date machinery into the mine?—Yes.

12,696. You would expect many of our underground roads on which men and boys are now hauling coal either as pony drivers or hand drawers for thousands of yards—you would expect that they might be taken in hand by haulage improvements?—Yes.

12,697. Would not that tend to lessen the number of accidents on the main roads?—I believe it would. I quite imagine the Minister of Mines expressing his surprise that there was any hand traction at all. He would say, "In this twentieth century you do not mean to say you are dragging coal by hand or even by ponies?"

12,698. You think that the nation would take advantage of all the information it had, and all the ingenuity that man had displayed, in trying to make the mines safe?—I think so, and I think that it would be very much more easy to get that knowledge and those suggestions to work in a mining research department or in a Ministry of Mines than it could possibly be among 1,500 separate mining concerns which do not know what each other is doing.

12,699. You have heard it said that a large proportion of accidents in mines is from falls of roofs and sides?—Yes.

12,700. There has been an anxiety on the part of mining engineers and mining reformers and miners for a considerable time to endeavour to improve the safety from accidents of falls from roofs and sides?—Yes.

12,701. Are you aware that in France a good many years ago they introduced a new system of timbering at the face? Have you heard of the scientific timbering of the French mines at the coal face?—I am sorry to say I have not.

12,702. You are aware that a very large number of the men and boys are killed at the coal face itself?—Yes.

12,703. Supposing I give you some figures from a colliery where there was a great explosion. In 1870 the death rate from falls of roof and sides per thousand persons was .87, and per million tons of coal 3.21; in 1871 it was 1.77 per thousand and 6.87 per million tons of coal raised. Figures are given published by our own Government in a blue book from 1880, and they graduate in this way: from falls of roof .83 per thousand, and 1.75 per million tons raised until we get down to 1888, when per thousand persons employed it was .36, and per million tons of coal raised .91; and as you come along right

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

down to 1899, the death rate has practically disappeared altogether. There were no deaths at all in 1890, and in 1899 .18 per thousand persons employed and .52 per million tons raised. That is held by the French authorities to be because of their method of timbering at the face.—That of course is very striking. I should like to say that the Home Office report of 1917 contemplates the possibility of a reduction of accidents by 50 per cent. It does not say so in so many words, but it gives a very long explanation of what has been done in a factory in the north of England, and it says: "The result of these new measures has been in a single year to reduce the number of accidents in the works by more than 50 per cent. I desire to urge upon the owners, management and workmen at mines the desirability of setting up Safety Committees on similar lines to those described above with as little delay as possible. If such committees carry out the work zealously and in the spirit in which such works should be carried out, the result, I feel convinced, will be the prevention of a considerable number of accidents." Quite clearly, in the opinion of the Home Office Mining Department, it is possible to prevent a considerable number of accidents.

12,704. I suppose you are of opinion that the Home Office has to the best of its ability endeavoured to have introduced into the mines all safety appliances?—Yes, I think it has a long and honourable record in that way, but it is only fair to say that the staff is very small, and, if I may point out, even now there is no proper health department at the Home Office. There is no technical expert responsible for considering how to prevent the miners' diseases, and we are dependent on mining engineers and mining inspectors for advice to the Government on the prevention of miners' diseases.

12,705. It is a very considerable time since the question of baths at mines and the drying of miners' pit clothes at the place has been agitating the minds of yourself and the leaders of the miners generally?—Yes.

12,706. It has been established on the Continent a good many years ago?—Yes.

12,707. It was universal in Westphalia for many years?—So I understand.

12,708. They had it in France, also in Belgium, and the United States of America—it is very common there—both bathing and drying at the pit?—Yes.

12,709. I would not have called your attention to this but for the fact that you fell into the error of saying that the question of baths was before the House when the 1911 Act was passed, but that owing to the opposition of the employers it was abandoned. It was not abandoned. It is Part 3 of the Act?—Yes, I am aware of that. What I meant was, if I did not express it, that the important point is this, that in 1911 the Cabinet had decided that pithead baths should be universally compulsory, and it was that which was abandoned in consequence of the opposition of the mining industry.

12,710. Then they are, as a matter of fact, compulsory to-day under certain circumstances?—Yes.

12,711. Not the taking of a bath, but the erection of a bath is compulsory. It is Part 3 of the Act?—Yes.

12,712. I want to call your attention to Clause 77, where by ballot of the persons employed there is a two-thirds majority in favour and they are willing to undertake to pay half of the cost of erection and maintaining, but that cost must not come to more than 3d. per week for each workman liable to contribute under the section. Is that the provision that the employers, in order to kill the baths question, got put in?—That was the clause that was put in, and I am always very careful in not saying that the owners did it, but that somebody did it for their advantage in the way which has actually obstructed the putting in of baths under this clause ever since.

12,713. I put it to you that you are more careful on this point than you are on many others?—I am fully convinced that it was the opposition of the mining industry which caused the abandonment of the uni-

versal provision and the reduction of the clause to this inoperative form.

12,714. Have you been in any of the single-apartment miners' houses?—No, I have not.

12,715. You have heard and read that there are such things?—Yes, not only some, but a very large proportion of the miners' houses in Scotland are single-apartment houses.

12,716. There are such cases as where two or three children and the mother and father and sometimes the father and the son, both working in the pit, are in one room?—Yes.

12,717. You are aware that the miner in many cases comes home from the pit wet through, his shirt, his drawers and his trousers wet, either by moisture of the mine or sweat?—Yes.

12,718. You are also aware that the only place where the clothes can be dried is round the single fire of that room or kitchen?—Yes, and that practically applies where there is a two-room apartment, and because there will be probably only one fire. In fact, one may go further and say in a three-room apartment practically there is only the fire in the living room, and the clothes will be dried in that living room.

12,719. The babies are born in that room?—Yes, in many cases.

12,720. The mother has to run the risk of fever and death?—Yes, that is common.

12,721. If the children are ill from fever or anything else of that kind they have to breathe the fumes from the drying of pit clothes?—That is so.

12,722. Is it any wonder that babies die in mining districts under those conditions?—I think there can be no doubt that a very excessive amount of the mortality must be due to that condition of things.

12,723. If the mines had been national property, do you think the nation working its own mines for 20 years would be still without baths at those mines?—I will not put a date to it, but I think it is quite clear that 8 years ago there would have been pithead baths if the mines had been owned by the nation.

12,724. It is no answer to say we have changed our mind since that time because a good many babies have died since that time?—That is true. It would be very difficult to impose an obligation to set up pithead baths in any extensive and comfortable way so that they would be used for all the mines of the country in private ownership. It might send some of them into bankruptcy. Therefore, it is not only the difficulty of doing it under private ownership, but I think it would be impossible to do it.

12,725. It would be impossible to do it at the worst-paying collieries?—Clearly.

12,726. If you made it a condition of law that if must be done, then whether or not they went out of production, they would have to do it?—Yes.

12,727. Do you think any of those who made a profit would help them to put them up?—I think under the ordinary process of profit-making it would be almost impious to do it.

12,728. It would be to their interest if they did go out of production?—Yes; the more successful members of trade are never sorry to see others going under. There is always something in the misfortunes of our best competitors that is not displeasing to us.

12,729. *Mr. R. W. Cooper:* With regard to rates and taxes, if the collieries are taken over by the State, would the Coal Department pay the rates and taxes at present payable by the colliery owners?—Clearly, yes; unless there were some other arrangement made, that would be the ordinary course of English procedure, that when property is in the hands of the State, it does not actually admit that it pays the rates like a private individual, but the Treasury makes a contribution in lieu of rates which is supposed to be equivalent to the rates.

12,730. Therefore, I suppose, in ascertaining the commercial result of the Coal Department, these rates and taxes would have to be provided for in striking the balance of profit and loss?—Certainly the rates. I must make an exception with regard to taxes. I do not think that the State enterprises debit themselves

30 April, 1919.]

MR. SIDNEY WEBB.

[Continued.]

with the taxes; perhaps they ought to, but the question does not much arise, because they would not in any case debit themselves with income tax, which is not an expense. The only question would be in-

habitated House Duty, and I am not sure that they debit themselves with that; they ought to do so, that is all I can say.

(The Witness withdrew.)

Chairman: I promised to circulate the Trade Dispute Act of 1906 and the Act of 1913, and I do that now. Another member of the Commission desires to

give evidence; that is Sir Leo Chiozza Money, and I will call him at once.

Sir LEO CHIOZZA MONEY, Sworn and Examined.

12,731. Chairman: I think that you have been engaged on administrative and advisory work from the very first week of the war? You are the late Parliamentary Secretary to the Ministry of Shipping, and you are the author of numerous works and articles on economic subjects?—Yes.

12,732. I think it would be satisfactory, if it meets with your wishes, that you yourself should read the proof you have been good enough to supply to us, and we will follow it while you do so.

Witness:

"(1) The case for the Nationalisation of the Coal Industry is based upon the following grounds:—

- (a) The vital importance of coal in the national economy.
- (b) The need for the greatest possible conservation of coal.
- (c) The greater economy of unified control, especially under Nationalisation.
- (d) The superiority of public service, as compared with working for private gain, as an incentive and spirit in industry.
- (e) The recognition of the need to associate every person engaged in the industry with the conduct of its economy, as far as that is practically possible

(a) THE VITAL IMPORTANCE OF COAL IN THE NATIONAL ECONOMY.

(2) Modern industrial wealth is for the greater part based on Power derived from Coal and Britain, the United States and Germany alike have risen to industrial greatness because they happened to be the three greatest coal-owning countries inhabited by white peoples. Between them they produced before the war more than eight tons out of every ten tons of coal produced by all the world. The history of the Industrial Revolution in Britain, which changed the poor agricultural State of the eighteenth century into the comparatively wealthy Britain of the nineteenth century, is also the history of our coal industry. The Commission is thus given the great responsibility of arriving at determinations which affect not a single trade but all trades, and, indeed, the degree of our future prosperity.

(3) Coal is not only the greatest practical source of power yet known to science but, as was pointed out by Jevons, it acts as a magnet to raw materials because its bulk and weight make it most economically used at or near its place of production. Hence Britain, a small island with good ports, is an ideal workshop, since materials can readily be brought to its coal power. But the potency of coal in the national economy goes further; it is also the source of our shipping greatness, since it furnishes bulky outward cargoes to balance our bulky imports of foods and materials, thus enabling our ships to earn money both inwards and outwards. But for coal our ships would largely go out in ballast since, although our exports of manufactures are great, their bulk or weight for value is comparatively small. Thus production, ample supplies of cheap materials, and shipping are alike seen to be based upon our coal mines. These things are well known to the Commission, and they are stated here in the briefest terms consistent with accuracy in order that all the aspects of the problem may have consideration in this evidence."

Perhaps I may remind the Commission that Jevons said that coal was almost of religious importance.

"(4) It is suggested that, in view of the primary importance of coal, without which these islands could not support more than one-third, if as many, of their present population, it is inconsistent with national safety and welfare for the ownership, control and disposition of our coal resources to be resigned to private interests, the irresponsibility of which has abundantly appeared in the history of the trade. It is true that no evil exists to-day of the dimensions of the 'limitation of the vend,' which was so vigorously denounced by Porter in his 'Progress of the Nation,' and which for three-quarters of a century taxed our people and, by restricting coal production, frustrated British progress."

12,733. Chairman: Have you Porter here?—Yes. Porter had a great deal to say about the limitation of the vend.

12,734. For the benefit of the public, who may not know what the vend means, you might say that it was a way of dealing with coal at Cardiff?—From 1770 down to nearly 1850, a period of three-quarters of a century, there was a combination of coal producers. This combination ruled the output of every mine.

12,735. Mr. R. W. Cooper: You mean they regulated the amount to be sold?—And produced—and regulated the prices for inland consumption, and sold the surplus abroad at prices lower than at home, so that foreign manufacturers got coal very cheaply while the British manufacturers got it at a dear rate. The London householders got it at 30s., while it was being sold at St. Petersburg at 18s.

12,736. Chairman: Anybody who wants to see the exact working of the limitation of the vend had better look at the report of the coal trade for 1830, when the Town Clerk of Newcastle gave very considerable evidence about it, and explained the full system as to how it works?—Porter says in this way: during three-quarters of a century (this was written in 1847) every person using seaborne coal in Great Britain was exorbitantly taxed for the benefit of rival manufacturers in other countries.

"Nevertheless, the spirit of commercialism which inspired that private system of taxation by coal producers remains and can only be exorcised by national dictation of what shall be done with national coal. As to the landowners' property in coal, it is indeed remarkable that a freeholder should be held in law to possess not only the fee simple of the surface but of whatever minerals may lie below it and at whatever depth they may be made available by science. As a wise and witty French economist, Professor Charles Gide, of Paris University, has said, this absurdity 'represents the landowner as possessing a pyramid, whose vertex is the centre of the earth, and whose sides are prolonged into infinity.' The verities of physical science, indeed, are strongly at variance in this matter with the conceptions of property which have been erected into law by property-owners.

(5) The private ownership of that part of the interior of the earth which lies under the British area cannot, as it seems to me, be defended on any reasonable grounds, and I am strongly of opinion, therefore, that such ownership should be forthwith determined. It may be added that it would be at once equitable and a piece of good business for the nation to pay out the landlords, say at 10 years' purchase of existing coal rents and royalties, the

30 April, 1919.]

SIR LEO CHIOZZA MONEY.

[Continued.]

State entering into possession of all minerals at present unworked or unproved.

(6) Generally, the nationalisation of coal would mark the beginning of a proper State responsibility in respect of the coal supply, and substitute direct downright action for the present system, which may be defined as the timid regulation of, and interference with, the irresponsible private government of the national coal resources by a host of private unco-ordinated agencies of greatly varying degree of competence.

(b) THE NEED FOR THE GREATEST POSSIBLE CONSERVATION OF COAL.

(7) Of the three great coal nations, Britain, the United States and Germany, our own country, unfortunately, has the smallest supplies of coal. Estimates of coal, especially in unproven fields, must necessarily be somewhat speculative, but there is no doubt that the following figures, which I take from the work of the last Royal Commission on the Coal Supply (1905), give a fair approximation of the facts of the case:—

Comparative Coal Resources of Britain, the United States and Germany.

	Millions of Tons.
United Kingdom	146,000
United States	1,400,000
German Empire	415,000

In proved coalfields under 4,000 feet deep the estimate for Britain is 100,900 million tons.

(8) We do not know whether or not science will dethrone coal as the main practical source of power before the British coalfields approach exhaustion. It is, however, abundantly clear that Britain has much less coal than either of her two great industrial rivals. Few will be inclined to dismiss this question by enquiring, as Napoleon is said to have enquired, "What has posterity done for us?" The view of the Commission cannot fail to be that of the American Conservation Commission, which, dealing with the magnificent resources of America—which, as it pointed out, have been already largely wasted by private enterprise—made this observation:—

"The duty of man to man, on which the integrity of nations must rest, is no higher than the duty of each generation to the next; and the obligation of the nation to each actual citizen is no more sacred than the obligation to the citizen to be, who, in turn, must bear the nation's duties and responsibilities."

Our duty plainly is (1) to conserve our coal by every possible means, and (2) to regard the remainder of the Coal Age as a period in which, by national organisation and national training, to prepare our people for their coal-less future, whether that coal-less future result from the exhaustion of coal or the dethronement of coal.

(9) The last Coal Commission had a good deal to say as to the waste of coal, and all that it said is, with negligible reservations, true to-day. The Commission pointed, *inter alia*, to the following sources of waste in working as of importance:—

- (a) Much coal had been, and still was, being lost in barriers, although large area leases were tending to reduce that factor.
- (b) The establishment of central pumping stations would save much coal.
- (c) There was room for the application of better methods of working of thick seams.
- (d) Inferior and small coal was frequently left in the mines.
- (e) The advantages of the extended use of coal-cutting machinery were dwelt upon, and figures given to show that in 1903 only 5½ million tons of coal were got by machinery. (This figure grew considerably in the war, but is still small.)
- (f) The use of hydraulic cartridges was referred to as being both safer than shot-firing and as preventing waste.

(g) The use of electricity in mines was pointed to as invaluable both from the point of view of economy and efficiency.

(h) It was indicated that there was room for economy in the preparation of coal at the pithead.

The Commissioners also showed that the collieries are themselves amongst the greatest wasters of coal as users. They said, "It is beyond question that collieries are extremely wasteful in the consumption of coal, no doubt to a large extent because of the small value of the fuel used, which is generally of very inferior quality." They went on to say, "It was stated by one of the witnesses that if the whole of the plant of the collieries were modern plant of the best description, the consumption of coal would be one-half of what it is to-day." The consumption in question is 14 to 18 million tons per annum, or more than the whole production of India, Australia, or Canada.

(10) As to industry generally, a grave indictment was brought against the economy of private industry. It was shown that the consumption of coal per indicated horse power per hour was about 5 lbs., whereas it should not exceed 2 lbs., and might even be less.

"If all steam engines were as efficient as the best, 50 per cent. of the coal now used for steam raising might be saved."

That would mean a saving of about 26 million tons of coal per annum. On this head the Coal Conservation Committee of 1918 said that "the present coal consumption would, if used economically, produce at least three times the present amount of power."

(11) The Commissioners also referred to the grave waste in the coke manufacture, and spoke of the "prejudice against by-product coke ovens being gradually overcome." Unfortunately, this prejudice had been so little overcome at the time the war broke out that the nation found itself in grave lack of valuable by-products which it needed for war purposes and which, of course, are equally valuable for peace purposes.

(12) The waste of fuel in our iron and steel manufacture is worth particular attention. It will be remembered that evidence was given to us to show that 4 tons of coal were needed to make 1 ton of steel. I was able to show that such a consumption was unnecessary in the best modern plant. This was also pointed out in an Appendix to the Report of the Coal Conservation Committee, consisting of a Memorandum by Mr. Benjamin Talbot, who showed that under good modern practice the total fuel required per ton is only 35 cwts. Professor Bone puts the figure at 1.6 tons of coal per ton of finished steel.

(13) The Coal Conservation Committee of 1918, under Lord Haldane, dealt in particular with the great advantages to the national economy which would arise from the creation of great central power stations which, it was held, would save 55 million tons of coal per annum in respect of power purposes alone, to say nothing of domestic uses or of the possibility of extracting valuable by-products before consuming the coal for power purposes.

(14) Not less remarkable than the waste in getting coal and the waste in coal actually got, is the national neglect to explore our coalfields. Professor W. W. Watts devoted his presidential address to the Geological Society of London in 1912 to this important subject. He pointed out how much coal had already been wasted through the imperfect working of rich areas, through the neglect of drainage, &c., and other causes, and pleaded for a systematic survey of our coalfields as a national necessity and as a profitable investment. He referred to the fact that in Eastern and Southern England there exists a great area of covered Palaeozoic rocks which ought to be explored "by means of a considered series of borings." This, as he said, "would introduce a new practice into British institutions," but similar methods have been employed abroad. He added, "It is urged that the close dependence of the future of the nation on its coal supplies justifies a new departure, and that it would be a wise act of statecraft to take deliberate

30 April, 1919.]

SIR LEO CHIOZZA MONEY.

[Continued.]

measures to devise a comprehensive and well-considered scheme of exploration, the results of which might be at hand for application before the growing scarcity of coal shall have begun to produce its inevitable economic consequences upon the manufactures and upon the very conditions of existence in this country.

(15) I think that the cumulative effect of these many considerations is to point to the urgent necessity to take national control of our power resources, that we may make quite sure that nothing is left undone to utilise every factor of economy to the highest possible degree. The matter is too grave to be entrusted to many different hands working in many different ways, and actuated mainly or solely by motives of present private profit. Moreover, as the Government has very wisely decided to nationalise the super-power stations, recommended by the Coal Conservation Committee, it would appear exceedingly illogical to leave under the private control of some 1,500 different coal-owners, themselves not proprietors but lessees, the irreplaceable raw material required to feed the national super-power stations.

(c) THE GREATER ECONOMY OF UNIFIED CONTROL,
ESPECIALLY UNDER NATIONALISATION.

(1) In Production.

(16) It is contended that the factors of waste referred to in the last section cannot be adequately dealt with save under unified control, and that the most economical method of applying unified control is through Nationalisation, because the advantages which the State possesses in point of credit make it possible to find capital for improvements at a lower cost. The same observations apply to the technical improvements referred to in the valuable evidence of Sir Richard Redmayne, as for example the matters of underground conveyance, the utilisation of upcast shafts for winding, the greater use of two-deck cages, and the improvement of winding-plant and engines. It is difficult to see how many of the collieries whose equipment is at present inferior can afford to raise adequately their technical standard.

(17) There can be no question that amongst our many different colliery managements there is wide variation in point of efficiency. A unified system under which the British coal-fields were divided into proper areas of district control could apply the best brains in the coal industry to the entire field of operations, whereas at present their gifts are applied within a narrow orbit. Our coal-fields, of course, vary widely in their character and methods of operations. To each respective area we could apply the best suitable practice of the area, entrusted to the supervision of its best men.

(18) Very great importance should be attached to the question of costing. As was pointed out by Mr. M. Webster Jenkinson, C.B.E., in his paper, read to the Industrial Reconstruction Council, a properly devised costing system periodically brings to light the reasons for any change in cost of production, and indicates whether it is due to inefficiency of plant, or to waste of material or product, or to breakdowns from whatever cause, or to the actual efficiency of labour. The unified control of mines would reveal comparative costs and enable us to raise the general standard.

(2) Distribution.

(19) As to distribution, the problem will undoubtedly be solved eventually in the most satisfactory manner by the all-electric plan. In the meantime there is much evidence to show that the present complications of coal-dealing are exceedingly extravagant. This need not surprise us, for it is a commonplace of commercial distribution, from milk to cabbages, and from coal to herrings. In all distributive trades a host of unnecessary middlemen stand between the producer and the consumer. The organisation of a suitable system of domestic distribution through municipalities, with a single coal administration in each town, would appear to be an inherently simple business, the details of which could be worked out by any ordinarily well-equipped man of affairs.

As to the export trade, there would also be great advantages. Sir Richard Redmayne has pointed out how unification would prevent competition and lead to the obtaining of better export prices, and that it would place the trade in a better position *vis-a-vis* the shipowners. Under nationalisation we could establish an Export Department which would possess advantages, not at the disposal of private individual merchants, and we could probably effect bulk sales to the Governments of France, Italy and other countries for their re-sale and distribution. The latter form of export will, it is probable, become an increasing factor in the world's exchanges, not only in coal but in wheat and wool and many other things.

It is important to point out in this connection that it would be folly for the nation to rely upon an indefinite continuance of the whole of our coal export trade. That trade largely consists of the sending of coal abroad for the use of steamships."

That is for steamships picking up abroad. I am not referring to bunkers. "It is not improbable that the use of coal in all types of vessels will become obsolete in the near future and, if so, one of our relative advantages in the shipping trade will disappear. This point, to my mind, makes it of the greater importance that we should achieve the maximum economy in respect of coal for the benefit of the remaining national factors of wealth.

(d) THE SUPERIORITY OF PUBLIC SERVICE, AS COMPARED
WITH WORKING FOR PRIVATE GAIN, AS AN INCENTIVE
AND SPIRIT IN INDUSTRY.

(20) In the evidence that has been put before us a good deal has been said about the incentive of private gain as a factor making for industrial efficiency. I am at some loss, however, to understand where evidence has been found that private enterprise has met, or is meeting, the needs of our time. The Industrial Revolution did not occur yesterday. It began in 1750, when Abraham Darby the younger, first smelted iron with coal. That is 169 years ago. James Watt took out his steam engine patent in 1769. Three generations have elapsed since George Stephenson built his 'Rocket.' Volta made his great discovery 119 years ago, and Faraday discovered magneto-electric induction in 1831, nearly ninety years ago. These great landmarks in invention remind us that private enterprise in the use of inventions has had a very long run, and yet, as we know, the greater part of our population is living in poverty, and we have had to deplore, during the exigencies of ordeal by battle, the revelation of a great proportion of C3 recruits. The Census of Production of 1907 showed, as I pointed out just before the war began, that of our male population aged 18 years and over only about one in three was engaged directly in producing industrial wealth, including coal, and that, after allowance was made for agricultural workers and distributors and for necessary professions, it was clear that the nation contained an army of people who were not properly organised for wealth production. This was further proved by the war, towards the end of which we were able, after diverting to the Army and Navy the majority of our best workers, to obtain a maximum production of food and munitions, but only through national organisation. I cannot help thinking that in these circumstances a great deal of explanation is needed from those who contend that the incentive of private gain is the best way to call out the best energies of a nation. Especially this seems necessary after a war in which it has been most happily demonstrated that millions of men are ready to serve their country, not merely without hope of gain, but with a certainty of loss.

(21) Nor is it sufficient to allege that public spirit in war cannot properly be compared with public spirit in peace. If that were true it would be a misfortune for the human race. I think there is a good deal of evidence to show that it is not true. An outstanding example is the Panama Canal, which the genius of De Lesseps, with an enormous amount of French capital, and the sacrifice of many lives by private enterprise, failed to complete. Central America obtained a scandal, but not a Canal. Under American national

30 April, 1919.]

SIR LEO CHIOZZA MONEY.

[Continued.]

enterprise the failure was redeemed, lives were saved, and the world presented with a new wonder. It is notable that in the course of the national operations men showed themselves capable of risking their lives by submitting themselves to experiment in connection with yellow fever and malaria, the success of which experiments made the enterprise possible. Again, in the course of the war it was shown how a number of our most capable captains of industry became temporary Civil Servants, and as servants of the nation, often administered and even initiated acts which struck at their own trade interests."

I have had personal observation of this myself: "We may contrast with this conduct the considerable number of cases in which private traders who had not become public servants were not sufficiently regardful of the national interest. The contrasts which obtained were not so much due to difference in character as to difference in point of view.

(22) Indeed, those who favour the conception of Nationalisation accuse, not individuals, but a system. The suggestion I make is not that those who possess capital in the mining or any other industry are less public-spirited than those who do not own capital. The suggestion is rather that an individual engaged in exploiting private ownership (as some individuals must needs do as long as the nation will not employ capital for itself), has unfortunately to work a system which scarcely enables him to look at things from a national point of view. This is particularly true of managers of businesses who have to answer to shareholders who look for a return on their investments. That is an unfortunate position for a man who, for example, has to weigh the advantage which would accrue to the workpeople in his charge from the spending of £10,000 on better safety appliances or welfare work. It is not fair to any man, however good his character, that he should be put in such an invidious position.

(23) It is, unfortunately, the case that coal in many of its uses had been gravely neglected by private enterprise before the war, and this in spite of repeated attempts by many economists to direct attention to the neglect. Little serious attempt was made to extract the by-products of coal, which yield a host of valuable resultants, from dyestuffs to medicines, and from photographic materials to explosives. As a consequence, when the war broke out, what had been a neglect for peace purposes was revealed as a neglect which hit us hard in respect of war purposes. The Ministry of Munitions, more accurately I should have said the War Office and the Ministry of Munitions, by setting up an Explosives Supply Department under Lord Moulton, retrieved the situation, which was a very serious one. Indeed, it is not too much to say that national enterprise during the war did in two years for the chemical industry more than had been done for it in many years by private enterprise. Amongst other things, it formed a Potash Production Branch, which triumphantly succeeded in making our blast furnaces potential suppliers of potash, which had been hitherto a German monopoly. But this is to name only one branch of the great work of the Ministry of Munitions, which, from steel to fine gauges, and from "tanks" to optical glass, gave us a number of new industries, while magnifying many old ones. It will not do to attribute the tremendous success of the Ministry of Munitions to lavish expenditure. The point is, that in the arguments I have referred to it is alleged that State Departments crush enterprise and stultify initiative. Nor is it an answer to say that men trained in private enterprise helped the Government Departments. That argument is its own refutation, for, obviously, the men were just as clever before they entered the Ministry of Munitions, and they had all the alleged incentive of private gain to urge them to make use of their cleverness. Why, then, did not that cleverness yield us in peace the industries which were so rapidly created by the Ministry of Munitions in a couple of years? The true and conclusive answer to this question is that public enterprise alone can give a man full opportunity to use his powers for his fellows.

(24) In connection with the munitions work, it may be pointed out that Mr. Winston Churchill, late

Minister of Munitions, who was a very determined opponent of Socialistic ideas, made the following statement on January 22nd, 1919."

12,737. *Chairman*: This is Mr. Winston Churchill?—Yes, when he addressed the staff of the Ministry of Munitions. It was in the course of an address to the staff.

12,738. *Sir Arthur Duckham*: After dinner?—Yes.

Sir Arthur Duckham: I was present.

The Witness:

"I have not been quite convinced by my experience at the Ministry of Munitions that Socialism is possible, but I have been very nearly convinced. I am bound to say I consider, on the whole, the achievements of the Ministry of Munitions constitute the greatest argument for State Socialism that has ever been produced. To regulate from a Government office affairs of the variety and scope that we have been dealing with is a feat which has never been attempted before, and that it should have been done with such a great measure of success constitutes a new factor in the political history and experience of the world."

I do not know how anyone acquainted with the work of the Ministry of Munitions could differ from Mr. Churchill's verdict. The Department scored a series of industrial triumphs too numerous to be catalogued here, but as to which I hope evidence will be called before this Commission. One of the greatest of them was the construction of the works at Gretna, near Carlisle, which cost £10,000,000, but which saved the nation much more than that sum by reducing costs and prices. They form a model of industry as it ought to be carried on, but as unfortunately it is not carried on, with a splendid accompaniment of good housing and provision for social welfare.

(25) This point is of such importance that I give a further illustration. In 1916, with the enemy submarines in action, it was abundantly necessary to use ships to the best advantage and to get stocks of foods and materials from the nearest markets. But private enterprise did not respond to the war necessity. We did not find our shipowners forming, as they might have formed, a central committee to take cargo liners out of their regular trades and to run them where they were most wanted. Indeed, there were fine ships owned by British shipowners not coming near the United Kingdom at all. It remained for the Ministry of Shipping to make the necessary organisation, so that ships were taken out of far trades and put into near trades, so that British ships which did not touch our shores were compelled to make British ports. As a result, in 1917, although we had 20 per cent. less British ships owing to enemy depredations, the greatly reduced British tonnage brought in as much cargo as the much larger British tonnage brought in in 1916. Thus again the nation saved itself by national organisation.

(26) I do not think that it can be contended that the coal industry, if nationalised, would be unable to command the services of the best available men. I cannot believe that if the coal industry were made a public service it would not attract the most eminent coal experts that we possess. The nation can offer a coal expert a greater and more honorable position than any he can possibly occupy even under the most efficient and most public-spirited of our colliery companies. It is surely not a reflection upon coal-owners to say this. I cannot conceive myself, and I cannot conceive any other man, as regarding opportunity under a public coal service as any but a great and coveted opportunity.

(27) All over the world, in national and municipal undertakings of many different kinds, there are engaged men of outstanding merit who are proud of their positions and who serve the public faithfully and well. If it were otherwise, how could the State railways of, for example, Australia, or New Zealand, or Belgium, or Prussia, be the success that they are, or how could the municipal tramways, gas undertakings, and electricity works of the British municipalities yield such successful results as are actually on record?"

30 April, 1919]

SIR LEO CHIOZZA MONEY.

[Continued.]

12,739. *Chairman*: You have some remarks to make on public criticisms?—Yes, I wanted to add a few words on that. I am of opinion that one of the greatest safeguards the nation has in public enterprise as compared with private enterprise is that the public expect more of it and criticise it more freely and grumble as they would not grumble if the goods or the service were connected with a private enterprise; that is to say, they will stand from a private railway company an untidy, disordered and inconvenient railway station, but if that were a public railway station, it would be complained of at once. There would be letters in the newspapers and questions in Parliament, and people would not stand it. It is always the experience in all countries that public enterprise meets with furious criticism, which is a good thing which will continue, and to my mind will yield satisfactory results. Then I come to section (c):—

“THE RECOGNITION OF THE NEED TO ASSOCIATE EVERY PERSON ENGAGED IN THE INDUSTRY WITH THE CONDUCT OF ITS OWN ECONOMY, AS FAR AS THAT IS PRACTICALLY POSSIBLE.”

(28) The miners are definitely asking for a lot and part in the management of the coal industry. It is not a bureaucratic government of the industry which is aimed at, but an industrial constitution in which due regard shall be paid to:—

- (a) The interest of the nation as a whole, which is sometimes imperfectly expressed by speaking of the “interest of the consumer.”
- (b) The interest of the miners as producers.

As is usually the case when new proposals are made in regard to any subject, those who made them are asked to produce an ideal detailed plan. There never can be such a thing as an ideal detailed plan for the conduct of human affairs. But, although we cannot pretend to counsels of perfection, it is certainly not difficult to devise not one plan, but several plans, embodying the conceptions of Nationalisation and Democratic Control, each with merits far superior to the present system of irresponsible private control by many unco-ordinated agents. I have no doubt that different nations could nationalise their coal industries by systems differing widely in point of detail, and yet with almost equal success, just as in the world as it exists there are municipalities in different countries trading in different ways but with equal success.”

or, as I may add, there are different railway companies under different systems of working and yet managed with quite equal success:

“(29) The essential points which need to be incorporated in the nationalisation of the coal industry are, as it seems to me:—

(a) A Minister of Mines, responsible to Parliament, who is head of an Executive Council, or, in commercial language, a Board of Directors. It is not valid to object that the Minister would be deprived of Ministerial responsibility because he was head of an executive and not of a purely advisory council. As a matter of common sense, the Minister would carry on just as a managing director carries on, until and unless he and his council or board vitally disagreed. In the war the Shipping Controller was none the less responsible to Parliament and to the War Cabinet because he was Chairman of the Shipping Control Committee, which in practice became a sort of Shipping Controller’s Cabinet.”

My idea is that this body should be a cabinet to the Minister.

12,740. *Chairman*: In line 4 of that paragraph (a) does “would” mean “should”?—It is “would.” The criticism has been made on that that if his board was an executive board he could not go to Parliament, because you would not have so much personal responsibility. That is the point I want to make.

“(b) A Central Mining Council, with executive powers, whose chairman is the Minister of Mines. This Council to consist of:—

- (1) Technical experts appointed by the Minister.
- (2) Organising experts appointed by the Minister.

- (3) Representatives of great industries; one each for steel, textiles, and shipping should be sufficient: appointed either by the Minister of Mines or by the Minister of Commerce.
- (4) Representatives of the miners nominated by the miners.
- (5) A housing expert appointed by the Minister.”

In my opinion, although I admit it is subject to argument, the number of those representatives should be equal to the number of the remaining representatives.

With regard to (5), I want to make a change. I do not think it is necessary on reconsideration to have a housing expert. I think that interest will be sufficiently represented on the executive by the miners’ representatives. I want to substitute for (5): “A representative of Ways and Communications appointed by the Minister of that Department,” and I would like to add a word there. Although the Government, as I take it, has decided to join electricity with railways, and although I can see many arguments for that being done, at the same time, in my opinion, I think that electricity should be joined rather with the Ministry of Mines, making it really a Ministry of Power. I should like to say that in passing.

12,741. *Chairman*: In (4) what exactly do you mean by “miners”? Is it all those engaged at the colliery or simply the working men, so to speak, as distinguished from the clerical staff?—I should say representatives of the whole body of employment:

“The proportions of these various representatives is properly a matter for discussion, and probably equally good results would be obtained within fairly wide margins of variance in detail. The members of this Council, of course, to retire in some reasonable rotation and to be eligible for re-appointment.

(c) The division of the coalfields into suitable Districts, each with a District Manager appointed by the Minister, and with a District Council on the lines of the National Council.”

12,742. *Chairman*: Do you accept the present districts?—With regard to the present districts, I think it wants a little consideration. I have them here before me, and they vary very considerably in the amount of their output and size, and it is quite possible therefore that some of them might be divided, but that is a matter for detailed consideration, and does not in any way involve the principle.

12,743. *Mr. R. W. Cooper*: Are you speaking of the inspection districts or the geographical districts?—I am speaking of inspection districts. I think that is a matter for proper detailed discussion which does not affect the principle.

12,744. You mean as apart from the actual conditions of the trade?—Yes, and it wants grouping according to the trade. “(c) The division of the coalfields into suitable districts, each with a district manager appointed by the Minister, and with a District Council on the lines of the National Council. These District Councils to exercise such powers as may be delegated to them by the Central Board, the intention being to make them live and effective boards of directors with the most capable managing directors available. The number of districts is a proper matter for discussion.

(d) As to individual mine management, nothing to be done to alter the present effect of Clause 2 of the Coal Mines Act which makes the manager responsible for the control, management, and direction of the mine. The District Councils, however, to have power to appoint a Pit Council or Committee to assist the mine manager. The appointment of firemen, examiners, and deputies to remain with the mine manager as now under Clause 14 of the Coal Mines Act.”

There again it seems to me that the thing would go through a period of development. That, at any rate, is how, I think myself, I should like to begin, although it is a matter for discussion, obviously.

30 April, 1919.]

SIR LEO CHIOZZA MONEY.

[Continued.]

12,745. *Chairman*: What do you mean by "to assist the mine manager"? Do you mean to advise?—Yes; to advise or consult with. Just as the captain of a ship is a little tyrant in his way, and he may be a tyrant if he likes, nevertheless I take it the most wise captains of ships, if they are going into action, do have a talk with their officers before they begin. Although I think the manager should not be relieved from the responsibility of the deadly character of the work carried on in the mine, nevertheless he should take the advice and counsel of the Pit Committee, and, I take it, he would be glad to do so for his own sake, and as time went on that would develop, and you may get a quite different arrangement as matters develop.

12,746. Do you think that would be giving the men an effective voice in the direction of the mine?—Yes, I think it would; but, at any rate, that is a matter upon which there may be many legitimate opinions and differences, and which want hammering out in a great deal of detail, and I do not pretend to be dogmatic about it.

(Adjourned till 10.30 a.m. on Friday, 2nd May.)

SECOND STAGE—SIXTH DAY.

FRIDAY, 2ND MAY, 1919.

PRESENT:

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. R. W. COOPER.

SIR ARTHUR DUCKHAM.

MR. FRANK HODGES.

SIR LEO CHIOZZA MONEY.

MR. ROBERT SMILLIE.

SIR ALLAN M. SMITH.

MR. HERBERT SMITH.

MR. R. H. TAWNEY.

MR. SIDNEY WEBB.

MR. EVAN WILLIAMS.

SIR RICHARD A. S. REDMAYNE (*Assessor*).

MR. ARNOLD D. McNAIR (*Secretary*).

MR. GILBERT STONE (*Assistant Secretary*).

Chairman: I am very sorry to say that Mr. Forgie, one of our Commissioners, has been taken ill, and will not be able to be here to-day. I think he has felt rather the strain of the work of the Commission, and I am sure we all hope he will be restored to health as soon as possible.

Mr. R. W. Cooper: Sir, before we begin, may I make an application? We are about to consider certain mining questions, and we shall probably begin this afternoon the consideration of them. As we all know, there has been a Committee sitting, presided over by Mr. Leslie Scott, dealing with mining problems. I understand they have already made one Interim Report dealing with a number of mining questions, and the second report is just about finished. I suggest, although the Government have not published the first report, and of course have not published the second report, that they should be good enough to let us have copies at once for the information of the Commission.

Chairman: That is a matter for the Government. The Government, I understand, has not published

12,747. Are you willing to do the same in regard to suggestions of safety?—Yes, certainly.

"(e) The coal-owners to be paid out equitably, having regard not to war-time profits, but to the position of the industry before the war.

(30) I think we may be confident that on these lines—again I say within a fairly wide margin of variation in detail—a system of Industrial Democracy, which I define as National Ownership combined with democratic control and responsibility to Parliament, could not fail to be successful, and to give a common measure of benefit alike to the nation as a whole and to the miners who form a large section of the nation. It would have the merit of offering positions of proud responsibility to our most capable mining experts; it would afford opportunity to create the conditions of maximum economy in production and distribution; it would direct the energies of the nation to conserve its coal; and last, but not least, it would give every man working in or about the mines, whether with hand or brain, a sense of social responsibility which could not fail to lead to pride and contentment in work."

either report, and one report is not even settled, as I understand. I cannot ask the Government for reports when they have not published them. It is in the discretion of the Government to publish the reports—not me. Mr. Leslie Scott no doubt will be able to give evidence if he desires.

Mr. Leslie Scott: Mr. Chairman, may I—

Chairman: I cannot hear you. Anything you wish to say, will you please put in writing?

Mr. Evan Williams: I should like to ask for a return giving the expenses of the administration of the Coal Control Department from its inception up to the end of last year.*

Chairman: Certainly. I think that is a very proper and reasonable request.

Sir Arthur Duckham: We have had a return of the coal produced to the end of last year. Is it possible to get a return of the output of the collieries for this year? I understand they are made weekly.

Chairman: Yes, we shall have that.

SIR LEO CHIOZZA MONEY, Recalled.

12,748. *Mr. Arthur Balfour (to the Witness)*: Have you had any practical experience of the working of coal mines yourself?—No, I have never been a mine manager or been employed in the management of a mine.

12,749. Have you ever visited a coal mine?—Yes.

12,750. Frequently?—Yes, I have seen the outer workings of a large number of mines, but I have only actually been down one mine.

* See Appendix 64.

2 May, 1919.]

SIR LEO CHIOZZA MONEY.

[Continued.]

12,751. So that you have not really any experience of the working conditions of a colliery?—No. I can only say I have endeavoured to understand coal mining, so far as that can be understood without being engaged in the operations.

12,752. As regards the housing of miners, have you much experience of the housing of miners; have you seen many miners' houses?—Yes, I have been in miners' houses. I have seen some fairly good and I have seen some very bad. I have never seen any very good, but that may have been my misfortune.

12,753. How long is it since you were in a miner's house? I should think a year or two before the war.

12,754. You have not seen the modern houses which have been built in the last six years?—No. The last six years include four years of the war, during which, I understand, there has been no building.

12,755. Are you aware there has been building of some very modern houses?—No doubt that is so, but from all the evidence I have been able to gather, without inspecting all the mining districts minutely, I understand those very good houses are unfortunately a minority.

12,756. But still private ownership has provided a large number of very good houses?—Yes. I think it is only due to some private owners to say they have done so, just as in industry there are some few exceptional manufacturers who do put up excellent garden cities, but they are exceptional.

12,757. I take it you have quite made up your mind that the nationalisation of coal mines is the only thing to be done?—I think I ought to answer that by saying that for fully 20 years I have endeavoured to study this subject. I have endeavoured to be a student of Jevons and other coal authorities. I have collected a very large amount of evidence on the subject during those 20 years, and it is true that I have come to the conclusion that nationalisation is advisable.

12,758. So that you attach really very little importance to the evidence which may come before this Commission?—Not at all. But I am bound to say I have had in my possession for years more information on the subject than has yet been given to this Commission.

12,759. Is there not a very grave risk to the coal trade of this country in an embarkation on an experiment of such magnitude?—No, I do not entertain that opinion, or I should not be in favour of nationalisation.

12,760. Is that not so, when you have no precedent to turn to to warrant it?—No. I am afraid it is a question where one can only go on one's knowledge of the nature of the industry, and of the fact that the coal belongs to this country and certainly cannot under any conditions be got rid of by a new system: it must be worked. I do not see any reason why it should not be worked adequately and economically. I also think it will be worked more economically under public ownership for the reasons I have given.

12,761. Do you accept Mr. Webb's suggestion of restricting the number of people coming into the mine with a view to balancing the output in good and bad years?—I think myself that that is not a practical question, because from the figures which have been supplied to this Commission—which indeed we knew without their being supplied to this Commission—the coal output of this country has shown an almost continuous steady increase, and even when there come what are called trade slumps, they make very little difference in the output of coal. If you like I will give you the figures, but probably you have them.

12,762. Yes, we have them, but that does not answer my question. Do you accept Mr. Sidney Webb's proposal that you could balance the output of coal from the mines in good years as against bad years by restricting the number of people going into the mines so as to run them continuously?—You say "restricting the number of people going into the mines."

Mr. Sidney Webb: I said "recruits."

Witness: I did not understand that that proposal was made.

12,763. *Mr. Arthur Balfour:* Yes; Mr. Webb said recruits?—I see what you mean, and I beg your

pardon. In the years where trade slumps occur in connection with trade cycles, Mr. Webb's suggestion was that in those years the State would stop off the supply of new recruits. I think that is a very sensible proposal and one which is more easily carried out under nationalisation than private ownership.

12,764. But you admit it would restrict the output?—No, because you would obviously put out in those years the maximum possible, and therefore there would be no advantage, would there, in getting new recruits to put out more than that?

12,765. But the moment the demand came, the fact that you restricted the recruits going into the mine would mean that you would not have the amount of skilled labour you required to proceed with?—The figures do not show in practice that there are any violent jumps in output. So far as I can tell from the figures, it is really a steady increase, and I cannot see therefore that there is any practical difficulty. If you take the figures from 1880, from 1890 and from 1900, in every case there you get a steady increase of output.

Mr. Sidney Webb: Sir, would you allow me to interpolate? I am sure Mr. Balfour does not want to misrepresent me. Nothing I said bears any likeness whatsoever to what is called restriction of output, and I am totally opposed to any such policy.

Mr. Arthur Balfour: I quite accept what Mr. Sidney Webb says, but I want to put to Sir Leo that his method of doing it does in fact restrict output.

Witness: As a matter of fact I cannot see that any such result would obtain. It is exactly the same case as the Post Office, which, in a progressive country like this, is always needing increased services from year to year, and it has no difficulty in providing for that. I cannot see any greater difficulty in the case of coal.

12,766. You would not for a moment pretend that the question of delivering letters is a skilled work like working in a coal mine?—But this is a question of the number of people. The number of people required has no reference to the skill required.

12,767. But you cannot train people from day to day to work in a coal mine. You know perfectly well, do you not, that they have to spend two years before they can go down the pit?

Mr. Sidney Webb: No, no.

Witness: As a matter of fact, as I have pointed out, the figures show this is no practical difficulty at all under any system. It seems to me that the questions are based upon the supposition that there are violent fluctuations in the output of coal. Those violent fluctuations do not occur.

12,768. *Mr. Arthur Balfour:* Then as a matter of fact all the arrangements Mr. Sidney Webb suggests of stocking are not necessary?—They are necessary up to a point, but they are not of the importance suggested in your question with regard to Mr. Webb, if I may say so.

12,769. In other words, there is no fluctuation of working in the mines?—Yes, there is fluctuation, but not violent fluctuation.

12,770. Then the provision Mr. Webb suggests is not necessary?—No; it is an excellent provision for the minor variations that occur.

12,771. With regard to State management in Germany, do the employes of the State there work longer hours than our men?—I do not know.

12,772. Do you know whether they are better paid than our men?—I do not know that, but some papers have been put before this Commission which indicate (I admit the language is somewhat obscure) that the State servants do have advantages which are not possessed by the private servants. That is indicated in one of the papers.

12,773. Their hours are longer and their pay is less?—If you will be good enough to give me the reference, I shall be pleased to study it. If I may add, if you will forgive me, it is not the case throughout the world in State industry or the rule, but it is the reverse, for State servants to be paid worse than private servants. Take our Colonies, take Australia and New Zealand.

12,774. Wages are higher in Australia and New Zealand than in this country all the way round?—

2 May, 1919.]

SIR LEO CHIOZZA MONEY.

[Continued.]

Yes, but the point is—are the State servants worse paid than private servants? There is no evidence to show that in any democratic countries, and after all this is a democratic country.

12,775. If the State owned the whole of the coal mines, as you contemplate, what would happen immediately in the case of a strike?—I should say that in the first place a strike is much less likely to occur under some such scheme as I have indicated in my *précis*, because the men are represented, first of all, on the Central Council with executive powers; secondly, they are represented on the District Council with executive powers; and, thirdly, they are represented on the Pit Committee with consultative powers. Therefore a strike would be less likely to occur. If it occurred, you would have at your hand such machinery for settling differences as does not now obtain. You cannot wholly prevent the possibility of strikes, but you could, I suggest, under such a scheme, as has been suggested, deal with them much more easily and much more readily and with a much greater probability of rapid success than you could under the present condition of unco-ordinated management.

12,776. I suggest to you, you would be immediately in conflict with the State and would be much more likely to need martial law than at the present time when you have the buffer of private enterprise and the Government coming in as a third party to intervene?—I think you are entitled to your opinion, but I think the evidence as to State undertakings throughout the world shows on the whole that there are fewer strikes in connection with State and municipal enterprises than there are in connection with private enterprise. I do not say they are wholly free from them. May I explain my answer?

12,777. Yes.—It is to be remembered that what we are now proposing is not even such a system of management of railways as exists in Australia, but it is something more than that—something where the men are really associated with the industry in the sense of social responsibility. I count upon that, and I think I am not wrong in counting upon that.

12,778. It is simply a feeling of yours that that would happen?—Human nature has been mentioned a great deal in the course of this discussion. I have the right to my opinion about human nature as well as any other man, and my opinion is—I have seen it verified in practice again and again—that if you give responsibility to a man, in whatever class of society he is, he usually rises to it. That is my view.

12,779. That was not the result with regard to railways when they had big strikes in Victoria.—I grant that the case of Victoria is a point in your favour, but against that I remind you that the railways of Victoria were not managed under such a system as I suggest here (I am only entitled to speak for myself) for the management of the coal mines; that is to say, there was not in the case of the Victorian railways in that sense the managerial responsibility which would exist, I suggest, if this scheme were carried out.

12,780. Are you aware that the Berlin States Coal Office which dealt with the sale of two and a half million tons of coal spent an enormous amount of money in doing so and increased the price of coal to the amount of two marks alone?—No, but I will take it from you if that is so.

12,781. There is evidence in the Reconstruction Review of the second April at page 255 which I should like to call your attention to. Would you consider M. Lenin as any authority of any account on nationalisation of an industry?—I know very little about him or his opinions so that I am afraid I cannot answer as to that.

12,782. Are you aware that he in a brochure recently issued has admitted that the attempt to substitute State for private management throughout the industries of Russia has been a failure and he now advocates private management?—No, I do not know that; I have missed that somehow.

12,783. You will find that on page 288, April 16th, of the Reconstruction Supplement?—I am afraid I am not an authority on Lenin.

12,784. I want to take you for a moment to the quantity of coal required for the production of a

ton of steel. The evidence to which you refer is that of Mr. Talbot in the Coal Conservation Committee Report referring to ideal conditions, at page 83?—Yes. They undoubtedly refer to conditions which I am afraid do not obtain in a large majority of the steel works of the United Kingdom, but which I think might obtain.

12,785. Where would you erect a plant in this country to obtain these ideal conditions?—I have here a letter from Professor Watkinson, whose evidence on the subject I put in before, and perhaps the Commission might like to call him. He says that the Skinningrove Iron Co. has adopted the system. He says also that he is informed it has been adopted by the Partington Steel and Iron Co., Ltd.; that, of course, is the process, as you know, where the whole of the operation is conducted in one works, so that you do not, as it were, make pig-iron and foolishly put it to cool and start over again and make your steel out of the pig-iron, but you make it straight away. As I understand from Professor Watkinson, that has been done, and is being done, by firms in the United Kingdom at the moment, so that it is not merely based upon supposition. It is not "ideal" in the sense that sometimes the term is abused—theoretical and not practical.

12,786. But, at the same time, you are not controverting the evidence given by Mr. Wallace Thornycroft of the actual figures which were examined by Sir William Peat as to the fact that that amount of coal was used for a ton of steel and that steel might be and was of a special kind?—So far from controverting that evidence, I think it is most valuable evidence showing the extraordinary waste of fuel that now goes on.

12,787. Is it a waste of fuel if it is a special kind of steel which has to have many other processes spent upon it other than the mere making of ingots?—I am afraid it is true there is a considerable number of plants which might be improved to secure better results.

12,788. Perhaps we shall have evidence on that?—Yes. As you know, I am not an iron and steel authority, but I am merely a humble student of the subject.

12,789. Now I should like to take you to the question of the Government dealing with the exportation of coal. Would it not be a very delicate matter for the Government of this country to negotiate in peace time coal supply for other countries?—If that were thought to be true, then, of course, as I think, as has been pointed out by Mr. Webb, one need not disturb the present system; I mean the question of nationalisation is not involved in this. You could produce your coal, and, as we say, economically. You could put it at the disposal of your export merchants and let them carry on their trade, even as they do now. That is one plan, and would avoid the risks of the kind you speak of, if you thought we were foolish to run them. On the other hand, you could form export agencies which would have a sort of independent existence from the Government and which could carry on the trade. Or, again, you could have your State export department which, as I think, would fit in with what I conceive to be the future development of the world in which the export surpluses of the different countries will, I think, undoubtedly, if I may venture to prophesy about it, be exchanged by Governments instead of being trafficked in by merchants.

12,790. Do you appreciate that that means control of selling prices?—Take the first course. It would mean that the State producing its coal as economically as possible would place that coal at the disposal of the export departments at the lowest possible price. If that is so and if it is true that nationalisation would give economy—only if it is true—then the export trade would benefit. If, as you contend, nationalisation would raise the price of coal the export trade would suffer and that, of course, is the difference between us.

12,791. I think the point is not that. If this country supplied coal to Italy for the Italian Government, surely there would have to be some kind of control on the selling price of that coal in Italy after it has passed to the Italian distributor or would

2 May, 1919.]

SIR LEO CHIOZZA MONEY.

[Continued.]

the Italian Government become the distributor?—That would be a matter for the foreign Government.

12,792. But you can see that might cause considerable conflict as regards our minors because of the profit that was being made by middlemen in Italy.—There are possibilities in that direction, but certainly not greater possibilities than now exist, and I think that with the increasing correspondence and co-operation that is very happily springing up between nations, those difficulties would be avoided and more and more avoided under nationalisation than private ownership. But, here again, we are uttering matters of opinion.

12,793. Have you had any experience of negotiating with foreign Governments for their requirements?—My experience has only gone so far as considering administratively the possibilities of pooling the products of the world. It is a pretty big proposition, but we have had to face and consider it. At the Ministry of Shipping we had to pool ships.

12,794. Under war conditions.—Yes, truly, but making it more difficult and not less difficult. I think if people understood the difficulty of the things actually accomplished in this war they would not talk about the difficulties of nationalisation.

12,795. I see you agree that royalty owners should be compensated.—Yes, but I am bound to say that I have not easily arrived at that opinion, and I am bound to admit the very strong arguments that exist against it. The deciding argument to my mind has been, rightly or wrongly, that I want everybody to have confidence in the State. I want everyone to have confidence in democracy. Therefore, if I commit an error, I like that error to be on the part of generosity rather than the other way.

12,796. In other words, you realise that unless there is confidence in the rights of property, whatever it may be, you will undermine the whole confidence in the State and make it difficult for other people to trade with such a State?—I am not sure I can go quite so far as those expressions, but I should like to point out to you that Parliament has already in a practical way expressed the opinion that there is a very great difference between property in royalties and other kinds of property. It has actually confiscated part of them already by special duty, which really means it has confiscated part of the royalty, and I think it is for royalty owners to consider whether in the future that process is not likely to go on.

12,797. You refer to varying degrees of competence in private concerns. Surely that exists in Government services too?—I fully agree, and it must exist in every state of society.

12,798. Possibly more so in Government service.—I am afraid I cannot admit that, but I do admit there are variations in confidence.

12,799. Have you any experience as to whether, for instance, battleships have been built cheaper at our dockyards than they were purchased for from private contractors?—I am afraid I have not the figures. I should be interested to get them. I do not know whether you have them.

12,800. I have not them in my head.—I do remember hearing that we made rifles at Enfield more cheaply than they were made by any private contractors.

Mr. Evan Williams: Was there not a public enquiry into the comparative cost of battleships?

Mr. Arthur Balfour: Yes, I think there was.

Chairman: Yes, we will get that.

The Witness: I do hope you will not interpret my answer as consenting to the proposition that the management of our dockyards by the Admiralty in the past has been a proper system of public ownership or democratic management. I think it has been very far from that.

12,801. *Mr. Arthur Balfour:* On the other hand, it has been a Government managed concern.—But when you say a Government managed concern, you mean a thing with infinite degrees of variation.

Mr. Arthur Balfour: Quite.

12,802. *Mr. R. W. Cooper:* I am not going to trouble you much with ancient history, but you refer here to the north country limitation of the Vend?—Yes.

12,803. That ceased to exist a good many years ago?—Yes; I hope I indicated that the day before yesterday.

12,804. In 1850, I think?—Yes.

12,805. It began about 1771?—That is right. It lasted three-quarters of a century.

12,806. But of course the condition of society then was very different to what it is now?—But if we refer to our old friend human nature again, the suggestion has been made that human nature does not change. In so far as your question has a good basis, it seems to show it does change, and even private ownership is very much better than it was.

12,807. I am not suggesting that regulations of Vend are desirable things?—I am sure of that.

12,808. Now one or two questions on your remark about the ownership of minerals. Of course, as you know, the ownership of minerals in the United States is practically the same as it is in this country?—Yes. I believe that to be broadly true.

12,809. That is to say, that the owner of the surface in America has the mineral rights?—Yes.

12,810. You have read no doubt some of the exhaustive reviews of that particular point in the report of the Mining Royalties Commission of 1893?—Yes.

12,811. Where they state in effect at paragraphs 244 and 245 of the Report on page 51, that: Apparently the policy of all legislation in America, both Federal and State legislation, has been to encourage private ownership of minerals?—Yes, I am afraid that is so.

12,812. It is a fact nevertheless?—Yes. It is not fair to ask you to let me explain that answer, but I should like to do so.

12,813. Knowing your views, I can quite imagine that you would be disposed to criticise the American policy?—If I may utter a single sentence on that, it is this: That the late President Roosevelt set up an American Conservation Commission charged with a survey of the resources of the United States. What did they find? Their report teems with facts relating to the waste of coal and to the waste of oil and to the waste of timber by private interests in the United States.

12,814. How long ago was that?—That was just before the war.

12,815. I see at the beginning of your proof you refer to probably the same American Committee. I should like to know the date of the report and what became of it?—I am afraid I have not the date of the Commission, but I have the reports at home.

12,816. Perhaps you would tell me privately afterwards?—Yes.

12,817. I should very much like to know for my own information?—I am afraid you will find it to be true that some of the extraordinary instances of waste that they bring forward in their reports are almost incredible. They point out the exhaustion of American coal at a date which, although it is a later date than ours, is very near. They point out that timber has disappeared and that virgin fertility has disappeared. To my mind, from the world point of view, it has been a waste of the world's resources which it takes very strong language to describe properly.

12,818. I suppose the probability is that in America there may be two opinions upon that particular point?—Well, I think it has been worse than here.

12,819. Then you mention France. There again, if you look at paragraph 293 of the Mining Royalties Commission report, you will see what they tell us about the French law, which appears to be very peculiar indeed. Apparently in France the State is not the owner of the minerals, nor is the surface owner. The State must grant the concession, but the State cannot work the minerals. That appears to be the gist of it?—Yes, it is a curious position.

12,820. It is an extraordinary position, I agree, but there it is. I mention that because you refer to a witty Frenchman's remark about the ownership of minerals?—Yes. That same Frenchman has some very interesting things to state about it in his book.

12,821. Do you know whether anything has been done in America in consequence of the report upon the conservation of coal in America?—No. I rather

2 May, 1919.]

SIR LEO CHIOZZA MONEY.

[Continued.]

gather the war interrupted its proceedings, and I have not any quite recent record.

12,822. Now on the second page of your proof you tell a good deal about what the Coal Supply Commission of 1903-5 said. Practically speaking, were not all those conclusions, or rather the statements that were made by that particular Commission, under review by the Coal Conservation Committee which practically may be regarded as the next Commission sitting on the subject?—Yes.

12,823. And they made a series of suggestions or recommendations dealing with those points?—Yes.

12,824. Without troubling you with the details of the Coal Conservation Report, would you agree with me that the general effect of the last report of 1918 is to show that considerable progress has been made since 1905?—Yes; I do not think it would be unfair to use the word "considerable."

12,825. There has been, I think, in one respect, at any rate, in one part of England, a most remarkable degree of progress in the use of electrical power about mines?—Yes.

12,826. I am referring, as you know, to the north-east coast?—Yes.

12,827. With regard to another matter referred to the Coal Supply Commission of 1905, which I do not think was dealt with by the Conservation Committee of 1918, and which is referred to in the 11th paragraph of your *précis*, about a prejudice that exists against by-product ovens. Do you not think, even at the time of the outbreak of the war, that by-product ovens had to a very large extent, since 1905, made progress and superseded the bee-hive ovens?—Yes, some progress had been made, but certainly—if I may express an opinion—to my mind, not sufficient.

12,828. I see your view. Do you not think that the progress of the adoption of by-product plants in lieu of the old bee-hive oven is a thing that naturally depended a good deal upon the demand for the by-products themselves?—Yes, that is true. I think the colliery proprietor has a right to say to the chemical industry, "Why did you not make a greater demand upon me for by-products?"

12,829. After all, business is business; you could hardly expect colliery owners to put down a large amount of capital until they found there was a large demand for the by-products?—Yes, but, if I might respectfully say so, I think there was a good deal of prejudice on the part of the colliery proprietors themselves. The bee-hive oven lived on long after it was obsolete.

12,830. Do you not think there was a large amount of prejudice on the part of the user of the coke blast-furnace owner?—I am afraid I am only expressing an opinion which has been already expressed by Mr. Webb when he said, I think, that there was a certain backwardness in the application of science to industry in this country.

12,831. I think, as a matter of fact, there was, at any rate at the outset, a good deal of prejudice on the part of the user of coke to by-product coke compared to bee-hive coke, and that was considerably due to the appearance of the coke itself?—I am afraid so.

12,832. But you say that has been largely overcome?—Yes. I remember writing about it 12 years ago.

12,833. On the question of prejudice, that, of course, is no new thing; that has been a feature of the history of all industry?—Yes.

12,834. Now I want to ask you about a subject, touched upon in paragraph 14 of your proof, on the question of the exploitation of our previously unwon coalfields. There has been, has there not, in the last 15 years, or thereabouts, a very large development of coalfields which 30 or 40 years ago were practically never noticed at all—for example, in South Yorkshire?—Yes, I think that is a perfectly true statement.

12,835. And of course as we all know there has been a certain amount of enterprise exhibited in Kent?—Yes.

12,836. And all that has been done by private enterprise?—Yes, but if I may say so, this valuable opinion which I quote from Professor Watts is an opinion formed by a competent geologist who has

knowledge of all these things and who yet thinks that it is necessary, as I understand him, to have a national exploration in view of what Jevons called the "almost religious importance" of the subject.

12,837. Yes, I quite appreciate what you say—in other words that the work of geological discovery could be carried on more energetically by the State than it has been hitherto?—Yes. And I cannot help feeling that if we had such a Ministry of Mines as I have endeavoured to sketch out, and especially, as I would like to add again if I may, if that Ministry of Mines were expanded into what I think it ought to be, namely, a Ministry of Power governing not only mines, but the use of coal in industry through electricity and so forth, and all other forms of development—if you had that, the energy of that Ministry could not fail to be concentrated upon our coal resources, and we should get results far superior to any that we have yet obtained. There has been nothing, as it were, to direct the energies of the nation to this all-important subject on which the population and the wealth of the country almost entirely depend. As I conceive it, such a Ministry as this, even if it were confined to mines, but still more if it were not confined to mines and made a Ministry of Power to deal with this subject adequately, if it failed in its duty would be called to account; now there is no one to call to account.

12,838. Of course, there is now the Geological Survey Department, is there not?—Yes.

12,839. I suppose you would be disposed to agree with me that the assistance which has been given by the State from that Department hitherto has been of a very slender description?—Yes, just as it is with other matters in which we should bestir ourselves. It was the same with State cotton growing and every other thing we ought to have done. The State was supposed not to act, or, if it did, it did so grudgingly.

12,840. And particularly when it involved expenditure of any money?—Yes, but that is because it was the theory of the Government that it was its duty not to govern. We want to change that idea.

12,841. I can see your point of view. On the question of export trade, of course, as we all know, and you know better than many of us, there has been an enormous expansion of the British export trade in coal?—Yes.

12,842. I intended to ask you this before. Of course, there has been equally remarkable expansion in the output of British collieries, say, in the last 40 years?—Yes.

12,843. As regards the use of coal for shipment, it is a fact, is it not, that already the British Admiralty are showing that in future they are going to rely more on oil than on coal?—Yes. It is a very menacing fact.

12,844. Of course, the more oil they use the less coal they will use, and, therefore, the more coal will be preserved?—Yes, except that, as I point out in this *précis* of mine, if science makes it (some say it has already made it) more advisable to use oil fuel for ships than coal for ships, that will extend far beyond warships—it will extend to all ships. That will mean the extinction of a large part of our export trade, and it will have great economic consequences for this country. That is why I say it is a menacing fact.

12,845. I do not see why, because it is likely that oil will be used for the purpose of propelling ships rather than coal, that that should affect our export trade, except to the extent of reducing the amount of bunkering coal exported?—It will to a very large extent. I am speaking of the growth of the export trade as we know it. I think it is a fact, although I could not quote exact figures to you, that the growth of that trade has largely been one with the growth of the world's steamships—that is to say, we send out this coal very largely to be picked up by steamships—curiously those steamships being chiefly our own.

12,846. You are entitled to say that to a certain extent; but there has also been a remarkable expansion in the exportation of coal for buyers abroad?—Yes, and it would not touch that part, I grant.

12,847. You have referred, from your point of view quite naturally, to the remarkable stimulus the war

2 May, 1919.]

SIR LEO CHIOZZA MONEY.

[Continued.]

undoubtedly gave to certain branches of industry; but after all that was a war stimulus?—I fully grant it.

12,848. Having regard to the position in which this country stood, and which I need not enlarge upon, I should think that it would be an exceedingly dull man who did not feel at one time or another that we were in imminent peril?—We were in very imminent peril—much more than most people realised.

12,849. And a great deal of this stimulus may be put down to the natural instinct of self-preservation?—I think that is undoubted. May I say something on that?

12,850. Yes, certainly.—This also happened, that the people who understood, who were inside, who were part of the national organisation, did their best, whereas the people who were just outside, and who were not so well acquainted with the facts, did not always do their best. That is a curious fact.

12,851. Do you mean the people who did not come in and help the Government?—Yes. Very often the business man inside the Government was being thwarted by the business man outside the Government: No. 2 would not be so good a specimen as No. 1. Why was that? Because the man inside knew the national point of view. The man outside could only see his trade interests. That is one of my arguments for nationalisation.

12,852. I see in your *précis* you refer to potash. I believe you are referring there to a process by which by the application of salts to the blast furnace gases potash can be extracted?—Yes.

12,853. I believe that is in the hands of English patentees, is it not?—I am afraid there you know more about it than I do. I am afraid I must take that from you.

12,854. I know a little about it, having had the papers through my hands. Supposing the mines were nationalised, do you think that the State would pay the same scale of salary to persons, whom it certainly could not dispense with at first, as private enterprise is now paying them?—I think it should do so.

12,855. I agree; but do you not think that there is a probability that the Treasury, which has not the reputation of being the most liberal paymaster, might cut these people down to the prejudice of the community?—I frankly admit that I have no greater regard for the Treasury in that respect than you have. It ought to be denounced, in my mind, and I take this opportunity of denouncing it.

12,856. I notice that towards the end of your proof on page 5 you are quite clear that as the responsibility for the control, direction and management of the mine is imposed by Statute on the Manager, he must have complete power?—This is a point on which I have personally had the very greatest difficulty in arriving at a decision. I confess it. What I have had regard to is that the very deadly character of the employment of necessity, as it seems to me, imposes a personal responsibility on someone, and then the endeavour which I also desire to make to associate the men connected with the mine in some responsible way with its direction, but I admit that that is a difficult proposition, and what I have suggested here is the best thing I have been able to think of as a way out of those difficulties. When one is considering in this connection what element of actual responsibility you would give the miner I cannot but think he would be impressed by first his representation on the Central Body, secondly his representation on the District Body, and thirdly his representation on the mine itself. If I were talking to him personally, I should say to him, "Have regard to each of these three things and ask whether on the whole they do not give you some proper share in the work that you do." That is all. I want to hammer that out, and I think it is a very proper office for this Commission to hammer that out. I am not dogmatic about it. I want to do the best I can.

12,857. As we all do who recognise the absolute necessity of maintaining discipline in handling a coal mine?—Exactly. It is like handling a ship.

12,858. *Mr. Evan Williams*: You said a few minutes ago that the old theory of government in this country was not to govern?—Yes.

12,859. In your opinion is a change from that position an easy one to realise?—I think it has been very

rapidly coming about during the last 15 years, and I think the war has given an impetus to the movement which it will never reverse. We shall go forward.

12,860. You agree that before the State took over the control of the biggest industry in the country that ought to disappear altogether?—You cannot swim without going into the water.

12,861. I do not think the analogy is quite apt. You do not dive into deep water straight away when you learn to swim?—You mean that the size of the coal industry renders it too great an experiment?

12,862. That is my point?—I should say that the nature of the coal industry makes it one of the most secure for making experiments.

12,863. Do you mean in the way of profit to the State?—No. Let me take the case of the cotton industry. The cotton industry depends on foreign markets. There is no guarantee of a single order being obtained outside this country; but if you are dealing with the coal industry you are dealing with a natural resource which even the worst management cannot make a failure of. That is the curious thing. The stuff is there.

12,864. You are speaking of the commercial aspect of it?—I am trying to show why I do not think it is as great an experiment as going into a smaller industry.

12,865. The production of coal, I think you will agree with me, is by far the more difficult and more important part of the industry. Do you think it is wise for a State that has been existing on a theory that it is not its duty to govern to take a header into such a depth as this without first of all experimenting by going first up to its ankles and then up to its knees?—As compared with what we have done in a great hurry in the last three years, it is really a small thing. I do not think people realise the extraordinary activities which have been State-controlled during the last three years, and the success with which it has been done. I know many people joke and laugh at it, because they do not know what has been done in the way of economy of production.

12,866. Do you think an industry of this kind could be conducted in peace times on the same principles as in war time?—Only in some cases where you take direct production, as for instance in the manufacture of projectiles and in the case of the Gretna Works, where it has undoubtedly been done under conditions of the greatest economy, and at the same time the welfare of the workers was looked after.

12,867. That is only a small process?—I do not think it was an easy thing to introduce the standardisation of shells and fuses in this country. It meant teaching people how to standardise who had never standardised before. It meant setting up a system of gauge making which had never been thought of before in this country, and all this was successfully done under conditions of the greatest haste in a few years.

12,868. Do you think standardisation is applicable to a trade like the coal industry?—No, it is not, because the coalfields vary so in their character, and have to be tackled by different methods; but some things can be standardised, as, for instance, winding engines—they can be brought up to a level of efficiency which it seems to me would certainly rise, because you would get the best brains in the mining industry managing it, whereas you get now the best brains managing only a part.

12,869. Is not all progress in industry, and everything else, due to a few advanced persons?—I thoroughly agree with you.

12,870. Where you have competition does it not necessarily follow that others must necessarily keep as close as they can to their competitors, otherwise they would be left hopelessly behind?—I am afraid it does not work like that in practice.

12,871. Is that not the history of all progress?—The history of every industry is this: that there are the widest variations in practice and efficiency.

12,872. Still, it is the private individual who is full of enterprise, and who is possessed of brains which does lead to bringing about improvement?—That is true.

2 May, 1919.]

SIR LEO CHIOZZA MONEY.

[Continued.]

12,873. In the coal industry you have a few people who are far ahead of everybody else?—May I put it to you that the Minister of Mines, who knows his business—and if you cannot find men who can manage an industry of this kind then you had better give up any system, whatever it is—but assuming you could get an intelligent Minister of Mines, would he not do what the Minister of Munitions did? He would get hold of the best man, and he would say, for instance, if it was in a Yorkshire district: “Will you manage the Yorkshire district—will you be the managing director?” In that case that man would use his brains for the whole of Yorkshire, whereas before he only used his brains for one mine.

12,874. Is that your experience of Government management?—That is what occurred during the war. Before that there was not much to go upon.

12,875. That is just my point. We have no peacetime experience to go upon?—It happened in other countries where larger experiments were made.

12,876. What would you consider as the true test of efficiency?—Do you mean in an industry?

12,877. Yes, in an industry?—Economy of its production.

12,878. As regards output?—Yes, certainly.

12,879. As regards cost of production?—Yes.

12,880. And as regards the margin of the selling price over the cost of production?—Certainly not.

12,881. You do not regard the commercial part as coming in?—I think that is a great misfortune. If a private firm uses economies which are the product of the brains of clever men to reduce its costs, and then avails itself of that reduction to make a large profit out of the public at large, that is not a good thing for the country. The economy was a good thing, but the man used that economy not to benefit the public, but to benefit himself.

12,882. So that your view is that the cost of production should be as low as possible?—Yes. The cost of production should be as low as possible consistent with the welfare of everyone engaged in the industry, and the Government should get the profit. In whatever organisation you have you must have provision for capital and depreciation, but only such a margin as is necessary for economical purposes.

12,883. Then you eliminate the profit as one of the factors in conducting the business?—Yes—commercial profit.

12,884. Would you eliminate it from all the persons engaged in the industry?—Yes, that follows.

12,885. Then you would eliminate it from owners, managers and workers?—Under that system there would be no owners—they would be you and I.

12,886. Then you would eliminate it from the workmen?—Commercial profits, certainly.

12,887. Does that mean that you would abolish piecework?—I should hope so in the long run.

12,888. Completely?—I hope so. I hope there will be no piecework in another 20 years.

12,889. You would pay a man a fixed wage, and trust to him to get the best output?—Certainly, and in the long run we shall get it. I do not propose to abolish piecework to-morrow, but if I were a Minister of Mines I should impose such education and such household conditions as in the next generation would give you the best work without piecework.

12,890. In the meantime you would continue it?—Yes, I think so.

12,891. That is the old question of human nature again?—Human nature is a various thing—Dr. Jekyll and Mr. Hyde, you know.

12,892. You have dealt in the first part of your paper with the nationalisation of the coal itself?—Yes.

12,893. The mineral?—Yes

12,894. You regard that as something quite different and separate from the nationalisation of the industry?—It could be so regarded, but I do not so regard it

12,895. Do you not think there is a very marked difference between the two?—Of course, there is an obvious line of demarcation. It is a different kind of property, and so forth. It is quite possible, of course, to nationalise minerals without nationalising the working of the coal.

12,896. At any rate, you do advocate the nationalisation of minerals?—Yes.

12,897. That is something that we have experience of in other countries?—Yes.

12,898. Have you any knowledge what other countries have obtained from that in the way of removing the obstacles that you claim private ownership has put in the way of the industry?—No. There are so many complications in the mineral laws of other countries that it is very difficult to draw any deduction from them.

12,899. So that we have no experience to guide us?—No. It seems to me a question of ordinary justice which anyone is competent to form an opinion on without referring to any other country whatsoever.

12,900. With regard to the conservation of coal, I think we are all agreed that it is a very important matter, and the economy of its use. You enumerate certain recommendations which the last Coal Commission made, (a), (b), (c), (d), and (e). With regard to (a), coal left in barriers, and that kind of thing, have you any data at all from other countries, where the coal is nationalised, as to whether the barriers are left?—No, I am sorry to say I have not.

12,901. You say now that large area leases were tending to diminish it?—That was the verdict of the last Coal Commission. I am quite ready to accept it because it seems to me common sense that there must have been some improvement as time went on in that matter, because the evil is so glaring.

12,902. There is considerable improvement?—I imagine so.

12,903. That is under private management?—It seems to me to be unnecessarily slow.

12,904. Does it not seem to you that all pits must get bigger?—I was told this morning of a case that I could not have believed if I had not heard the facts.

12,905. Might we have it?—I am here to speak of things I know, and this is a thing that I was told. What the soldier said is not evidence.

12,906. If we confine ourselves to the things we actually know it would save a lot of trouble to this Commission?—It was just a story that was told to me, and it was to the effect that a certain lease contained a provision that a park of 400 acres was cut out of the lease for coal-working purposes. There was no coal got under that, yet it had to pay a dead rent for the whole period of the lease, and was not to be touched. There are particulars of that kind in the lease that seem to me to be incredible.

12,907. That was the case of a wicked landlord, I suppose. A good deal has been made of the leaving of small coal in the mines. Do you think under State management it would be proper to take all the small coal out?—No; that would have to be decided by the Central Authority, not only in relation to the economical value of the coal at the time, but also in relation to the duration of the coal source. They would have to balance the facts and say how much of this ought to be wasted finally and how much ought to be got out at whatever cost. As I say, they would have to balance the facts. I think it is true to say that there is waste going on that ought not to go on.

12,908. Do you know that in South Wales there are mountains of small coal on the bank which there has been no demand for?—Are there not all kinds of manufacturing uses for it—artificial fuel and so on? Are not all those things to be taken into consideration in that direction?

Mr. Frank Hodges: I should like to know the exact locale of those mountains of small coal.

Mr. Evan Williams: In the anthracite coal you have probably a million tons.

Mr. Frank Hodges: Is it small coal or duff?

12,909. *Mr. Evan Williams:* It is either small coal or duff. It is one or the other. They are both coal. At any rate, you would agree that there is no demand for coal of that kind, and it has to be thrown out on the bank where it deteriorates rapidly. It is more economical to leave it underground than to bring it up?—It depends entirely on what you do with it.

2 May, 1919.]

SIR LEO CHIOZZA MONEY.

[Continued.]

12,910. If there is nothing to be done with it but put it on the land?—I could not accept that without having more knowledge of the matter than I am competent to give you.

12,911. You do not suggest that these commercial men who are out to get as much profit as they can get will throw it on the bank?—Forgive me, that has occurred in industry after industry. Before the war we wasted every bit of tin that we put on iron to make tin plates of. The Germans made a commercial success of taking the tin off. That is a case of one country making use of a thing while another country is wasting it. I cannot accept the fact that nothing can be done with it, because I can give many instances to the contrary.

12,912. That is not wasting the tin plate itself?—It is waste to the nation. That is what I meant, that the Minister of Mines would regard these mountains of small coal as a very melancholy spectacle. He would set clever people to work to devise means for using it just as we did during the war.

12,913. The whole object of all those points that you enumerate here are to cheapen the cost of working coal?—And to save coal.

12,914. Is not the personal gain of the individual a very great incentive to doing that?—There may be two opinions about that conceivably, but as you know I have come to the other conclusion. I have come to the conclusion that a man never works so well as when he is working for the public. I may be wrong, but that is my view. It is my own case at any rate.

12,915. Do you regard your work as for the public?—The chief work that I have been doing for the last four years has been work for the State.

12,916. Would you recommend, for instance, the nationalisation of literary work and journalism?—Obviously it is a thing that cannot be nationalised, but as far as the Press is concerned something might be done. Of course, you can never nationalise organs of opinion.

12,917. Do you suggest that coal is not used to as great advantage in collieries as it is in other industries?—I should say that the colliery engines are fully as wasteful as the other engines throughout the country as a whole. They do waste a great deal of coal.

12,918. Are they not rapidly being brought up to a higher standard of economy?—I am afraid there is a great deal to do.

12,919. Under nationalisation you could do it in a day?—You can do it at a greater rate, and at a more economical rate, than with private enterprise.

12,920. Is that your opinion?—I am sure of it.

12,921. It is a matter of opinion after all?—I grant you that fully.

12,922. Do you suggest that in Government dockyards there is greater economy of coal than there is in private industrial concerns?—I have already said that I should be very sorry to put our coal mines under the type of management that existed in our Government dockyards.

12,923. Even the Admiralty?—Even the Admiralty. It has not been instinct with the principles we are advocating here.

12,924. Therefore there has to be a very radical change in the methods of the Government of this country before it can satisfactorily control the industry?—And that is the change that we are suggesting.

12,925. Do you suggest that the change should take place first in the Government?—As I have pointed out to you, we have shown the tremendous possibilities that have existed.

12,926. You know, as a matter of fact, that the dockyards have been most wasteful of coal?—I am not at all sure of that.

12,927. Do you know that they burnt large coal pretty well exclusively in pre-war days in dockyards?—I will take that from you.

12,928. Without using any small coal at all?—I should not be surprised to see the Admiralty polishing up the coal as they polish up the brass knobs, but we do not propose to put the coal mines under the

Admiralty. We must go on what we have done. The Ministry of Munitions, for example, did effect in time of war very considerable economies.

12,929. It had to?—I do not think it necessarily had to do many of the things that it did really. It went out of its way, for example, to study the social conditions of the workmen working for it. It need not have done that, but it did actually do it.

12,930. Then it is all to its credit. You have not only in your *précis*, but frequently in your cross-examination of other witnesses, claimed that the absence of by-product coking ovens and the absence of the by-products in this country under private management are a perfect scandal?—I am not sure that I used the word "scandal," but I indicated that it was very unfortunate for the country.

12,931. You suggest that if the coal mines had been under national control things would have been better?—I hope so.

12,932. Do you think that a Government that neglected to prepare for war in the way that ours did would be likely to devote itself to these by-products more than private owners would? Is the record of Government such as to lead you to that conclusion?—After all, if you take the case of the Admiralty, the development of the Royal Navy, although, no doubt, there were imperfections here and there, nevertheless I think it is true to say that if you regard the Royal Navy as an industry it was one of the most advanced industries in the country.

12,933. And yet the Government neglected to devise the means of finding ammunition for the Navy?—It was the lack of ammunition for the Army that hit us in the war. It was not the ammunition for the Navy.

12,934. Had we sufficient cordite for the Navy?—It was the enormous growth of the Army that made the shortage.

12,935. Before the war it was one of the things that the Government had to prepare for, and it neglected the necessities for war?—It was a matter of policy. We were perfectly conscious that we did not prepare for war in a land sense. We never intended to engage in great military adventures, and we took a pride in the fact that we were not a military nation.

12,936. After all, it does not say much for the foresight of Government management?—I only put it to you that as far as the main line of defence, the Navy, is concerned, it was an efficient industry, as the facts have proved. The Navy was efficient, and it did its job.

12,937. I was speaking of the Army, for which you say these explosives and other ingredients were necessary?—With regard to the Army, it was the policy of all parties not to have a big Army, but it would surely not have been the policy of a Minister of Mines not to produce coal.

12,938. You can never tell to what extent a policy may take you?—Surely you cannot imagine that it would be the policy of a Minister of Mines not to produce coal.

12,939. You contemplate that in the future under Government control there will be a big reduction in the consumption of coal in this country. I think you spoke of a figure of fifty-five million tons?—Yes.

12,940. You fear that our export of coal for bunkers, which I agree form a very large proportion of the coal which we send abroad as cargo, is going to be seriously reduced?—I fear it may be.

12,941. Then does it not follow that we must keep the cost down to the lowest point?—Yes, that is my point, that it could be done under nationalisation.

12,942. You think under nationalisation you would get cheaper coal?—That is not the way to put it. What I meant was that I did not want to say that I held out any promise that you could run down the price of coal under nationalisation. All that you can honestly say, and all that anybody can honestly say, is this, that nationalisation would give you the cheapest possible coal in the given circumstances. That is all. That is another matter.

12,943. That is your opinion?—Yes, that is my opinion.

12,944. Still you agree if all these economies are brought about, with the competition of oil we are

2 May, 1919.]

SIR LEO CHIOZZA MONEY.

[Continued.]

faced with a serious reduction in the export of coal and the consumption of coal in this country?—Against that, fortunately or unfortunately, is to be put this, that if you get a real good economy and make power cheap, then the cheapening of power would lead to the use of more power, and you get a reaction on the use of power that might increase again the need for coal.

12,945. You are trusting to an increase in the use of power and an increase in the output of every other industry in this country?—Yes, it seems to me clear that if under the scheme of the Coal Conservation Committee to be carried out by the Government, you made power more economical, not only cheaper but more easily used, that would expand the industry of the country so that less coal per economic unit would be wanted, but more economic units would be required.

12,946. Then you would have to get an outlet in foreign countries for the products of those industries?—Yes; I think the demands of the world will increase shortly.

12,947. You regard the prevention of accidents as a very important factor in this matter; do you contend that the number of accidents would be less under nationalisation of mines?—It is my opinion that they would.

12,948. Have you made any comparison between the statistics of fatal accidents in this country and in other countries where coal has been worked?—I have not just recently. I do not know quite what bearing it has on the matter.

12,949. There are other countries where the State works coal mines?—Yes. As you know, there is no real nationalisation of coal yet, although there is news that they are going to do it in Australia.

12,950. What is the difference in that point of view between the removal of the State incentive in a mine and the nationalisation of mines?—If you have a Minister of Mines responsible to Parliament for all accidents, whether small ones involving a few men or involving a number of men as a large disaster, the responsibility would be so brought home to the Executive Council of the coal industry in this country through Parliament that you would have a very different state of affairs. There would be a direct and more vivid responsibility than now obtains, although you know the State has done everything it could to impose personal responsibility on the people concerned.

12,951. You think that the spreading of the responsibility over the Committee would be a more important factor?—It is not a committee. It is hardly fair to call it that. It is an executive body.

12,952. I do not see that there is very much difference. Are you aware that the death-rate in this country is the lowest of any country in the world?—Yes, I believe that is true.

12,953. Half the death-rate in Germany and less than one-third the death-rate in America?—America has been improving lately, I am glad to see, but it is still bad.

12,954. And less than in any of our Colonies?—The Colonial mines are so small that they do not give figures of very great value for comparison. You cannot compare the figures of the Colonial coal mines with a country that is producing hundreds of million tons. The figures do not give a proper comparison.

12,955. Would you say that if it is a comparison per 1,000 men employed?—You do not get a proper average.

12,956. It is not one employer?—No, but still they are very small outputs.

12,957. Are you aware that Belgium is the only country where the death-rate before the war was less than this country?—Yes, I believe that is true.

12,958. There the mines are in private ownership?—Yes, and they are also very difficult and very fiery mines in Belgium.

12,959. Are they more so than in this country?—Many of them are.

12,960. So far as experience goes in that way, is it not all in favour of private ownership?—No. Taking the world at large, there are so few State-owned mines. After all, the proportion in Australia of the

State-owned mines is a very small proportion of the output. There is nothing to go on.

12,961. To whatever extent it has gone there is nothing to prove that a State mine is as safe as a privately-owned mine?—I should say there is no available material in that connection on which to found an opinion. If you cannot found your opinion on that you must found it on the common sense of the case.

12,962. Are not all the figures that we have sufficient?—The figures are not relevant. You have not nationalisation anywhere, but you have a small amount of State ownership in some places.

12,963. You have whole coalfields State owned in Germany?—The figures are not comparable.

12,964. The number of accidents in Germany is twice as great as the number per 1,000 in this country?—You want me to tell you what I know, and I do not know at this moment—I wish I did—what the ratio of accidents is between the German State mines and the German privately-owned mines. I really do not know.

12,965. I am afraid I do not; but still are there not sufficient State mines in Germany to bring down the average if there is an advantage on the side of the State owned mines?—One would want to know all the relevant facts before you can give an opinion on that, and there is not the material to form an opinion upon it.

12,966. Your view as to the control of mines differs very greatly from Mr. Straker's?—I do not think it differs greatly. The details are put down in elucidation of the principle.

12,967. You would not hand over the control of the industry practically to the Miners' Federation, would you?—I do not know that Mr. Straker proposed that. He proposed that on the Central Council the Miners' Federation should have half the number, and that is exactly the opinion I have expressed myself.

12,968. And that that Council should appoint half of the District Council and the Miners' Federation should appoint the other; that gives you practically three-fourths of the Miners' Federation and one-fourth something else. On the Pit Committees you have half appointed by the Miners' Federation, and half by the District Council. That gives you seven-eighths Miners' Federation and one-eighth something else?—That is very ingenious. It is not my opinion that the Miners' Federation in any proposal that they may put forward are dogmatic as to details. They want to hammer out those details on this Commission. I am sure they want to be fair. If they did not, I should not be here at this moment.

12,969. You would agree that it is of the highest importance to the industry to get everybody to pull together?—Yes.

12,970. That the workmen and the management should all have the same interest in the success of the industry?—Yes; but I may say that I do not see how two men can pull together when one holds the tools and the other does not.

12,971. If they are both interested in the result of the industry, does it not follow that they have a common interest?—Their interest is not common if one man is working on the property of the other. It can only become common when both those men have a common interest in the property. Then it is a common interest, but not without; that is my opinion.

12,972. If their welfare depends on the same thing—that is the success of the industry—does it not follow that they will pull together?—If a man feels that he is simply working on the domain of another with the tools of the other person, how can there be moral sanction for such a thing as that? You and I are talking on level terms; we should not be talking on level terms if I were in your employ.

12,973. This is what I am coming to. If it can be proved to you that such a result could be achieved without violently changing the industry, would you accept that as a better scheme than such a complete revolution as you suggest?—I could not for this reason that there must be moral sanction for industrial operations. If you do not get that moral sanction you never get the greatest economic results.

2 May, 1919.]

SIR LEO CHIOZZA MONEY.

[Continued.]

12,974. So that whatever evidence may be given before this Commission your opinion will be the same?—That is hardly fair, because if you prove to me that the one million miners will be happy, contented and satisfied working in mines belonging to other people I will change my opinion, but my knowledge of human nature leads me to believe that it will not be so.

12,975. If it had this result, that the men would share directly in the results of the industry in proportion to those results, and would bear none of the risks, would not that have a greater effect on their minds than the sentimental consideration which you have just put to us?—Profit sharing might produce in men a better incentive to work than the absence of profit sharing, but obviously if each mine in the country were worked by a group of miners who were working for profit then they would not pull together. Obviously there would be economic severance between them, and I do not think you would get the best results.

12,976. What proofs would you require to make you change your mind on this matter?—That is rather a difficult question for me to answer. Surely my answer to that is, Please produce your proofs. I cannot describe to you the kind of proof that you ought to produce to me.

12,977. No, but I think you can tell me what proofs you would require?—I should require it proved to me that under the conditions in which over a million men work in arduous occupation without any ownership of the means of production they could in the long run be contented. It seems to me a rather difficult thing to prove; but I am ready to consider any proofs that may be brought forward. I can only say that I as a man would never be contented under those conditions.

12,978. You say you would have to get metaphysical proofs rather than material proofs?—No; I should want proofs from the experience of mankind. Does not the experience of mankind show that there is discontent wherever that is? Look for a moment at Australia. The news is that there was a certain advance which was given to the men. The men proposed to set up a Commission. The owners then said "A fig for your Commission;" and the result is that they have been compelled to commandeer the mines.

12,979. Does not that sort of thing extend to Government concerns?—It may conceivably extend to forms of Government concerns which differ from the proposals put forward here in this, that they are managed upon the capitalist's idea of management from the top without consultation with the persons engaged, so that the persons engaged feel themselves cogs of the State. We do not want to make people cogs of the State. We want to make them self-respecting men working in an industry which they understand.

12,980. Then it really comes to this that the proofs that you require are such that cannot be produced?—It seems to me that proofs can be produced that there is discontent wherever this system is worked. It is for you to produce proof that any emendations of that system would produce content.

12,981. Then it comes to this that there is very little chance of anything being put before this Commission which will make you change your mind?—I do not know that. I still go on learning.

12,982. I am afraid I have made a very poor attempt?—Not at all.

12,983. *Sir Arthur Duckham*: May I ask you, do you come under the category of gentlemen described by Mr. Webb as "theorists"?—I hope so most earnestly.

12,984. You take most of your opinions from Blue Books and journals?—No, from men and things, including books.

12,985. But you do take a considerable amount from books and papers?—Surely every sensible man does.

12,986. More than from practical experience?—Certainly not.

12,987. You have had no practical experience of coal mines?—That I have explained.

12,988. So that any expression of opinion as to the conservation of coal is not from your experience?—That is to say that no Parliament in the world would be competent to discuss such a question as this, because it has had no practical experience in coal mines, which would be absurd.

12,989. You realise the great difficulty of reporting technical or involved discussions, firstly in condensing the reports, and you also realise that very often reports are not quite an accurate account of what they mean to portray?—Quite so.

12,990. You have had experience during the war I dare say of reports which do not quite show what is the actual fact?—I wonder if I can go so far as that. I am not sure that I can.

12,991. In matters that you actually know the truth of is the balance in favour of a correct report. In a condensed report of such matters would you be more likely to get a correct or an incorrect report?—I should have thought it was rather more in favour of an exposition of the facts on the whole, but I fully admit the difficulty.

12,992. I fully admit it, and sympathise with it; but I only make the point from the point of view of theory and practical experience. If you have practical experience you may say the report is wrong?—I cannot admit that there is any distinction between theory and practice, and the man who says there is does not know what he is talking about. Good theory is good practice.

12,993. Do you agree with Mr. Wehh's statement the day before yesterday when he said: "I hope that we shall show that a great deal of them, especially the men coming from private enterprise, have not been successful"?—I am here to say the truth as I know it, and I am bound to say that I differ from what Mr. Wehh said.

12,994. And his further statement: "Let me say that the University professors who have come in I think you would get your answer that the business man on the whole had not been such a success as the University professor"?—I think there have been great successes scored on both sides. I think it would be rather unfair of me from my own experience of both kind of men to dogmatise about it. I do know splendid instances of both cases, and I have the greatest respect for the men who have worked as they have in connection with these departments. During the war I have seen their work, and I respect their work.

12,995. Did you from your experience at the Ministry of Munitions know of any University professor who controlled a producing department?—They did not control, but they did advise. Mr. Lambourn did a good deal of work on the coke ovens.

12,996. I do not know that he was a professor?—He was from the Cardiff School of Mines. He was not a business man.

12,997. There was Mr. Layton who did a great deal of work in the Statistical Department?—If a professor comes into a Government Department and shows you how to do it, although he may not be an organising producer, he is a producer. I believe in the productive power of brains.

12,998. Do you know from experience how many University professors in the Ministry of Munitions told the Minister how to do things?—I could name more than one.

12,999. Is not the balance more in favour of business men?—It is only fair to say that some of the business men who came in were scientists; therefore, they were both business men and professors, which is the very best possible thing.

13,000. You told Mr. Williams that you only speak of what you know. In your proof you make the statement that, amongst other things, the Ministry of Munitions formed a Potash Production Branch, which triumphantly succeeded in making our blast furnaces potential suppliers of potash. On what basis do you make that statement?—That I took from a most interesting article which I had the pleasure of reading in a paper called the "Organiser." I did not know that of my own knowledge, because it occurred after I left the Ministry of Munitions.

13,001. That is what I call theory. You took your knowledge from a paper

2 May, 1919.]

SIR LEO CHIOZZA MONEY.

[Continued.]

Mr. Sidney Webb: It is not theory. You mean hearsay.

Witness: May I tell you what the paper did say? This was after I left the Ministry of Munitions, and therefore, I tell you frankly that I have no personal knowledge of it. The Ministry of Munitions in June, 1917, formed a Production Branch. The Branch might have been more fitly described the Discovery Department.

13,002. That is only hearsay?—Yes.

13,003. The actual facts, if I may give them to you, are that the inception of the potash production in this country was entirely the work of private industry, and the Government only assisted at the end with regard to the finances?—I take it from you.

13,004. That was only hearsay?—It was a little more than hearsay. It was a well considered and sober statement on the subject which everyone had a right to accept with respect.

13,005. You gave us an extract from an interesting speech by Mr. Churchill. I want to know why you did not complete the extract. You gave us an extract from part of the paragraph; why did we not have the whole paragraph?—It seemed to me a pretty complete statement in itself.

13,006. May I complete the paragraph? He said, "Well, gentlemen, I make you my hearty congratulations. I have not been quite convinced by my experience at the Ministry of Munitions that Socialism is possible, but I have been very nearly convinced. I am like one of those people who are trembling on the border line between individual enterprise proceeding in fierce competition in all industries and walks of life"?—From what are you quoting, what report?

13,007. This is the verbatim report?—It is only fair to me to say this was not in the "Times" report.

13,008. I submit as this has been brought up I might read this?—I only want you in fairness to acknowledge that I did not leave it out. There is nothing that you have read so far which contradicts what I have said. I did not wilfully omit it.

13,009. I did not suggest that you did. I want to show the danger of quoting from something that is not quite complete. Mr. Churchill went on to say: "It constitutes a new fact in the political history and experience of the world. But we must remember that the men who did this work were not official products of purely official origin. They were men who in the overwhelming majority of cases in the rough and tumble of life had already reached the top of their respective professions, and if I am not convinced by the great success of the Ministry of Munitions of the possibilities of a universal State action in regard to supply and production it is because I do not see from what new source in the future we are likely to obtain these elements of individual strength and initiative and enterprise, without which, after all, we never could have succeeded in any respect." I submit that that puts a different complexion on the first paragraph?—Yes, but it does not alter this fact, that although he had those considerations in his mind, and weighed them and gave expression to them, nevertheless he said, "I have been very nearly convinced."

13,010. He sank back again on the same side that he started with?—Forgive me, he said: "I have been very nearly convinced."

13,011. "I have not been quite convinced," and he gives the reason why he was not convinced?—He says: "I am bound to say I consider, on the whole, the achievements of the Ministry of Munitions constitute the greatest argument for State Socialism that has ever been produced."

13,012. Then he shows why it was not the argument?—He does nothing of the kind, or he could not have uttered those words.

Sir Arthur Duckham: He says even the best argument did not convince him.

Sir Allan Smith: Before proceeding with the examination of the witness, I should like to say that I propose to ask leave to postpone a section of my cross-examination.

Chairman: Certainly.

13,013. *Sir Allan Smith:* Whether the witness would prefer to have the whole examination postponed is a matter for him to say, but I propose to take a later opportunity of cross-examining the witness on the activities of the Ministry of Shipping, and also the activities of the Admiralty with regard to ship construction so far as relates to the Ministry of Shipping?—I am here to be shot at; let Sir Allan Smith do it now or at any other time that suits him.

Sir Allan Smith: Then, Mr. Chairman, I think it would be better to leave it open.

13,014. *Chairman:* And take the whole of your cross-examination later. Now, Sir Leo, do you desire to cross-examine yourself?—Is that open to me?

13,015. I am not sure?—I will consider that, if I may.

13,016. *Mr. R. H. Tawney:* I gather that your preference for nationalisation does not rest merely on the interests of the employers, it rests on the idea that a nationalised industry would serve the public more effectively?—That is so.

13,017. Am I right in thinking that you suggest that there is really not any guarantee of any harmony of interest between the private exploitation of coal and the public benefit in the long run?—That is so; I think the disharmony in that matter is of the greatest injury to the public.

13,018. For example, it may pay the individual coal owners to do what I may call "cream" the supplies of coal?—It not only may, but it has in the past. There are areas in this country where workings were left with valuable coal in them, and where the work could now be only carried on with the greatest expense.

13,019. In that case he acts like a farmer who at the end of his lease takes the best out of the land?—Exactly.

13,020. And that is a future public loss?—Exactly.

13,021. With regard to the question of royalties, we have had evidence that royalties are subject to taxation?—Yes, special taxation.

13,022. Is it your opinion that royalty owners can shift that taxation?—No, they cannot shift it.

13,023. Therefore, the value of his property is reduced by that amount?—It is really a confiscation by the State of the amount.

13,024. When you are considering the purchase of royalties would you take account of the reduction in present value by the taxation already imposed?—Most certainly.

13,025. If you did that would it mean that the price to be paid for royalties would be so many years' purchase less the capitalised equivalent to the taxation now imposed?—Yes.

Mr. R. W. Cooper: When you are talking of the taxation now imposed, are you referring to the special mineral rights duties?

13,026. *Mr. R. H. Tawney:* Yes, and there is another duty, the increment duty. On page 4 of your paper you deal with the question of the form of administration which you think might be adopted. Do you think it would be true to say there was not one main problem but two, not merely the problem of national ownership but the problem of securing the organised miners' effective voice in the administration?—Yes, I consider the second is bound up with the first. In my opinion you will never get the greatest benefit from your coal till you get social industrial responsibility in the miners.

13,027. You do not desire to see the adoption of any system of bureaucratic administration?—No; although I should like to add that a bureaucratic administration would give better economic results than the present system.

13,028. That is to say, it might serve the public more effectively, but it would not meet the labour difficulty?—It would not meet the labour difficulty.

13,029. How do you propose under your scheme that that should be met?—There are three points by which the details that I have put down seek to meet it. The miner has, as it were, three voices here. The first is his voice in the central executive which governs the general conditions in the industry. The

2 May, 1919.]

SIR LEO CHIOZZA MONEY.

[Continued.]

second is his voice in what I may call the district executive, which applies itself to the specific work of the district, recognising its local needs and its local customs. The third voice that he has is in the actual mine. I have there found my greatest difficulty, because of the necessity, as it seems to me, in a mine as in a ship, of giving a man a sort of personal and as it were deadly responsibility in what is going on, but I am open to receive any arguments or representations by which what I have set down in paragraph 3 on page 5 can be amended, in order to give workers what I have called in the heading the conduct of its own economy, as far as that is practically possible.

13,030. What proportion of the representatives on the administrative bodies do you desire to see nominated by the miners?—I think that the number, to give a proper confidence, which is what we desire to give to the miners, ought to be one half of the number of the executive.

13,031. And in the remaining half I suppose there are several interests to be served?—Yes.

13,032. Do you not think that that points to a rather larger central administrative Council than some of those which have been suggested?—Yes, I am afraid it does, because one must, of course, have on the central executive your mining experts. There must and there ought to be organising experts, what is commonly called the man of business in ordinary affairs. Then the consumer ought to be represented there—the consumer as a domestic consumer, the consumer as your big consumer, and it seems to me therefore necessary to bring in what would be one of the largest users of all, the Minister of Ways and Communications, and representatives of one or two of the biggest industries.

13,033. You think the consumer should be represented *qua* consumer, and not as representing the State?—I think that would be a good thing.

13,034. Have you seen the report of the German commission of socialisation?—Yes, it is a very involved document.

13,035. To return to the question of royalties for a moment, it is sometimes suggested that the reason for compensation is the necessity for allowing for established expectations?—Yes.

13,036. Do you think the expectation of the royalty owner to enjoy royalties indefinitely under present conditions is very secure?—No, I have already indicated in reply to a question of Mr. Cooper's that the royalty owners who are quite properly setting up their case for consideration must have regard to the growth of public opinion in this matter and to the fact that Parliament has already deliberately confiscated a part of those royalties and is only too likely to increase that special and penal form of taxation.

13,037. Would it be fair to put it in this way. If, as you suggest, taxation is likely to grow in the future, the royalty owners would be very lucky indeed to sell their royalties now to the State for anything like their present capital value?—That is so.

13,038. In fixing the capital would it not be reasonable to take account of the fact that this is a highly gambling stock?—Yes.

13,039. *Mr. Sidney Webb*: The Government has accepted the interim report of the Chairman of this Commission, that there must be either what we call unification, or unification with national ownership; is that not so?—Yes.

13,040. Have you considered any suggestion with regard to unification without national ownership?—Yes, I have.

13,041. Do you see any possibility of unification in private hands without national ownership being advantageous to the nation?—I think as a practical matter it is impossible. It would not be accepted by the miners, and it could not be, I think, accepted by the public.

13,042. Assuming for the moment that that is the case, that unification in the hands of a capitalist trust is politically impossible, then the Government will find itself shut down to nationalisation?—Yes.

13,043. That being so, the experiment which has been referred to is a compulsory one?—It seems so to me.

13,044. Therefore, the most practical thing we could do would be to consider the method under which this could be advantageously carried out?—If we have pure regard to considerations which take into account the world as it is and labour as it is, that is the only issue: the rest is theorising.

13,045. Theorising may be very useful, but it takes up time, of course. Now on another point you have laid stress on the importance of making an economic use of the nation's resources in coal?—Yes, I attach very great importance to that part of the subject.

13,046. Have you ever heard it suggested that the private owners of collieries have any concern for the economical use of the nation's resources in coal?—No, it is not their business, and it is not their interest. After all, the interest of the coal producer is to sell as much coal as he can put out. As an individual man he ought to get out the amount that can be got cheaply and leave the rest in the mine; that would yield him profit. That is what he ought to do as a man of business, as the term is commonly understood, that is a creature simply hungry for commercial profit.

13,047. We have been told the colliery owners have been working their collieries from the point of view of business with efficiency. If they are working them with efficiency, it must mean that they are working them without regard to the future interests of the community on your showing?—If the sole object is commercial profit. If this delightful theory is accepted that private gain is the only possible and the only admitted motive which moves human creatures, if that is true, it is a deadly thing for the coal industry and for every industry.

13,048. To come to practical considerations, have you discovered any way by which the future resources of the community in coal could be served under a system of private management of the collieries?—It is possible to conceive that your great capitalist trust would reduce the working of the system to mechanical economy, using the best appliances, and so forth. It is possible to conceive of that trust coming into the hands of a man, a masterful personality who insisted on the workings being well used. These are all possibilities, but I am afraid they are not likely.

13,049. You would not advise the nation for the conservation of its future supply of coal in any such possibility to place it in the hands of a national trust?—No; I go by America, where the trust has reached a high degree, where, before the war, there was a Commission appointed to investigate the operation of the trusts in the United States, where Judge Gary, of the United States Steel Corporation, gave evidence for the Corporation, and he recommended the Government that it ought to take control of the trusts, settle prices, and so on.

13,050. The Government of the United States have become convinced of the danger of leaving the exploitation of these national resources in capitalists' hands, and this Commission made this very momentous report on the subject, which has been, unfortunately, so much neglected by our English capitalists. On the question of the national trust, would you not suggest that those who wish this Commission to report against nationalisation—we might ask them, might we not, to put forward some sort of scheme by which the nation would be protected in this respect without nationalisation? We have not had any such scheme?—I think it is only fair that those who defend the present system, or those who think they are entitled to think they can so amend it as to better suit the needs of our times, should be asked to put up a scheme.

13,051. Presently, when Whitsuntide comes, we shall be able to receive no more evidence, and probably we shall be told we have not heard the other side. Have you heard of that?—I can quite conceive the possibility, and I hope schemes will be furnished for our detailed criticism. I think they ought to be examined like those of other people.

2 May, 1919.]

SIR LEO CHIOZZA MONEY.

[Continued.]

13,052. *Mr. Frank Hodges*: Mr. Williams rather put it to you that you were not amenable to suggestions for the modification of the present system?—Yes.

13,053. On the contrary, that you were, so to speak, case-hardened on nationalisation. Have you near you a report of the Chairman, Mr. Arthur Balfour, Sir Arthur Duckham and Sir Thomas Royden? On page 5, paragraph 9, is to be found this statement: "Even upon the evidence already given the present system of employ and working in the coal industry stands condemned"—That is so.

13,054. In the light of that, do you consider that it is competent for you to give further consideration to a modification of the existing system?—Really one must speak as a practical man of affairs. It seems to me that as this Commission, or rather four members of it, headed by the President, have made the report as read, which was backed by six other members who went further in that direction, that therefore a majority of ten of this Commission favoured change, that is to say, 10 out of 13, and that the Government, having considered that, came to the conclusion that they would accept the Chairman's report; and it is therefore, for us, as practical men, to build upon that and to advance from that point and not to go back upon it. That is my view.

13,055. If I were to put it to you, therefore, that you are amenable to consider systems other than the existing system, whether it be a nationalisation system or not, that would be stating the truth?—Yes; but, at the same time, possibilities are great, and we know we have not seen the scheme of the other side. If the other side came along with a scheme so good that it seized upon our intelligence in such a fashion that we should say this must be done, then, in spite of the President having advised the Government, as he has done, we must impress upon the President to advise something different.

13,056. Providing it was not a modification of the present system?—That seems clear to me.

13,057. In taking a broad view of an industry such as this, is it proper to consider other elements than mere elements of production and mere economic elements, such as the human factors?—Absolutely. The object of work, the object of industry, is to make happy lives. There is no other object; and, that being so, I have no use for economics or any commercial system that does not recognise that fact.

13,058. Therefore, whether he be an employer or whether he be an economist, or whether he be a trade-union leader, if he is to give an accurate judgment upon an industry such as this, he could only do it if he took into consideration the aspirations of the million men engaged in the industry?—That is so.

13,059. And, if he does not take that into consideration, do you think he is competent to give a judgment?—If he does not take into consideration the aspirations of the human element of the industry, then he is not in the true sense of the word a practical man.

13,060. And he is to make himself acquainted with the thoughts of the men in the industry, one would think?—That is so; that is essential.

13,061. Are you aware, Sir Leo, that in the various expressions of thought that are sometimes heard of amongst the workers in this industry one hears of such a phrase as "The class struggle"?—Yes.

13,062. What would you think that exactly means?—I think it means that the men engaged in work are increasingly becoming conscious that they do not own the means without which their work cannot be done, and that therefore they feel at a disadvantage which is immoral.

13,063. And would I be right in describing it as a feeling that they were under this system perpetually at war with some other class in the industry?—Yes; they perceive it is a system with a certain product for part of which, with uncertain information, they have to struggle continuously, and that they also see, I think it is true, that this does not arise from the fact that the employers are worse men than they are, or more grasping than they are individually, but merely they are working a bad system which they desire to end.

13,064. If the aspiration took the form of a belief that they could do without the profit-making interests in the industry would not that have to be taken into consideration in building up a new system?—Yes, it seems to me so.

13,065. Under any system that is proposed to substitute the existing system if the happiness that you suggest as the legitimate lot of the worker is to be obtained you must provide against building an institution which will re-establish this conception of the class struggle?—Most certainly. That is why I personally sympathise with those who are workers who object to profit sharing.

13,066. And do you see in a trust any such hope?—I am afraid I do not.

13,067. Have you in America, for example, which you I believe have studied at considerable length, where you have had the growth of national trusts, noticed any harmonising in the relations between workmen and other employers?—Far from it.

13,068. What have you seen there?—I have seen, and all the records seem to point to much more embittered feelings, that the man up against a huge trust feels himself up against something more formidable than when confronting a small or moderate-sized employer; he feels even more a cog in the machine than before; even more soulless, more put upon, and that is a system which even less than the other gets the best out of the man.

13,069. *Mr. Robert Smillie*: The feeling has got about that Mr. Webb and yourself have given evidence as miners' witnesses. You do not wish that to be understood, do you?—I come here as an independent man. I am one of the most independent men in this country.

13,070. As a matter of fact, you are not giving evidence on behalf of the miners?—No.

13,071. It is possible the miners themselves might disagree with some of the views expressed by Mr. Webb and yourself?—Quite. I purposely did not show my *présis* to you, Mr. Smillie, or the other miners' representatives, and, for this reason, that I wanted it to be a perfectly independent production.

Mr. Robert Smillie: I wanted that to be perfectly clearly understood.

Sir Arthur Duckham: On Mr. Smillie's last point, a lot of that trouble arises from the expression "our side" and "your side"?

Sir L. Chiozza Money: Yes. It is only due to those who give time to this Commission that it should be known it is independent.

(The Witness withdrew.)

Chairman: There are two witnesses I want, if possible, to finish before luncheon. After that, I am calling the last economic expert, Mr. Cole. After all, gentlemen, I should like to remind you we are going to report by June 20th this year—not next year. No doubt these two witnesses we shall pay great attention to, and I ask you to restrict your cross-examination. I have had already given to me a list of over 80 witnesses, and there will not be time to call everybody. We have already given a fortnight to this part of the inquiry.

Sir L. Chiozza Money: Sir Allan Smith promised he would cross-examine me with regard to shipping matters. Of course, I have held a confidential position with the Minister of Shipping. If Sir Allan Smith's questions raise points of high policy for the War Cabinet's decision, am I entitled to produce to this Commission confidential documents?

Chairman: Perhaps you will ask that when it arises. If Sir Allan does not ask you I shall not have to give a ruling. If he does I shall be quite prepared to give a ruling then.

2 May, 1919]

MR. ARTHUR GREENWOOD.

[Continued.]

MR. ARTHUR GREENWOOD, Sworn and Examined.

Chairman: Mr. Arthur Greenwood is a late Lecturer in Economics in the University of Leeds, Assistant Secretary of the Ministry of Reconstruction. He starts his proof by saying, "The views herein stated are purely personal and are not to be regarded as committing the Ministry of Reconstruction in any way." He says in his proof:

"I. The future organisation of the coal mining industry must be regarded from the point of view of post-war needs and the new circumstances which have arisen out of the war. The following are amongst the chief factors which must be kept in mind:—

- (a) The heavy war debt and the claims of the workers for considerably higher standards of life than obtained before the war, necessitate greater productivity.
- (b) Greater strain than in the past will be put upon our industrial system owing to the increasing intensity of foreign competition.
- (c) There is a strong demand amongst organised workers for an effective voice in "the control of industry."

II. Points (a) and (b) imply the need for improved industrial organisation and increased efficiency. Amongst the main lines of development are better methods and machinery, greater use of power, and efficient transport. The relation of the coal mining industry to these is very close. Point (c) has a direct bearing upon the future organisation of the coal mining industry.

III. The coal mining industry cannot be considered alone. It must be regarded in relation to the economic system of which it is so fundamental a part. Coal mining is one of the basic services. The real "key industries" of the country are *power supply* and *transport*, and with these coal mining is inextricably interwoven. The place of coal mining in the future will be determined more particularly by the importance which is assigned to power and transport. There are clearly other aspects of the coal industry problem, but from the national point of view coal is primarily important because of its bearing upon power production and transport.

Whatever internal improvements the various industries may make, the country's economic capacity depends very largely upon its system of power supply and its transport system. These two services lie behind every industry; they are the pre-requisites of modern industrial activity. In the attainment of high efficiency in production, such as is essential in the future, the importance of power supply and transport is obvious.

IV. With regard to *power*, the question has engaged the attention of three Committees—the Electric Power Sub-Committee of the Coal Conservation Committee, Sir Archibald Williamson's Committee and the Advisory Chairmen's Committee of the Ministry of Reconstruction. These enquiries have been concerned with the formulation of a national scheme for the production of electricity on a large scale by the conversion of coal into electrical energy. It would appear that industry will, except perhaps in special circumstances, resort more and more to electricity, and that electricity will in the twentieth century play as vital a part in industrial development as steam did in the nineteenth century. In the past, however, individual businesses produced their own power from their own fuel; in the future power will be transmitted to consumers, directly or indirectly, from central power stations, generating electrical power almost entirely from coal. This will lead to an extended use of power, but it will also make a breakdown of the supply extremely serious.

V. With regard to *transport*, it is generally agreed that the development and co-ordination of the transport services is a vital need of the future. The railways are the most important form of inland transport, and the electrification of the railway system has already been foreshadowed by Sir Eric Geddes. An expanded transport system would probably utilise electricity to an increasing extent.

VI. Both these "key industries,"—power supply and transport—assume an adequate, regular and cheap supply of coal. The coal mining industry, therefore, will in the future occupy an even more important position in our national economy than in the past. If the power and transport services are regarded as "key industries," coal mining is a "super-essential industry."

VII. The future of the coal mine is, therefore, more than an economic question. It is a question of high national policy. The problem is not whether nationalised coal mines will pay or not,—though this must be considered—but whether the production of a commodity which is the mainspring of modern economic life should be allowed to remain in private hands.

The fact that the central power stations (producing electricity for the industries and railways of the country) will become the main consumers of coal will probably be sufficient to stimulate the consolidation of the mining interests, whilst the evidence already received by the Commission would seem to point to some method of unification. The choice, therefore, lies between some form of private monopoly and State ownership. In view of the fundamental character of the coal mining industry, I am of opinion that it should be transferred to national ownership.

VIII. The British coal supply has been an important factor in the prosecution of the war, both as fuel and power and as the source of materials for the manufacture of chemicals and explosives. Without this national asset, the course of the war would have been very different. In times of peace, the coal supply is of no less value, quite apart from the questions of power and transport. We have been the chief exporting nation in the world and we possessed the greatest navy and mercantile marine prior to the war. We possessed the chief coaling stations on the sea routes. Our steam coal was a virtual monopoly. Neither oil nor electricity is likely to supersede coal for a considerable period. Moreover, the coal by-products, upon which certain industries are dependent, will increase rather than diminish in importance in the future. Coal is therefore one of the foundations of national prosperity.

The statements in this paragraph might not be in themselves sufficient to justify the nationalisation of the coal mining industry, if coal were a reproducible commodity. But the coal supply is limited, and as greater and greater demands are made upon it this form of national capital will progressively diminish. It may be argued that there are large supplies of coal which will take long to work out, and that in the meantime new sources of power will be developed. But the State must take the long view, and it cannot afford to gamble with the future. It is the inevitable weakness of private ownership that it does not take the long view. This is not, however, so serious in the case of reproducible commodities. The case of exhaustible national resources stands on a different plane, for once they are exploited they cease to exist.

IX. The importance of coal in this country is unique. It is limited in amount, and therefore there should be a "long-period" policy of conservation and exploitation. Our power supply and transport services depend on coal. It is the source of supply for valuable products; it is an important export and one which is destined to become more important in the future. There is probably no commodity in regard to which the claims of nationalisation are stronger.

X. So far, I have not assumed the nationalisation of electric power supply and railways. If, however, the scheme of the Sub-Committee of the Coal Conservation Committee is adopted by the State and the railways are nationalised, the need for a national coal supply would become more imperative than ever. Private ownership of coal and national railways and electricity supply would create an unstable equilibrium which must sooner or later prove intolerable.

XI. Practical statesmanship demands that the chief "key" industry of the modern world should be adequately safeguarded and developed, subject to a

2 May, 1919.]

MR. ARTHUR GREENWOOD.

[Continued.]

broad national policy. The problem of the future of the coal mining industry is not to be solved by balancing potential economic gains and losses within the industry itself under alternative forms of organisation, but by having regard to the service which the coal mining industry, if organised and directed to the attainment of a national end, may render to the whole economic life of the country. From this point of view, the national ownership of the coal mines is desirable.

XII. Unification within the coal mining industry appears to be inevitable. The alternatives are some form of private monopoly and some form of public monopoly. Whatever shape a private monopoly may take, it is obvious that it would need, in the public interest, to be subject to stringent State regulation. Such regulation would almost certainly limit in some degree the gain to be derived from the working of the coal mines. If gain be the prime incentive in industry, the effect of prices and profit regulation would be to weaken the efficiency of the coal mining industry. If it did not, one argument against nationalisation falls to the ground.

In any case, regulation would need to be carried to great lengths if coal consumers are to reap the fullest benefits from unified management. Either State interference would in fact enter into the detailed administration of the mines and destroy the advantages of private management or it would be insufficient to protect the consumer against arrangements to the private advantage of those engaged in the industry.

Moreover, it is by no means certain that a private trust, however composed, would have sole regard to the public interest. With the maintenance of economic motives and standards, the tendency would be to get the maximum return allowable with the least possible amount of worry and trouble. The consumer might benefit to some extent, under a trust, but the full advantages of unification would not accrue to coal users. It is improbable that a trust would take the long view and the wide view. There is, indeed, no reason why it should. Its object would be to secure the maximum return to those with interests in the industry.

Broadly speaking, a private monopoly under strict State regulation would lose the advantages of both private management and public control. The co-operation of the mine workers in a private monopoly would not alter these conclusions.

XIII. The other alternative is a public monopoly. It is often argued that State management is inefficient; but the conclusions already reached by the Coal Industry Commission are sufficient to show that in coal mining, at least, individual initiative and the prospect of private gain do not appear to have resulted in a high standard of efficiency in the industry as a whole. On the other hand, the Post Office is a well-managed institution of enormous service to the industrial and commercial community. It is not suggested that the Post Office is comparable in all respects with a manufacturing industry, but it is, at any rate, an instance of State enterprise which effectively performs its function.

The alleged advantages of private initiative and the alleged disadvantages of public enterprise arise partly from the ignorance of the public of the inefficiency and scandals of the former and the critical observation of the latter, together with the publicity which any inefficiency in State enterprise invariably receives.

It has been said that State interference has been the cause of innumerable blunders during the War; there is some truth in this, though it must be remembered that State Departments affecting industry have been largely reinforced by business men, who must take some share of the responsibility. On the other hand, State control has been of considerable assistance in improving methods in industry and increasing efficiency.

The extent to which industries are dependent upon the motive of private profit is often less than appears. It cannot be denied that a large number of the technical and administrative experts in the coal mines

serve for a fixed salary. Their services will presumably be required if the coal mines are nationalised. The question, therefore, is whether the maintenance of the incentive of profit for a number of working colliery proprietors will render the industry more efficient than under State ownership. To answer in the affirmative is to exaggerate the importance of those whose earnings are called profits.

XIV. There are certain dangers to be avoided in a nationalised system of coal mines. In the first place a whole industry under a single ownership lends itself to centralisation and bureaucracy—a defect which is not wholly absent from very large enterprises, whether under private or public control. In this respect a coal trust might not be greatly different from a public monopoly. This danger is to be met by decentralisation.

Secondly, Government administration tends to become conservative and inelastic. This danger might be overcome by attaching to the central administration for a term of years men with experience of "provincial administration" in the coal mining industry and by the pressure of public opinion, for the coal mining industry will be keenly watched by the whole industrial community.

XV. The following is an outline of a national scheme:—

(A) CENTRAL ADMINISTRATION.

(1) *Coal Production Council.*

This body, composed of an equal number of administrative officials and mine workers drawn principally from the Provincial Councils, together with a secretariat, should be presided over by the Minister responsible to Parliament for the national coal mines, or his deputy.

It would have control, subject to Parliament, of the production of coal, technical and research questions, methods of production, labour conditions, etc. Its general functions should be to secure by the most efficient methods an adequate supply of coal.

(2) *Coal Consumers' Council.*

The Coal Consumers' Council should consist of representatives of industries, municipalities, co-operative societies, and Parliament (as representing the general body of consumers), together with a secretariat, and should be presided over by the Minister or his deputy.

It would consider all matters common to coal consumers, including transport rates and methods, and methods of distribution.

It would probably be found desirable to hold joint meetings of the two Councils from time to time.

(3) *Ministerial responsibility.*

The Minister responsible for mines would be called upon to defend the policy of his department in Parliament. Clearly, therefore, the policy adopted would need to be one he could support. In practice, however, this would not mean that his Councils would be without authority. But it would mean that in the rare cases where his views were in conflict with those of one of the Councils, he would have the right of decision and the duty of defending that decision in Parliament. There are two important questions on which difficulties might arise—the price of coal and the remuneration of the mines employees. The former might generally be determined (if and when alterations were necessary) by negotiation between the two Councils on the basis of published returns regarding costs. In disputed cases it would be determined by the Minister, who would, if he found it advisable, refer the matter to the Cabinet. The remuneration of the employees where difficulty arises would be dealt with by negotiation between the representatives of the employees concerned and the Minister.

(B) PROVINCIAL ADMINISTRATION.

In each coalfield there should be a Council constituted on similar lines to the Central Coal Produc-

2 May, 1919.]

MR. ARTHUR GREENWOOD.

[Continued.]

tion Council, which should have freedom of action subject to observance of the decisions of the Central Council. The members should be drawn principally from those engaged in the coalfield.

Similarly, there should be a Committee composed of representatives of the administrative and manipulative staffs of each colliery, to deal with questions pertaining to the colliery, subject to the general decisions of the Central and Provincial Councils.

(C) RELATIONS BETWEEN CENTRAL AND LOCAL ADMINISTRATIONS.

Exactly how the conduct and administration of the coal mining industry should be divided between the Central, Provincial and Colliery Councils is a matter upon which expert knowledge is necessary. It is clear that matters of general policy affecting the whole industry must be dealt with by the Minister and the Central Coal Production Council and that the Colliery Council should not take action which is not in harmony with the policy of the Central and Provincial Councils. The relations between the Central and Provincial Councils are less easy to define. I believe that the present organisation of those engaged in the coal-mining industry has in the past allowed considerable power to districts, and that the customs, methods and conditions of the industry show variations from field to field. This would point to giving considerable autonomy to the Provincial Councils, though the need for a national policy is, of course, apparent.

There is a distinct advantage in constituting the Provincial Councils mainly from the Colliery Councils and the Central Coal Production Council mainly from the Provincial Council. At the same time it should be possible on those Councils to have official representatives of the organisations of administrative officials and mine workers.

(D) COAL DISTRIBUTION.

If there is to be a unified system of coal production there is an obvious advantage in reducing the number of direct purchasers of coal. Within the distributive trade, also, it appears that large economies are possible. To organise and develop the productive side of the coal industry and leave existing methods of distribution undisturbed would deprive industry and the general body of consumers of some part at least of the economies resulting from improved production.

Already co-operative societies have successfully undertaken the distribution of coal to domestic consumers, and further developments are possible along those lines.

In the first place I would suggest that county and municipal councils should be empowered to undertake the distribution of coal within their areas. It would probably be found advisable to add to the Coal Committees of local authorities representatives of coal consumers. Where a local authority did not desire to undertake coal distribution it should be allowed to devolve the trade upon a co-operative society or a specially constituted consumers' society. These organisations would need to conform to general conditions laid down by the State. It might be considered desirable to allow consumers' societies to cater for the needs of particular areas or sections of the population, the local authority undertaking the remaining distribution. As the prices of coal would be determined centrally on the basis of total cost plus a reasonable allowance for distribution, additional gains from more efficient distribution would accrue to the local authority or the consumers' societies.'

13,072. *The Chairman*: I propose to ask one gentleman on each side to ask any questions, if he desires to. Mr. Tawney, do you desire to ask any questions?

Mr. R. H. Tawney: Yes, one or two.

13,073. You approach the question, I understand, from the point of view of the public interest in coal, of the public service?—Yes.

13,074. The reasons you give for nationalisation are, first, it is what is called the key industry?—Yes.

13,075. Secondly, in view of the possible development of railways and power it may be specially important to protect the State?—Yes.

13,076. Have you seen any scheme short of nationalisation which you think would produce comparable results?—I have not seen any scheme at all that has been put before me with regard to the future of the coal mining industry dealing with it in detail. One can only imagine schemes that might be put up by other people.

13,077. I think you were Secretary of the Committee that produced the Whitley Report?—That is true.

13,078. Is it your view that the Whitley Report is an alternative of nationalisation?—Oh dear no, not at all. May I explain the object of the Whitley Committee was to discuss the relation between employers and employed. That is of extraordinary importance, but not the same as dealing with nationalisation with regard to ownership of industries.

13,079. You have much experience of what is called Industrial Councils?—A certain amount.

13,080. Do you think any kind of joint Industrial Council is likely to solve the labour problem in the mining industry?—From my knowledge of a few coalfields and miners in them I should say not.

13,081. Do you think under nationalisation a joint Industrial Council would be as practicable as of even more practicable than under private ownership?—I think it would be more practicable. I imagine from what I know of the coal miners—it takes two sides to make a Council—the miners would be unlikely to agree to a joint Council under private ownership. That is my impression.

13,082. That is to say, have you any experience of profit-sharing schemes?—Only theoretically; that is to say, only such knowledge as I have from books. I have never taken part in any profit-sharing scheme.

13,083. Do you think any profit-sharing scheme from what you have read offers any effective alternative to nationalisation?—Not at all. The objects are quite different, in my judgment.

13,084. With regard to nationalisation, you attach some importance, I think, to avoiding excessive centralisation?—Very much.

13,085. You do not contend the whole mining industry should be administered from Whitehall?—No, I think it would be administered all over the country, of course.

13,086. In fact, nothing of the kind is involved in nationalisation?—You mean centralisation?

13,087. Yes?—Not necessarily.

13,088. The problem of how exactly you are to organise the industry remains for subsequent settlement?—Yes, I think it must. I think it is important to lay down a general principle that nationalisation should be carried out with a maximum of decentralisation. The precise scheme would clearly have to be worked out.

13,089. You say there are two possibilities of private combine or trust and public combine or trust. Do you think that any system of safeguards which you have ever seen or have read about in relation to a private trust will really either protect the public or secure industrial peace?—I do not think so, and, even if it were so, I think they would have to be so detailed in their character that there would not be any private enterprise left on the part of the trust.

13,090. That is to say, if it is the case that profit is the motive of industry, any conceivable kind of trust in private hands would have to be so regulated as to check that motive?—That is what I mean—quite.

13,091. *Mr. Frank Hodges*: Can you tell me if under private ownership of the mining industry you can arrive at any point at which the interests of the employers and employed become identical?—From my knowledge of miners in many parts of the country I cannot conceive such a point, personally.

13,092. What would be the nearest approach to an identity of industry between mine owners and the miners, do you think?—I should suggest under a nationalised scheme with the administration I have outlined very briefly you would get it there; I mean they both would be in the position of servants and the distinction which now obtains would not obtain.

2 May, 1919.]

MR. ARTHUR GREENWOOD.

[Continued.]

13,093. You did not follow me, I am afraid. I assume the private owning system exists in the industry, and we are all anxious the industry should move as smoothly and progressively as possible. At what point do their interests approximate; at what point can they approximate?—So far as the output of coal is concerned they have considerable common interests. So far as the division of the produce of selling coal is concerned their interests are opposite.

13,094. Supposing the owners wish to sell their product at the highest possible price and pay the wages to the workmen at the highest possible rate, do you think that would approximate the interests of the two parties?—The interests of the two parties, you ask?

13,095. Yes?—I should say not, judging by the change of opinion amongst miners, whose objects are not purely economic.

13,096. Therefore you say no matter what wages a workman gets, so long as he gets wages, whether they be the highest possible wages that would not entirely satisfy him?—I would not like to say that. I can conceive in several industries that that would be so, but I think amongst the miners it is not so.

13,097. *Sir Arthur Duckham*: You speak of these electrical developments in this country. That is very much in embryo in this country?—Yes.

13,098. It will be a good many years before it comes through?—I do not exactly follow you.

13,099. They speak of the way of treating the coal before they use it?—Ycs.

13,100. There is nothing definite on that subject known at the present time?—That is so.

13,101. They speak of these 100,000 kilowatt units?—Yes.

13,102. There is nothing known of this. It is theory, we agree, but not practical at the moment. The idea of centralisation is practicable, but the lines on which they base their arguments are more or less theoretical at the present moment?—Except there is a certain amount of experience of electricity production in the past, that is true; but that does not in any way invalidate my argument.

13,103. I only wanted to bring out it may take a good long time?—The period of recovery from the effects of war will be a long time.

13,104. There is one other statement. It is undoubtedly the view of private owners it does not take a long view. Is that correct of all private ownership?—I should say so.

13,105. Take the case of Lever Brothers and other firms that buy plantations in Africa, or take the paper people who have taken up planting trees to make paper. That takes a long time?—It is, in my view, fairly immediate profit.

13,106. In planting trees it may take 20 or 30 years for them to grow?—Bryant and May's would not consider the possibility of afforestation to supply their timber. The results would not accrue for perhaps half a century.

13,107. The paper people are planting trees?—I believe that is so.

13,108. *Mr. R. W. Cooper*: You quote the miners with whom you have come in contact. To what particular parts of the country were you referring?—Yorkshire, Derbyshire, North Staffordshire and South Wales.

13,109. Have you come across them at all in Lancashire?—No, I cannot say I know many Lancashire miners.

13,110. I suppose this question that you have been discussing may be described as being partly political and partly economic?—It is a question of emphasis. I regard it as predominantly political, but not in a party sense.

13,111. Therefore, I suppose, that being the case, it is more essentially a question for decision by Parliament than by this Commission?—Oh decidedly, of course.

13,112. As regards the political aspect of the matter, have you taken any part in political life yourself?—I have.

13,113. To what extent?—Well, to the extent of fighting an election.

13,114. Where was that?—That was at Southport.

13,115. In Lancashire?—Yes. Southport is not typical of Lancashire, I would suggest.

13,116. To a certain extent you have already made a public confession of political faith?—Yes, precisely.

(The Witness withdrew.)

MR. GEORGE DOUGLAS HOWARD COLE, Sworn and Examined.

Chairman: Before we read Mr. Cole's proof I think I ought to say for the assistance of any gentlemen who are going to give evidence on the royalty question, I am sorry we cannot reach them to-day. I am very sorry after having given them the trouble of being here. We shall take them first on Tuesday. This gentleman's evidence will take some little time and we adjourn at 4 o'clock this afternoon. These gentlemen who are in attendance on the royalty question can be released.

Mr. Leslie Scott: Are the witnesses on Tuesday to be those mentioned by Mr. Smillie. I simply ask for the sake of convenience.

13,117. *Chairman*: I do not know if we shall get to them. Certain witnesses we have of my own and then will come yours, and then will come those gentlemen called by the Commission. The gentlemen specially mentioned need not be here until Wednesday. This witness is Mr. George Douglas Cole. He is a Fellow of Magdalen College, Oxford, Hon. Secretary, Labour Research Department, Executive Member, National Guilds League. I will ask the Secretary to read the whole of his evidence.

The Secretary:—

"INTRODUCTORY.

1. It is stated in paragraph IX. of the Interim Report, signed by the Chairman and three other members of the Commission, that "even upon the evidence already given, the present system of ownership and working in the coal industry stands condemned, and some other system must be substituted for it."

In this opinion I concur.

2. Six of the members of the Commission state in paragraph 3 of the Summary of conclusions in their Interim Report that "in view of the impossibility of tolerating any unification of all the mines in the hands of a Capitalist Trust—in the interest of the consumers as much as in that of the miners—nationalisation ought to be, in principle, at once conceded."

In this opinion also I concur.

3. In paragraphs X. and XI. of the Interim Report, signed by the Chairman and three other members of the Commission (but not in paragraph IX.), nationalisation and joint control appear to be presented as mutually inconsistent alternatives. Whether this is so or not would appear to depend upon the parties among whom the control is shared or divided.

4. In paragraph XII. of the same report it is stated that no scheme for joint control has been placed before the Commission; but among the papers circulated to me is a statement submitted by Mr. Straker, who gave evidence on behalf of the Miners' Federation of Great Britain, and this statement embodies a scheme of national ownership combined with joint control by the miners and the State.

With this scheme I am generally, and largely in detail, in agreement.

5. In July, 1918, the Conference of the Miners' Federation at Southport unanimously adopted the following resolution:—

"That in the opinion of this Conference the time has arrived in the history of the coal mining industry when it is clearly in the national interest to transfer the entire industry from private ownership and control to State ownership,

2 May, 1919.]

MR. GEORGE DOUGLAS HOWARD COLE.

[Continued.]

with joint control and administration by the workmen and the State. In pursuance of this opinion, the National Executive are instructed to immediately reconsider the Draft Bill for the Nationalisation of the Mines . . . in the light of the newer phases of development in the industry, so as to make provision for the aforesaid control and administration when the measure becomes law."

This Resolution seems to me to embody the policy that ought to be adopted in the reorganisation of the coal mining industry which is admitted to be necessary by all those members of the Commission who have not a direct financial interest in the retention of the existing system.

5. My reasons for desiring a system of ownership and control similar to that advocated by Mr. Straker fall under a number of heads:—

- (a) Reasons for desiring direct and adequate participation by the workers in the management.
- (b) Reasons for desiring participation of persons nominated by the State in the management.
- (c) Reasons for desiring national ownership.

Reasons for Workers' Participation.

6. The workers employed in and about collieries should assume a direct and increasing share in the management, not only in order that the principles of democracy may be applied to industrial organisation, but also in the interest of the consumers and of the community. We have reached a stage in certain vital industries, including coal mining, if not in industry as a whole, when the workers will no longer consent to remain within the boundaries of the wage-system.

7. By the wage-system I mean a system under which the worker sells his labour to an employer in return for a wage, and by this sale is supposed to forego all right over the manner in which his labour is used within the terms of the wage-contract, all right to exercise control over the management of the industry or service in which he is engaged, and all claim to the produce of his labour or to the common product of the labour of himself and his fellow-workmen.

8. Thanks to the growing strength and consciousness of Trade Unionism, this wage-system is no longer fully and completely operative. Trade Unions do constantly, by collective regulation of the conditions of labour, by collective bargaining, and by strikes, exercise a certain control over the way in which the labour of their members is used, and even over management. But, excluded from direct participation in management and control, Trade Unions and workmen are confined in the main to the imposition of negative forms of control, *i.e.*, virtually to a veto on certain methods of using and organising labour. Such negative regulation inevitably tends to take a restrictive form, which becomes more severe as Trade Unionism becomes stronger, until it threatens to break altogether the system—the wage-system—in which it is enclosed.

9. In the words of the Memorandum submitted by the labour representatives to the recent Industrial Conference, "Labour has now grown too strong to be controlled by force or compulsion of any kind." The method of destroying Trade Union "restrictions" by a frontal attack upon Trade Unionism is therefore not only undesirable but in practice impossible. The only alternative is a frank acceptance of Trade Unionism, and an endeavour to convert the negative (and therefore partially restrictive) control which it now exercises into a positive (and therefore co-operative) control.

10. In other words, the problem of industry at the present time—and of the coal mining industry in particular—is to enlist the active co-operation of the workers and of their Trade Unions in making the industry as efficient as possible.

11. This involves the establishment at once of the greatest amount of industrial democracy (that is, of direct control by the workers and their Trade Unions) that is immediately practicable, and the most rapid extension of that control that is practicable subsequently.

12. Such control is not only, or mainly, a question of wages, hours and conditions of labour as ordinarily understood; it includes the whole conduct of the industry, both in its productive and in its business aspects. Especially does it include the whole domain of financial and productive management and of supervision.

13. I am not unmindful of the enormous importance of technical and expert assistance, both in normal mining operations, and more especially in carrying out the great changes that are necessary in connection with the reorganisation of the industry. But I am of opinion both that technical and expert assistance can be combined with control by the workers at least as well as with control by private capitalists, and indeed that the natural affiliation of the brain-worker is with the manual worker rather than with the capitalist. To this point I shall return at a later stage.

14. In short, from the point of view of the coal consumer and of the community as a whole, the only way of securing efficiency in production—perhaps the only way of securing at all the continuance of industry—is to enlist the active co-operation of the workers by agreeing at once to the assumption by them of a substantial share in control.

15. I shall now attempt to state the case for direct participation in control from the standpoint of the worker himself. Human freedom, where it exists, is not a name, but a living reality. It implies, not the absence of discipline or restraint, but the imposition of the necessary discipline or restraint either by the individual himself, or by some group of which he forms, and feels himself to form, a part. A democratic or "free" system of government is one in which every individual not only has a share or vote, but also feels that his share or vote is of some effect by virtue of his community with his fellow-sharers or fellow-voters.

16. This principle of freedom should apply to industrial organisation, which forms in a modern community so important and so insistent a part in a man's life. It does not apply under the existing system of conducting industry; and it cannot be made to apply fully in a day or a year. But it should be our object to apply it as fully as we can, and ever more fully.

17. If, then, a man must receive orders, he must, if he is to be free, feel that these orders come from himself, or from some group of which he feels himself to be a part, or from some person whose right to give orders is recognised and sustained by himself and by such a group. This means that free industrial organisation must be built on the co-operation, and not merely on the acquiescence, of the ordinary man, from the individual and the pit up to the larger units.

18. Only the increasing adoption of this method of industrial organisation can give the sense of fair treatment and active co-operation to the worker, and thereby, through the removal of unrest and the stimulation of effort, efficient production and service to the consumer and to the community.

19. With the question of national ownership I deal at a later stage; but I desire to point out here, that national management by itself will not secure the full co-operation of the workers. State management means in practice management by a State Department; and a State Department is not a "group of which the ordinary man feels himself to be a part." The workers under State management are no more free, so far as the conditions of their working life are concerned, than the workers under capitalist management. The question of joint control with the State is dealt with further below.

20. Joint control with the present owners or with the consumers would also be ineffective. The reasons for this are also dealt with below.

Reasons for Participation by the State.

21. The "control of industry" includes two distinct functions, the actual management of productive and distributive enterprise, and the ultimate financial control. I desire to deal with these separately.

2 May, 1919.]

MR. GEORGE DOUGLAS HOWARD COLE.

[Continued.]

22. The reasons for State participation in actual management are, to a considerable extent, of only temporary validity. If the whole effective working personnel of the mining industry were combined in a single group possessed of a feeling of community, and including not only the workers and clerks, but also all the supervisors, professionals and experts necessary to the conduct of the industry, direct participation by the State in the normal work of management would be unnecessary. It is my hope that this position will gradually be reached, and, to that extent, that direct State participation in management will be gradually withdrawn.

23. Until this becomes possible, the State should appoint as its representatives on the Mining Council (excluding for the moment those appointed to represent the consumers) persons of professional or expert knowledge of mining operations.

24. The function of the State, therefore, in relation to productive management, is mainly that of safeguarding the technical efficiency of the industry until the creation of a complete Mining Guild becomes possible.

25. It is also suggested that the State appointments to the Mining Council should include persons specially appointed to represent the consumers. Whether this also would be a transitional measure, I am unable to make up my mind. It is, however, clearly necessary that the consumers of coal should have some means

of ensuring that their views will be heard, especially in relation to questions of coal distribution and the allocation of supplies to various districts.

26. Direct appointment of the consumers' representatives by organisations representing the main groups of coal consumers has been suggested; but I am unable to agree to the suggestion for two reasons:—

- (1) because the groups of consumers are changing groups and, therefore, their names ought not to be included in an Act of Parliament (*c.g.*, if coal distribution is made a municipal and/or a co-operative monopoly, the retail coal trader, who is now an important consumer, drops out of existence);
- (2) because I am unable to accept the view that an employers' association in, say, the steel industry is a proper representative of the consumers. The workers in the steel industry are fully as interested in the supply of coal as the employers.

These reasons are not intended to exclude consultation by the Government with consumers' associations in appointing the consumers' representatives on the Mining Council. But, pending the development of some more effective means of representing the consumers on democratic lines, the State must be regarded as the warden of the consumers' interests.

(Adjourned for a short time.)

The Secretary:—

"Financial Control.

27. I come now to the question of ultimate financial control. This involves (a) scrutiny of the balance sheet of the Mining Council, (b) ultimate control of prices, (c) provision of capital, (d) utilisation of the balance of revenue over expenditure, and (e) methods of expropriation, redemption, &c.

28. These are functions which concern the State as the representatives not of the consumers but of the community as an association of neighbours or citizens. Whatever may be the future structure of political society, they are for the moment functions properly to be exercised by the people's representatives in Parliament.

29. At the same time, the existing organisation of Parliament does not provide for their satisfactory exercise. I suggest a Committee of the House of Commons, presided over by the Minister of Mines, to consult with the Mining Council, and to take administrative action in these matters, subject to the sanction of the House as a whole.

30. This implies that any surplus of mining revenue over expenditure, or expenditure over revenue, will pass into the budget, and that any fresh Capital required, whether raised by special mining stock or otherwise, will be provided by the State. At the same time, the general financial management must be in the hands of the Mining Council.

31. Both the Mining Council and the proposed House of Commons Committee are often criticised on the ground that they undermine "Ministerial responsibility." May I respectfully record my conviction that, under existing conditions, "Ministerial responsibility is mostly moonshine?"

Reasons for National Ownership.

32. The objections brought against national ownership are usually for the most part objections to bureaucratic control. The above considerations, which presuppose national ownership, show that there is no necessary connection between it and bureaucratic control.

33. National ownership of the mines is necessary for three principal reasons; (1) for the sake of the community in order to secure the fullest utilisation and conservation of a vital natural product in the common interest; (2) for the sake of the consumer,

in order to prevent exploitation and profiteering; (3) in order to give the workers the sense of working for the community, and not for the benefit of any private person.

34. Full utilisation and conservation of our coal resources can only be secured by unified working, and real unification of working can only be secured by unified ownership.

35. This only leaves the two alternatives of a gigantic private Trust or monopoly (either under public control or otherwise) or of national ownership.

36. A Coal Trust not under public control is obviously out of the question.

37. War-time experience of State control without ownership has proved the impossibility of either effective or efficient control without ownership. Control without ownership involves huge waste by the duplication of administrative machinery.

38. Moreover, in controlling prices without ownership the State continually falls between the two stools of cheapness and plenty. If it restricts prices, output is restricted; if it fosters output, it can only do so by permitting high prices. The retention of the motive of profit-making as the incentive in industry renders efficient State control impossible.

39. In addition, the full co-operation of the workers by hand and brain can only be secured if they feel that they are working, not for private profit, but for the benefit of the community. Just as national ownership is inadequate without workers' control, so workers' control is inadequate without national ownership.

40. It has been suggested that the full co-operation of the workers could be secured by a system of joint control between owners and workers. But real control by the workers is impossible as long as the industry continues to be conducted for the private profit of the owners alone.

41. Where this is recognised, it is sometimes suggested that the workers might be given, in law or in fact, a share in the ownership by some system of individual or collective profit-sharing or co-partnership.

42. In my opinion, this would not work in practice, because the motives of the owners and workers are irreconcilable within the system of private ownership.

43. Even if it could be brought into operation, its effects would be anti-social; for the profit-making

2 May, 1919.]

MR. GEORGE DOUGLAS HOWARD COLE.

[Continued.]

motive is not improved merely by increasing the number of shareholders. The coal industry requires to be worked as a national service, free from the motive of profit-making.

44. In any case, it is hardly necessary to discuss this suggestion in detail; for it would certainly be rejected by the miners, and, as it has only been devised in the hope of making possible the continuance of private ownership, it would thereby fall at once, if it has not already fallen, to the ground.

Expropriation and Compensation.

45. I do not desire to enter at all fully into this aspect of the question, on which I am not an expert.

46. I desire, however, to emphasise my view that it would be wrong to compensate the owners of mines or minerals on the basis of their past or present commercial value.

47. My reason is, that this value depends upon the control which they have hitherto been able to exercise over labour. To the extent to which they have lost this control, the commercial value of their property has become unreal, and they have no title to compensation in respect of such value. They must not be placed by compensation in a more secure or more favourable position than other capitalists, who are also losing their control over labour on which their past profits have depended.

Methods of Control.

48. As I have stated, I am in general agreement with the Scheme of Control put forward by Mr. Straker on March 14th. There are only two points which I desire to elaborate further at the present stage.

49. The first point concerns the position of professional, technical and supervisory staffs. The members of these staffs can be roughly divided into two classes:—(a) those whose function is mainly expert and (b) those whose function is mainly the supervision or direction of other men.

50. In the case of class (a), the principle of selection must be primarily based on "qualification" and expert knowledge. In the case of class (b) it must be based primarily on personality.

51. I hold strongly that those men whose business it is mainly to direct others should be chosen by those whom it is their business to direct, either by ballot or through a Committee of Selection or a Trade Union.

52. Where persons whose function is mainly directive must also possess technical or professional qualifications, the range of choice should be restricted to persons possessing the necessary qualifications; but the principle of selection from below should be preserved.

53. There is not the same reason for the adoption of this course in the case of persons whose function is mainly or exclusively expert and advisory.

54. The second point concerns the question of centralisation and local initiative in control. I hold strongly that the full co-operation of the workers can only be enlisted by a system of control which is largely localised, and includes a considerable element of direct control by the workers in each particular pit. A system of joint control nationally, or even nationally and in the proposed districts, will not be effective unless it is combined with a system of pit control.

55. At the same time, pit control will probably not at the beginning be capable of such full establishment as national and district control. It is therefore of the greatest importance that the system of control first established should be such as to admit of an increasing element of devolution both from the Mining Council to the district and from both to the pit.

CONCLUSION.

56. In conclusion, I desire to emphasise my agreement with the words of paragraph XV of the Interim Report signed by the Chairman and by three other

members of the Commission, that "it is in the interests of the country that the colliery workers shall in the future have an effective voice in the direction of the mine. For generations the colliery workers have been educated socially and technically. The result is a great national asset. Why not use it?"

I believe that these words can only be made good in fact by the adoption of national ownership combined with some such system of control as that which Mr. Straker outlined to the Commission.

NOTE ON HOUSING.

In paragraph XXII of the Interim Report signed by the Chairman and three other members of the Commission, it is contemplated that a levy of 1d. per ton on coal raised might be collected and "applied to improve the housing and amenities of each particular colliery district." The recognition of miners' housing as a public responsibility is satisfactory, but I am not convinced that the method proposed for raising the fund is the best available, since it seems to contemplate direct payment by the consumer as an addition to price. I suggest instead that:—

(a) while royalties continue, the 1d. per ton, or whatever higher sum may be necessary, should be levied as a tax on the royalty; and

(b) when royalties are nationalised, (1) if any compensation is paid, it should not include compensation for the proportion of the royalties absorbed, or liable to absorption, by such a levy, a corresponding sum being placed instead to the credit of the housing funds; or (2) if no compensation is paid, the annual charge now represented by royalties should be transferred, in whole or in part, as may be necessary, to the housing fund."

13,118. *Mr. R. H. Tawney*: I think you have made a special study of trade unionism, have you not, and that you have written books about it?—Yes.

13,119. You are also secretary, I think, of the workers' side of the Industrial Conference?—Yes.

13,120. Since the most important condition of prosperity in any industry is the attitude and temper of the workers, your knowledge of their feelings and aspirations qualifies you specially to express an opinion about the proper organisation of the industry?—It is very kind of you to say so.

13,121. I know you are too modest to say it yourself. You deal first of all with what you call the wage system. I think you suggest it has broken down. Would it be true to say that the present demands of the workers go far beyond the old questions of hours and wages and material conditions?—Certainly. I think for the last few years especially it has been a very noticeable feature of labour disputes that they have been tending to centre far more round questions not of wages and hours but questions which involve discipline and management and other things which have been previously regarded as falling outside the scope of collective negotiation by trade unions. That is an increasing tendency, and of course it is increasing more and more as labour becomes more organised and more conscious of its own strength.

13,122. That is to say, present grievances are not merely material grievances?—No. I should say that although material grievances are not becoming less, the element represented by material grievances is becoming proportionately less all the time.

13,123. And their present demands are not merely for greater opportunity or more money, but for a change of status?—I think the fundamental unrest which has spread through industry does not rest on those factors alone, but rests on the worker's feeling that his position under the capitalist system is an unjust position.

13,124. In fact the workers' demand is a moral demand?—Yes.

13,125. Might I say they are finding their own souls?—Gradually.

2 May, 1919.]

Mr. GEORGE DOUGLAS HOWARD COLE.

[Continued.]

13,126. And in the present commercial system that is extremely inconvenient?—Yes, for the commercial system.

13,127. I think it would be true to say, would it not, that there was also a slightly different attitude among employers? For example, you are familiar with the proposals which are put forward for industrial councils or for profit-sharing. Could you tell us what you think about those?—Those are two rather separate groups of proposals, but the Industrial Councils proposal—that is to say, the Whitley Report proposal—and others of a similar tenor are, I think, really, in the minds of those employers who have taken them up, mainly methods of getting round this demand of labour for an increased element of control without really giving anything up, and the Industrial Council proposal is merely a proposal for placing on a rather broader basis the existing machinery for collective negotiation, but it is not a proposal for giving any real power to the workers. So far as I understand, it is not proposed that the Industrial Councils should take over any actual function or management. Whether it is nominally so or not, it remains a purely advisory body, and if you reach a deadlock on an Industrial Council, there is no power beyond the power of the workers to implement its decision.

13,128. And your view therefore is that these other things may be very nice and a sign of goodwill, but they are not of very much importance to the workers except as a stepping stone to something more?—I think that the Whitley Report may be a certain amount of use to some of the less organised trades, but broadly speaking I do not think the Whitley Report is a document of any considerable importance. With regard to profit-sharing—I did not answer that point when you put it—I think profit-sharing schemes are also of very little importance indeed. They are generally only produced in order either to stem some amount of unrest among the workers, or else to prevent unrest arising, and they do not, so far as I have studied profit-sharing schemes in operation, provide any real element of control, or even give the worker any share in the profits which is worth talking about.

13,129. It is suggested that they sometimes offer greater incentives to the worker?—Yes. Profit-sharing schemes have been put forward as a substitute for payment by results. If that is the object of the profit-sharing scheme, I think it is extremely unlikely to produce it.

13,130. The workers will produce more to get some of it back?—Yes. It is an alternative to piecework.

13,131. Is it a case of feeding the dog on its own tail?—Yes; it all comes out of the product of labour.

13,132. Have you seen any plan under a private system of ownership which could be supposed to reconcile workers and employers?—I can conceive a reconciliation up to a certain point of purely material interests of the workers and employers of a particular industry. I can conceive that coming about only by an immoral conspiracy against the public on the part of workers and employers. I do not believe any big organised group of workers is likely to go in for such a partnership.

13,133. And do you think, if it occurred, it would be inischievous?—Yes.

13,134. But on the whole you think it is not likely to occur?—That is so, in any big industry.

13,135. If it does not occur, then the alternative is the continuance of industrial war?—Yes, or the finding of some other solution.

13,136. Why is it impossible to find any stable solution under private ownership?—I think it is because the motive of profit to individuals, which is the guiding motive of industrial organisation at present, is irreconcilable with the aspiration on the part of a great proportion of the people in industry, including many employers, managers and workers, which is an inspiration to serve the public. You cannot obey that motive of public service with the motive of profit-making.

13,137. That is to say, in private industry the workers tend more and more to feel that they are

used as instruments of production for the convenience or profit of the individual employer?—Yes, and still more that they are being used for the convenience and profit of a system. It is not the individual employer, but the system as a whole.

13,138. And what they aspire to is to be the servants of the public serving it directly?—Yes, and serving it freely.

13,139. Now you pass certain interesting criticisms on some schemes of nationalisation which are put forward. You say that mere nationalisation, or mere public ownership, or public administration, although it is a condition of finding a solution, is not in itself a solution. What you suggest by way of supplement is what may be called self-government in industry, is it not?—Yes.

13,140. And the first advantage you see in that is industrial freedom. Could you explain more fully what you mean by industrial freedom?—The meaning of political freedom is fairly well understood. We understand broadly what we mean when we talk about political democracy and a man being a citizen of a free society. I do not mean that there are such societies or that men are free politically, but we understand what we mean when we talk about it. The principles which we talk about when we talk of political democracy apply just as much to the organisation of an economic system as they do to the political system. I feel that a man ought to be a free citizen in the industrial commonwealth as in the political commonwealth.

13,141. In what sense is he not free in industry?—In the sense I tried to indicate, that the theory of the wage system is that in return for a certain amount of money he sells his labour power, and in doing that surrenders his right to control the way in which that labour power is used and the right to possess the product of his own labour. I do not mean that that works perfectly in practice, but that is the theory and the guiding principle.

13,142. That is to say, in so far as the power of the system is not restrained by trade unionism, the individual workman really lives at the will of a master, and his livelihood depends upon his caprice?—There again it is not only the individual master, but also the whole system of masters.

13,143. That is to say, if he is an agitator, he may be dismissed?—Yes, and blacklisted.

13,144. He may find piece-rates arranged and re-arranged for no reason which he can understand?—He constantly finds piece-prices adjusted against him.

13,145. He may be compelled to work overtime irrespective of his health?—Yes, and the weaker the trade union the more likely that that sort of oppression occurs.

13,146. And your view is that that kind of oppression is the cause of the revolt which is now taking place?—I would not put it in that negative sense. It is one cause—the final positive cause is the aspiration of men towards freedom.

13,147. Supposing you could secure freedom, by which I understand you mean corporate control of men over the conditions of industry?—Yes.

13,148. Supposing you could secure that, it would mean in effect devolving much greater responsibility upon the men?—Yes, it makes much bigger demands upon the man than the present system.

13,149. What do you think would be the effect of that upon production?—Do you mean the immediate, middle, or ultimate effect.

13,150. All?—I think the ultimate effect would undoubtedly be entirely beneficial. I think the waste involved in the absence or any motive of service on the part of the mass of people is incredible. It is an enormous waste which we incur every day. The immediate effect I think would not be diminution in output. Whether it would be an immediate increase in output I am not able to say. You have to allow a certain period of trial for a system to find its feet. It would greatly depend upon the spirit in which it was evolved and the competence of the people working it.

2 May, 1919.]

MR. GEORGE DOUGLAS HOWARD COLE.

[Continued.]

13,151. We have heard something about "the Government stroke," as it is called. Do you think under private industry we do in effect secure the best energies of the workman now?—No, certainly not; it would be a very curious thing if we did.

13,152. Have you known cases in which, owing to the fact that piece-rates would be reduced if workmen earned more, an incentive to reduction in output was given in private industry?—I think that incentive is present in an enormous mass of private establishments.

13,153. Therefore it is a mistake to talk as though the present private establishments were an economical system?—I think it is a wasteful system, and the biggest waste is the waste of human motive.

13,154. Where any large proportion engaged in an industry feel a perpetual injustice, does that produce great inefficiency in the system?—Where there is continual friction between the different parties there is bound to be an inefficient system.

13,155. What you propose to substitute is the discipline of good will for the discipline of fear?—Yes—discipline by an organisation in which you are conscious of your own citizenship in the community.

13,156. You are familiar with the objections which are brought against proposals of that kind. Has it ever occurred to you to compare them with the objections which used to be brought against political democracy?—I think they are very much the same. They are primarily directed not to a proof, but to an assertion that the ordinary man is not competent to exercise power; and, secondly, to an assertion that he does not want to exercise power. That accusation was constantly made against political democracy, and is still made. It is now being made against economical democracy in exactly the same way.

13,157. And, on the whole, political democracy has not produced the social catastrophes which were anticipated?—I do not believe so. I think M. Faguet has written a book on democracy which is very valuable.

13,158. He is a brilliant and interesting writer whose voice is calling in the wilderness?—Yes. It is a very pleasant voice in an unpleasant wilderness.

13,159. You think nevertheless the world proceeds steadily towards democracy?—Yes, steadily, and also by jerks.

13,160. Do you think, if this experiment were made, there is any reason to anticipate a catastrophe such as used to be foretold with regard to other progressive movements?—No, but I think there is a reason to anticipate catastrophe if you do not proceed in this direction.

13,161. That is to say, if the system is to work, it must be with good will and general assent behind it?—Yes.

13,162. And that is at present what it has not got?—No, and it is losing it all the time. It never had it completely, and it is losing it every day.

13,163. To the ordinary workman it would be true to say, would it not, that the economic and social tyranny of the workshop is a much greater grievance than the tyranny of a distant Government has been in the past?—Yes, he feels it much more nearly; it affects him in his everyday life.

13,164. With regard to your proposals as to management, you do not propose, I presume, to supersede the existing technical experts and persons of experience who now conduct the industry?—No, I think their assistance is of the utmost importance. I tried to point out that I think that assistance can be procured just as well under the system which I have suggested as under the present system, and probably better.

13,165. That is to say, there is no question of sweeping away existing staffs?—No, so far as they are adequate or expert staffs.

13,166. But you would employ them in rather different relations in the framework?—Yes, and give them, as well as the manual workers, a much greater amount of interest as workers.

13,167. You suggest, on page 3, that some managers ought to be recruited by election. Have you any proposal to secure that such election does not result in persons without the necessary expert qualifications being chosen?—There are two points there. In the

first place, I suggest, in paragraph 52, where you are dealing with people requiring technical qualifications, that they should be restricted to persons possessing those qualifications. The second point is that I believe if you place the choice of their supervisors in the hands of the workers, whilst you would undoubtedly have a certain amount of mistakes at the beginning, and a certain number of wrong people selected at the start, yet I believe people would very soon get tired of selecting idiots to supervise them. In my own experience, I know of nothing more aggravating than being supervised by an idiot.

13,168. Granting there is the danger which you allege of selecting persons without the necessary qualification, do you not think that the men who are doing a job are very often the best judges of men to organise and lead them?—Yes, as soon as they have got out of the idea of existing antagonism between them and the management, they become the best people to do the selection. The only question is whether during the transition from the present system some will not be guided by the feeling that the management is not "up agin" them, and they will want people who will be easy with them.

13,169. And this period of transition has already begun. Is it not the case that foremen are increasingly nominated by trade unions?—Indirectly. I do not think there are cases in which the foremen are actually appointed by the trade unions in the strict sense. There are cases, I believe, in which something very like that prevails. Of course the extent to which trade unions exercise an amount of control over the selection of foremen negatively by veto is increasing very fast.

13,170. Is there any reason to believe that foremen who are appointed in such a way with some reference to the desires of the men whom they have to control and govern are less efficient?—The only case I can call to mind is one of the most efficiently organised factories I know.

13,171. Will you explain more fully what you think would be the relation between the management and the Pit Committee in the case of mining? It is sometimes suggested this would involve a confusion of responsibility or destruction of responsibility, and that you would have a committee of busybodies interfering with every detail. Do you think there is any real danger of that?—Not if you have a sensible system of organisation. Of course, if you had your Pit Committee absolutely unco-ordinated by district or national machinery, and merely set up a system of pit control with nothing else, I think that would be a very real argument; but I suggest that point is very largely met by the relation between the Pit Committee and the district body, and also secondarily by the connection between the district body and the national body, and I say where you get a difficulty arising you meet that point by an appeal to the district body and you settle it in that way.

13,172. *Chairman:* Would you make the district body final or that everything should go to the national body?—I would not say everything should go to the national body. I think you would come to questions of principle which would have to go to the national body. I should be in favour, as far as possible, of making the district body final on all questions other than questions of principle.

13,173. *Mr. R. H. Tawney:* Would it be a fair analogy to what you propose to take the relation at present existing between the manager and the Board of Directors, which is after all, if it is not profane to say so, nothing more elevated than a committee: the Board of Directors leaves him considerable discretion in certain cases, and the committee would leave similar discretion?—The difference is that the Pit Committee knows probably a good deal more about it than the Board of Directors.

13,174. If interference takes place, it would be the interference of knowledge instead of the interference of ignorance?—Yes, or the interference of the knowledge of the industry instead of the knowledge of making profits.

13,175. You speak towards the end of your paper of compensation. You say that the value of the

2 May, 1919.]

MR. GEORGE DOUGLAS HOWARD COLE.

[Continued.]

property of those who now own it in the mining industry depends largely upon the implicit assumption that they will continue to control the services of labour, and that, as that assumption is weakened by the growth of a vigorous trade unionism, so the value of that property diminishes?—Yes.

13,176. And you think it reasonable that, in fixing compensation, account should be taken of the fact not only that coal mines, as it is said, are a wasting asset, but this control over labour is a wasting asset?—That is so—that is assuming compensation at all.

13,177. That is to say, on your view changes are certain to take place. Would it be correct to say that you think that the present owners of property in the mining industry would be very lucky indeed to be bought out now, because later on they might be obliged to surrender control without being bought out at all?—Yes, I think there are two points there. In the first place, I think that they might be faced with complete confiscation at a later stage if they are not bought out now; in the second place, I think the circumstances of the moment—especially the Parliamentary circumstances of the moment—are far more favourable to them from the point of view of securing unduly high compensation than the circumstances of any subsequent Parliament are likely to be.

13,178. Does what you say under that head apply still more to royalties?—Yes, I think it does.

13,179. Royalties being already liable to taxation which is likely to increase?—Yes, and royalties being more popular for taxation than ordinary capital.

13,180. So that what you really think ought to be done would be to offer a kind of solatium to vested interests and not to pay the full market prices as compensation?—Yes, that is roughly my suggestion. I do not want to be too definite about it, but one suggestion I might make very tentatively indeed is that in any compensation in Government stock so paid to the owners, there ought to be some clause enabling the stock, or a proportion of it, to be resumed by the Government without compensation in the event of confiscatory measures being introduced in other industries. What I mean is, supposing you compensate the mine owners at the present stage with certain Government stock, and then you proceed to the nationalisation of some other industry—say the shipyards—by that time you will have moved on so that the terms of compensation granted to the shipbuilders will be less favourable than the terms originally granted to the mine owners. I should suggest that it would be practicable to insert in your terms of compensation some clause which would enable you on that occurring to cut down the rate of interest on the mine stock held by the mine owners.

13,181. *Chairman*: Would that affect the price of stock at all?—It would, I presume.

13,182. *Mr. R. H. Tawney*: Do you see any prospect of anything approaching a final settlement of the kind of questions which has been agitating the mining industry for the last 10 or 20 years short of nationalisation and some scheme of administration and government by the workers in the industry?—I think the real position you are up against is something like this: that you have the choice between carrying on with the present system until you reach the stage where that system breaks down altogether and you have a period of chaos and a very difficult task of reconstruction indeed, and the alternative of taking time by the forelock and trying an experiment, so far as you can, in the creation by this new system of nationalisation and trying to avoid any sharp break and period of chaos.

13,183. Do you think that not only the course of justice to the workers, but the course of social prudence is not to wait until catastrophe occurs but to forestall it?—Certainly.

13,184. *Mr. Frank Hodges*: Apart from the question of trade unionism as it affects manual workers, have you made any study of trade unionism as it affects the managerial staffs in the mining industry?—In the mining industry very little. I have made a good deal of study of the general question of the organisation of supervisors, managers and workers in

industry generally, but I do not know very much about mining organisation.

13,185. Are you aware of the existence of a trade union among the managerial staffs in the mining industry?—I know there is a Mine Managers' Association and an Under Managers' Association.

13,186. What would be the kind of objects of such trade unions?—It would have presumably two distinct kinds of objects: one would be the safeguarding of the material and economic interests of the members, and the other would be the pecuniary community of interest among the particular grade of persons. That might be done through the same association. It is more often, I think, in the mining industry done through separate associations. Either of those forms of association might develop, and I think both have, to a certain extent, developed a third form of activity, which is the desire for control which you have on the part of managers, and which has developed from the economic bond, or you might have it develop out of the pecuniary bond, or both, of course.

13,187. Would such an association also be a symptom of a certain form of industrial unrest?—Yes. I think during the last few years unrest among managers has become a very considerable factor.

13,188. Have you ascertained whether there is any growth of antagonism between managers and shareholders or directors?—I would not like to say that for the mining industry, but certainly for other industries, and especially for the engineering industry: the managerial staffs are tending more and more to organise along trade union lines and include the demand for greater professional control in their programmes.

13,189. Are not you aware of the fact that a few weeks ago a strike was on the point of occurring among certain officials in the South Wales coalfield?—Yes, I know the Colliery Officials' Society sent in strike notices.

13,190. So that, in re-casting this industry, due regard would have to be paid to those symptoms of industrial unrest existing among the managerial staffs?—I want them to have a very considerable share in the government of the industry along with the manual workers, and I believe the ultimate solution is a system of government which will include the managerial element along with the clerical and manual elements.

13,191. Already, I believe, certain movements are growing in that direction?—Certainly.

13,192. Are you aware that already there has been an affiliation between what is regarded as a very revolutionary trade union—the South Wales Miners' Federation—and a group of officials known as the South Wales Colliery Officials' Union?—I did not know it had gone as far as that. I knew they were working together to a certain extent, and, of course, if you go a step further, you find the Miners' Associations include a very high proportion of the deputies already in their ranks.

13,193. Would it surprise you to learn that the deputies too have evinced symptoms of industrial unrest during the last two or three years of a very marked character?—Not in the least. I have come across it.

13,194. Are you aware of a strike of deputies in the year 1917 throughout the whole of the South Wales coalfield?—I remember it very faintly. I do not remember the details.

13,195. Would you suggest, or have you sufficient information to come to a conclusion, that both manual workers and technical or managerial workers are growing in their opposition to private ownership in industry?—I think that is undoubtedly so, and I think that the prospects of an alliance between the manual and the managerial worker are very much brighter at the present moment than ever before. I think that the managerial staffs are beginning to realise that their interest really lies with the manual workers and not with the owners of capital.

13,196. Is it in the hope of that developing that you pin your faith to the practical operation of your system of control?—Yes, certainly. I only suggest this system and I only approve of Mr. Straker's system as what you may call a half-way

2 May, 1919.]

MR. GEORGE DOUGLAS HOWARD COLE.

[Continued.]

house. I want to see a very much more complete system of self-government develop in the mining industry, but I do not think that can develop completely until you have a fusion of feeling between the managerial and the manual working elements. I believe under national ownership that fusion will develop very rapidly indeed.

13,197. Turning to profit-sharing schemes which may represent a different system to the existing system in the mining industry in which there is no profit-sharing at present, would you suggest that a profit-sharing scheme between the miners and mine owners would result in a conspiracy against the community?—Assuming that the miners agreed to such a scheme and worked such a scheme in the spirit in which they were true to capitalist principles, the consumers would have to look out.

13,198. That is to say, under a profit-sharing scheme you have this motive, the creation of the greatest possible profit in connection with the creation of the highest possible wages?—That is so. To give the workman a financial incentive to keep up the prices of coal against the consumer.

13,199. And the consumer would suffer?—Yes, the consumer would suffer.

13,200. Do you think on the other hand that with this growth of antagonism, this almost proved growth of antagonism on the part of the managerial staff, the under officials and the manual workers, that any system of trustification or unification of industries under capitalist trust would tend towards increased productivity of the industry and smooth working in the future?—I do not think it would tend towards smooth working. I think it would intensify the antagonism. If it did not tend towards smooth working it would be extremely unlikely to lead to increase of output. I think also that the capitalist trust in mining industries would in many cases lead to a concerted policy of restriction of output. That is the experience of trust organisations in the past. It is the case that if the miners restrict output the capitalists certainly restrict output just as much.

13,201. Is that your experience of trusts on a big scale in other countries, America, for example?—You cannot generalise about trusts in that way. A good many trust organisations, or rather cartel organisations, have been built up almost entirely on the principle of limitation of output.

13,202. I am particularly interested in your scheme of control here. I should like to ask you one question about it. To what degree would you entrust control to the workman in the initial stages of this scheme?—That is a very difficult question to answer. I want to know what the workman is. It at once raises the question of the amount of the national control, district-control and pit control. If you will put it in compartments I will try and answer it.

13,203. Start from the top. Can it be assumed there is sufficient intelligence in the country, both on the technical side and the administrative side, to control the industry in its national aspect?—I think so. I think you want, of course, in any re-organisation of the mining industry the very best technical advice you can get. The technician begins by improving the organisation of the industry, and applies science to it. I think we can get better organisation in connection with some systems of control than others, and the leaders of the Miners' Federation are probably capable of playing the necessary part under the scheme in the utilisation of scientific experience of the coal industry on its technical side.

13,204. Would you think men are sufficiently intelligently equipped in the districts to efficiently administer the industry in the separate districts?—I do not know about every district. So far as some of the districts that I know of are concerned I have no doubt at all they are sufficiently equipped. I have no doubt they are sufficiently equipped in Lanarkshire, and I have no doubt they are sufficiently equipped in Northumberland and Durham. Those are the districts I know best. I should say the same is true of any large district. What the position is in some little coalfield in the Midlands I cannot tell you.

13,205. Are you afraid, assuming you are satisfied that the ability exists to run the industry in its

national and district aspects, that the workmen who would embrace the managerial staff are at this stage competent to do what, after all, is the effective thing, conduct the production of the commodity?—That is the pit control you are dealing with. I think in the pit you have this problem to face that pit control will be more difficult to develop immediately in its full sense than either district or national control, because if you are going for a system of unification you will have, whilst you are bringing that system about, to secure a certain amount of uniformity and you will have to avoid experiments which are outside the sphere of your policy of unifications and also because it is always more difficult to make several thousand experiments at once than one or a dozen experiments; they are more difficult to keep in hand. At the same time I think in the complete working of the scheme the pit control is really the pivot on which the whole thing turns. I mean the real problem you are up against is the problem of getting the ordinary working miners really interested in the industry, and the thing you have above everything else to develop is the element of pit control. It will probably grow more slowly. I want to see a progressive amount of decentralisation as the scheme gets into working order.

13,206. The success of the pit committee depends upon the degree to which the workmen are prepared to accept responsibility?—Yes, that is so, and you can even see that to a certain extent in the working of the pit committees despite their limited powers during the war. In districts where the pit committee has been restricted to absenteeism it has been useless. When it has taken other functions into its hands it has for a time in certain districts been a very great success. I might mention certain Derbyshire collieries. What has generally happened has been that owners who are anxious for the pit committee to deal with absenteeism have been equally anxious to shut it down when it has shown a tendency to take a real active life. I think the experience of pit committees is very encouraging.

13,207. Are you aware that certain pit committees in certain districts made application to share in some small degree in production and that was refused?—I know that happened in certain cases.

13,208. That increased the bitterness then existing between the workman and the capitalist?—Yes.

13,209. You think the sense of responsibility will grow in stages; it cannot be assumed all at once?—If you move a man into a comparatively rotten system and compel him to work there for the greater part of his life and then take him out and put him into a healthy environment you cannot expect him to adapt himself to the healthy environment all at once. It takes time to get rid of the effect of the bad system.

13,210. Have you arrived at this point of view that unless industry is prepared to adapt itself to giving, taking the long view, complete responsibility and control to the producers of industry that industry is likely to break down?—My view is that unless big steps of re-adjustment are taken on the lines suggested you will have eventually a catastrophe in your industry, and that is to be avoided, if it can be avoided. I am avoiding committing myself to your actual wording there.

13,211. *Sir Allan Smith*: May I ask you what becomes of the employer in this scheme of yours?—That depends upon what sort of person the employer is.

13,212. The individual who is presently called the employer?—That depends upon his competence. If he is a competent man, I hope he will get a job in some managerial capacity; if not he may have to work as a coal heaver.

13,213. I assume that applies to all industries as much as coal?—Not in the same immediate sense as in the coal industry. In many industries the workers have not reached the same stage of organisation and the industry is not to the same extent ripe for adopting the measures suggested. I assume the scheme is working by stages, and different stages in different industries.

13,214. Do you anticipate the possibility of it taking place in shipyards?—I think in shipyards it will come very soon; it is one of the riper industries.

2 May, 1919.]

MR. GEORGE DOUGLAS HOWARD COLE.

[Continued.]

13,215. Do you suggest it can take place in all industries in the Kingdom?—I would not say that exactly. I suggest that all industries which have at present any form of capitalist organisation must ultimately pass into national ownership.

13,216. All manufactories, we may take it, are proper subjects for nationalisation?—Ultimately, yes—national ownership.

13,217. That eliminates all question of employers?—*Qua* employers, yes.

13,218. What about capital?—Could you particularise that rather more?

13,219. What is going to become of capital? You refer to a capitalistic system, you eliminate that system and substitute a national one. What is to become of the capital at present involved in the system?—That capital instead of being the asset of the private individual becomes an asset of the community.

13,220. At the moment I assume you agree that capital belongs to the shareholders?—Under a social convention it is allowed to be treated as belonging to them.

13,221. Accepting the conventions as we find them—capital belongs to the shareholders?—I think if I answered yes I should be recognising the right of shareholders to the capital.

13,222. Do not trouble about rights. The fact at present is the shareholders are the owners of the property?—Yes, legally.

13,223. If you expropriate these shareholders then it means you may expropriate some of the shareholders who are the working class?—Yes.

13,224. Do you think they should be subjected to that expropriation?—I have never suggested that you should completely take away all the property at present in the hands of any individual person. I do suggest if a workman owns a share in a cotton factory, say, he should cease to own that share and the cotton factory should become the property of the community.

13,225. What becomes of the amount, the value of the share which this man has taken away?—That raises the whole question of compensation. I do not recognise the right to compensation. I do recognise it is necessary to allow some form of what you may call compensation.

13,226. You believe in the right to live, I suppose, and the right to work, and the right to save, if that is possible?—That is a very big phrase. The right to save is admissible.

13,227. Suppose you were not to spend all the money that is paid to you, I assume that is saving?—Yes.

13,228. Are you to continue to have that right?—The right to save at present involves the right to receive interest in saving. If I accept the right to save I am not necessarily accepting the right to interest as a right to save.

13,229. You are not necessarily accepting the right to invest your savings?—Not investing for financial gain.

13,230. You would invest them with no interest?—You would place them in a bank which is not paying interest.

13,231. You lend to the bank, do you not?—They are to be nationalised.

13,232. They are to be nationalised, I forgot. You say they are to be suppressed by an edict. Have you ever supervised?—I cannot say I have directly supervised; I have worked with people.

13,233. You cannot imagine his feeling under such a dictum as you have given here?—I will do my best.

13,234. With regard to the question of the Industrial Council, do you seriously suggest that the Industrial Councils proposals are not sound?—The Whitley proposals?

13,235. No; the Industrial Council proposals?—I did not say that. When I spoke of Industrial Councils I spoke of the Whitley proposals.

13,236. You said you are secretary of the labour side of the Industrial Council?—Yes.

13,237. You criticised this proposal in the same way as you criticise the Whitley Council's scheme?—I

think not. I was not asked questions about this proposal. I think it was the proposal of the Whitley Committee.

13,238. You were asked whether the Whitley proposals were methods of getting round the claims of the workmen without dealing with them?—Yes.

13,239. And the Industrial Council proposals had the same effect?—I did not say that.

13,240. Do you differentiate between the two?—I think the reason why the Prime Minister called the Industrial Conference was that he was in a hole and he hoped to gain a certain amount of time by calling it, not expecting anything considerable to come out of it.

13,241. Have you considered the Joint Report that was signed? Do you suggest the report is of no use whatever?—I suggest the Industrial Council will not solve the industrial problem, and no joint body between employers and workers can solve it. It may be a useful piece of machinery; I think it is.

13,242. Do you contend there is such a feeling of antagonism between employers and employed as to make it hopeless to expect co-operation between the two?—I think there is such a feeling of antagonism between the two parties that any complete or efficient system of co-operation is now impossible. I think that difficulty will increase and not decrease.

13,243. Do you suggest it is impossible?—I said complete and efficient co-operation.

13,244. Do you suggest it is not in being?—It may be in being where the workers are not strong.

13,245. Do you suggest in many of the highly organised industries the relation between employer and employed is not satisfactory?—Yes.

13,246. Even in individual cases?—Do you mean do I suggest there are not any cases where it is not satisfactory?

13,247. Do you suggest that?—Taking the general relations between employers and workers in any big industry I say they are fundamentally thoroughly unsatisfactory. You may in any industry find individual employers getting on nicely with individual workmen. That is not the point. I am dealing with the general relations in the industry and their effect on the working of the industry as a whole.

13,248. You seriously suggest there is such a pull between the two parties to industry at the moment?—Yes.

13,249. You say the labour disputes are questions of discipline and management. Do you suggest that most of the strikes we have had during the war are against discipline of the Trade Unions?—I was referring to the fact that strikes more and more centred round the dismissal of particular persons and the sort of strikes that have arisen by some act committed by the management in the conduct of the business. The war circumstances were abnormal and brought in a number of new factors.

13,250. Are you referring to peace time or war time?—Some strikes on the railways before the war are a particular instance that comes into my mind.

13,251. No doubt you will get particular instances of almost everything. You suggest this case actually took place?—How do you mean?

13,252. That these disputes centred on questions of discipline and management?—I think they were tending more and more in that direction.

13,253. Were you intimately associated with labour matters prior to the war?—I was making the closest study I could of labour matters for years prior to the war.

13,254. You say the wage system must go. Do you suggest that persons should not receive wages?—That depends upon what you mean by wages.

13,255. May I suggest I do not propose to discuss it from that point of view. It is taking up time unnecessarily. You refer in paragraph 24 to the Mine Guild becoming possible. Are you a Guild Socialist?—Yes.

13,256. Have you framed your *précis* of evidence and are you giving your evidence now on the lines of the tenets of Guild Socialism?—I am not proposing a complete guild. I propose the immediate steps which seem to me to be practicable in the mining industry and which seem desirable on their merits, in

2 May, 1919.]

MR. GEORGE DOUGLAS HOWARD COLE.

[Continued.]

the belief that those steps will lead to the formation of a mining guild.

13,257. *Sir Arthur Duckham*: There are one or two questions I want to ask you. In paragraph 17 you say: "If a man must receive orders, he must, if he is to be free, feel that these orders come from himself or from some group of which he feels himself to be a part." Do the Trade Unionists obey the orders of the Trade Unions?—That depends, of course. I think the present strain on Trade Unionism in a good number of industries has meant that the leaders have got very much out of touch with the rank and file of the Trade Unions; there is that unavoidable tendency in large organisations unless it is corrected. I think a large re-organisation will have to come about. I think the adoption of the scheme of control will bring that about.

13,258. You do not agree with the present system of Trade Unions in that way. You think it could be improved?—Certainly, in nearly all industries.

13,259. You agree the trade unionist does not obey his Trade Union orders?—Not always.

13,260. Take the question of the consumer. Does it not seem to you that the coal is produced for the consumer and not for the sake of paying profits to the capitalist or recompense to the workpeople?—Certainly, yes.

13,261. Surely the consumer has really a very great interest in the coal produced?—Yes, the two people who seem to have the greatest interest in the coal are, first, the people who use it; secondly, the people who produce it under certain conditions.

13,262. You raised one point with regard to the steel industry. You do not say why the steel industry should be represented on the Council. Surely on your Council or whatever arrangement you made or organisation you made you would put a very strong representation of consumers on that Council?—I did not mean the steel industries would not be represented. I meant if you take the Iron and Steel Manufacturers' Association and put on a representative of that Association I should not regard him as representing the steel industry because there might be no representative of the Iron and Steel Trades Confederation.

13,263. You would agree general representation does come in?—Yes.

13,264. For instance the Sheffield municipality might represent all Sheffield?—I was rather attracted by Mr. Greenwood's suggestion of a consumers' council.

13,265. The other point is this. I agree with you the pit committee is a bit difficult to form and rule. I do not know whether you have ever worked under a chief or been a chief in control of workmen, either one or the other?—It all depends upon what you mean by workmen.

13,266. Take it in a factory. Have you ever worked as a factory hand or workman?—Thank Heaven! No.

13,267. Or worked as a foreman or manager?—I have never worked in an industrial enterprise.

13,268. A lot of us have to. The difficulty I see is this, if you have the workmen electing their foreman or their manager there is always the great difficulty of that man taking action; for instance, like our Members of Parliament, they may be controlled by what their voters want and not by what they think best. Would you not find the manager, or foreman, or whatever the man who was put in authority, would be controlled by what he would think the workman wanted best?—Up to a point that would be I think a good thing. I mean if you are going to have a group of men working together under a leader then that group of men will, I think, work most efficiently if their leader and themselves have a sort of common feeling and pull together properly.

13,269. If you have a perfectly good feeling it would work?—Yes.

13,270. What happens if the manager gives an instruction to a man and he does not obey it, or if his ideas are different to his committee?—You mean if a foreman—

13,271. Say the manager of a mine instructed a gang of workmen to do a bit of work and they did not do it?—It really comes down to a difference of opinion as between the Pit Committee and the mine manager?

13,272. Yes?—You have to provide for that by allowing an appeal to the district body.

13,273. Take this point: There was a likelihood of an accident in the pit; he tells a gang of men to do something to stop the accident. You cannot put that to the District Committee?—When it is a question of safety or necessarily immediate action is concerned, you have to give the mine manager the power to give the order.

13,274. You agree the mine manager should have power, and, if necessary, there should be an appeal against his decision later?—Yes, that is what I mean.

13,275. Something of that sort you have considered?—Yes. I would not give the mine manager the absolute power to give any order. I would try to make some limitation of the matters about which he should give orders. When the question of safety is involved, he ought to give orders.

13,276. You could not have daily arguments as to the orders the manager was to give?—That presupposes a system not in actual working. I think during the early stages of the working the mine manager should have power to give a good number of orders. As the system settles down the amount of discretion you have to leave in his power on non-vital matters will become less, and the Pit Committee will proceed to assume more authority.

13,277. They cannot issue orders?—I am not sure that the issuing of orders is such a very vital thing; they can take decisions, and possibly they pass those decisions on to the mine manager to act upon.

13,278. I have worked in various concerns of this sort that have committees and profit-sharing and that sort of thing. The great difficulty is this matter of responsibility for the orders at the time. Somebody has to be chief; somebody has to be captain of the ship. Do you agree there should be somebody who would be captain of the ship?—In that sense, yes. I certainly agree you must have some means of settling on the spot things that need settling.

13,279. It would never be done otherwise?—No.

13,280. You have not tried to run an executive by committee, I suppose?—Yes, I have had a good deal of experience in trying to run offices on those lines.

13,281. *Chairman*: Mr. Cole, you must come again on Tuesday. You have given interesting evidence with regard to some individual Pit Committees, I think you said, in Derbyshire which had a share in the direction and which have been a success. Could you bring with you on Tuesday the names of those Committees and tell us something about them? Obviously that is important to this enquiry?—It is difficult to do that for this reason. My knowledge of those Committees is based on discussions with the Derbyshire Miners' Association of those things happening. I do not know the names of the pits the various people are employed in. I only know what they told me. I can try to get it from the Derbyshire Miners' Association.

13,282. Then we may have to ask you to come back after Tuesday?—I will see what I can get, but I cannot promise it by Tuesday.

Chairman: If you cannot promise it by Tuesday we may have to call you again on Tuesday week if necessary. That piece of evidence is most important.

2 May, 1919.]

MR. GEORGE DOUGLAS HOWARD COLE.

[Continued.]

SECOND STAGE—SEVENTH DAY.

TUESDAY, 6TH MAY, 1919.

PRESENT:

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. R. W. COOPER.

SIR ARTHUR DUCKHAM.

MR. FRANK HODGES.

SIR LEO CHIOZZA MONEY.

MR. ROBERT SMILLIE.

SIR ALLAN M. SMITH.

MR. HERBERT SMITH.

MR. R. H. TAWNEY.

MR. SIDNEY WEBB.

MR. EVAN WILLIAMS.

SIR RICHARD A. S. REDMAYNE (*Assessor*).MR. ARNOLD D. McNAIR (*Secretary*).MR. GILBERT STONE (*Assistant Secretary*).

Chairman: Gentleman, I very much regret to say that I have had a letter from Mr. Forgie, one of our colleagues, stating that he has been unfortunately obliged to resign his position on the Commission. He states that in the interests of his health he is compelled to come to this decision, and that his medical adviser is imperative that he should at once take a long rest from active work. He says that he desires to render to the members of the Commission his sincere and heartfelt thanks for the unvarying kindness, courtesy and consideration which they have extended to him at all times, and wishes us every success in our work. I am sure you will wish me to convey to him our regret that he is no longer able to assist us and our hopes for his speedy recovery from what I hope is only a temporary ailment.

Then I have had this morning a letter from the Minister of Labour, Sir Richard Horne, which is in these terms: "Dear Mr. Justice Sankey, Mr. Forgie has intimated to me that owing to ill-health he is unable to continue to act as a member of the Commission on the Coal Industry. I have now to inform you that the King has been pleased to appoint Sir Adam Nimmo, K.B.E., to act as a Commissioner in his place." I think we shall have the pleasure of seeing Sir Adam Nimmo to-day and welcoming him as one of our members.

Mr. Evan Williams: Sir, before you take the evidence, on Friday I asked for a return of the expenses of the Coal Controller's Office. I should like to go a little further into this, and ask for a return as to the number of persons employed or engaged in the work of the Coal Controliership in all its Departments, both in London and the country, and the number of those who have done their work either freely and without any charge or for a nominal charge.

Chairman: Certainly.

Sir L. Chiozza Money: Sir, could there be added, for the elucidation of those figures, the description of the work performed by the various classes of persons, because it may have relevance to the question of nationalisation.

Chairman: Yes, we will get full information as to that.

Mr. Arthur Balfour: May I ask for the report of the American Commission on the question of trusts, which was referred to on Friday? I think it is important to see what conclusions were drawn by the Commission.

Chairman: Yes, we will get it.

Sir L. Chiozza Money: And might I suggest that we have the report of the American Conservation Committee?

Chairman: Certainly; we will try and get it.

MR. GEORGE DOUGLAS HOWARD COLE, Recalled.

13,283. *Chairman:* At the conclusion of your evidence on Friday I said to you: "You have given interesting evidence with regard to some individual Pit Committees. I think you said, in Derbyshire, which had a share in the direction and which have been a success. Could you bring with you on Tuesday the names of those Committees and tell us something about them? Obviously that is important to this enquiry.—(A.) It is difficult to do that for this reason. My knowledge of those Committees is based on discussions with the Derbyshire Miners' Association of those things happening. I do not know the names of the pits the various people are employed in. I only know what they told me. I can try to get

it from the Derbyshire Miners' Association. (Q.) Then we may have to ask you to come back after Tuesday.—(A.) I will see what I can get, but I cannot promise it by Tuesday." Have you been able to do anything in regard to that matter yet?—I have communicated with the Derbyshire Miners' Association, and they are getting information, but it has not yet arrived, I am sorry to say.

Chairman: Then we will call you at a later stage with regard to that.

13,284. *Mr. R. W. Cooper (to the Witness):* On Friday, in answer to Sir Allan Smith, you described yourself as a Guild Socialist, and you also referred to

6 May, 1919.]

MR. GEORGE DOUGLAS HOWARD COLE.

[Continued.]

something called a Miners' Guild. I hope you will excuse my ignorance, but will you explain what a Guild Socialist is?—Guild Socialism is the name of a school of thought which holds that it is necessary that public ownership should be assumed over the various industries. It holds at the same time that the right way of administering these industries is not through bureaucratic State departments, but through associations which we call Guilds, including the whole necessary working personnel of each industry; that is to say, including not only the manual working elements, but including also the managerial elements, and in fact every person who is necessary to the complete carrying on of the industry or service.

13,285. Who are the owners of what I may call "the undertaking" or what I call "the property"? Perhaps you may quarrel with the word. Who are the owners of the undertaking which is carried on?—We want national ownership.

13,286. Do you mean that it is the State?—The State, if you like to call it that. It may assume a different form in the future, but for simplicity I will say the "State," without committing myself necessarily to an acceptance of the continuance of the present form of State.

13,287. Who gets the benefit or the money from the carrying on of the undertaking?—The benefits would enter into the national exchequer.

13,288. How do you pay persons whose labour carries on the undertaking?—I want the remuneration of any class of persons in the community to be determined not by what their labour will fetch on an economic valuation, but by a social valuation; that is to say, I want their income to be determined not by any haggling of the market, but by their status in society, and by the feeling of the community as a whole as to the amount of income which they ought to have.

13,289. What do you mean by "their status in society"? Are they to be paid exactly the same amount of remuneration, each man, for their services?—That is a very difficult question. I am talking now of the very distant future, but I think ultimately you probably cannot get any other system than that of equality of remuneration; but, as I say, that is very distant, and I believe you will have to work towards that by a very gradual approximation of incomes.

13,290. Who will fix the varying degrees of income to which those workers by brain or hand are entitled?—Nobody exactly fixes the varying degrees of income, because you start from a point at which various classes of persons are in receipt of certain amounts of money. Suppose you were to institute a Mining Guild: you would find when you instituted it that there was already in existence a normal salary for the hewer, a normal salary for the mine manager, and so on for each grade of workers in the mine. You would take that as your starting point and gradually you would adjust it to your conceptions of social justice. That would probably result in a gradual approximation of incomes, but there would not be any point at which you would be fixing absolutely afresh a new standard of income.

13,291. Who are to be the judges of what you call "social justice"?—I think the community as a whole must be the judges of that.

13,292. Must there be a general election upon the subject?—No, I do not mean that. I mean the variations in the remuneration of different classes

of workers would be determined in the first instance by the Mining Guild itself.

13,293. How many people would there be in the Mining Guild? Would it be one million pit workers?—It would be as many people as are necessary to the carrying on of the industry, including not only the manual workers, but the managers.

13,294. I gather you propose to transfer what I call the property—assume it were my property today—forcibly to someone else?—That is involved in any proposal for national ownership.

13,295. Do you propose to pay me for my property or not?—Yes; not because I think that is a necessary measure of justice, but because I think it is expedient.

13,296. I am glad you are so merciful.

Chairman: Do you think it is necessary to ask this witness many more questions, Mr. Cooper?

Mr. R. W. Cooper: No.

13,297. *Mr. Arthur Balfour:* I have only one question: Do you believe in the co-operative movement?—I want rather more explanation before I can answer the question. I certainly believe in it in general.

13,298. You know what the co-operative movement is, do you not?—It is so many different things. It is, in the first place, a method of distribution; and, secondarily, also, a method of production.

13,299. Do you object to the co-operative movement owning mines?—I object to it continuing indefinitely in the ownership of mines when a new system, such as I suggest, is set up; but I certainly prefer co-operative ownership of mines to private ownership.

13,300. In your evidence on Friday, I think it was brought out that you said the conditions of labour and the strength of trade unions, and so on, had reduced the value of the coal owners' property?—Not quite in those words, but more or less that.

13,301. In fact, you think that, supposing a row of houses was owned by workers (which is quite common in Sheffield, for instance) and the Corporation wanted to buy those houses, it would be quite legitimate for them to cut off the drains, the water and the gas, so as to reduce their value?—I do not remember saying that.

13,302. But that is the conclusion to be drawn from your argument, is it not?—I do not think it is.

13,303. If it is legitimate to reduce the value of the coal owners' property of that kind, why should not the Corporation of Sheffield, when they want to buy the workers' houses, do the same thing?—The whole point is the difference which arises from the existence of the capitalist system and from the relation which now exists between the various classes in industry.

13,304. But surely the worker to the extent to which he owns a house is a capitalist?—If you like to put it that way, he is to a certain extent; but he is not a capitalist employing other persons for hire.

13,305. But you would approve deteriorating his property simply because you wanted to purchase it?—No.

Mr. Arthur Balfour: That is all I ask.

Chairman: Thank you, Mr. Cole; we shall have the pleasure of seeing you later with regard to other information which you will give us.

(The Witness withdrew.)

Professor LEONARD TRELAWNY HOBHOUSE, Affirmed and Examined.

13,306. *Chairman:* I will ask the Secretary to be good enough to read your evidence.

Secretary: "Memorandum on the Nationalisation of Coal Mines, by L. T. Hobhouse, Professor of Sociology in the University of London."

This memorandum has been drawn up in response to a request that the writer should state his view of the best method of applying the conclusions reached in Mr. Justice Sankey's Interim Report. It is understood that the writer pretends to no special knowledge

6 May, 1919.]

PROFESSOR LEONARD TRELAWNY HOBHOUSE.

[Continued.]

of coal mining, but approaches the question from the point of view of a student of social economics. From this point of view certain general considerations occur which may be worth laying before the Commission.

The old methods of conducting the industry of coal mining are condemned in the Interim Report. The question before the Commission is by what system they are to be replaced.

Theoretically it appears possible—

- (a) to erect a trust on the basis of private ownership and control;
- (b) to establish national ownership and control;
- (c) to attempt some intermediate system.

Of these, very brief consideration suffices to rule out the first. The nation would not tolerate an unfettered monopoly of one of the necessities of life, whether exercised by owners or by owners and workers jointly. It would insist on some public control of prices, and, whether directly or indirectly, of production and distribution. It results that the choice is between (b) and (c), nationalisation proper and some compromise with private ownership and management. Several forms of compromise may be suggested, but they will be found to be rooted in the same motives, fear of State ownership and confidence in private enterprise. I do not therefore propose to discuss alternatives in detail, but to weigh these motives against those which point to nationalisation.

The possible advantages of nationalisation are not denied by intelligent critics. It is allowed that it would give the State unfettered freedom in the development of a great national asset, controlled by full and undivided financial responsibility. The community would be able to treat the coalfields as a private owner his estate, with this salutary difference alone, that from the nature of the case the community would be compelled to pay that regard to the welfare of the workers on the estate, which in the case of the private owner is left to his conscience. It seems only reasonable that so great a natural source of wealth, so indispensable to the common life, should be in the hands of the community, and difficult to dispute that, if used with only moderate intelligence, it would prove a great asset in the general prosperity.

The doubts that arise as to the fulfilment of these possibilities may be brought under two heads. One is the difficulty of securing a fair basis of valuation for the compensation of existing owners. This is a matter on which experts must speak. The other, which concerns this memorandum, is a doubt of the efficacy of State control as compared with private ownership and management.

1. *The Disadvantages of State Control.*—It is widely held that all talk of control by the community for the community is a matter of words only. State control means officialism, and though in theory officials are the servants of the community, in practice they are its masters. At its best, it is alleged, the atmosphere of a large office encourages caution and routine rather than enterprise and adaptability. Its conduct of affairs is apt to become wooden and mechanical. Delays in correspondence and cross references from one department to another cause, it is said, an irritation which is sometimes aggravated by the insolence of officials of the lowest grades. In dealing with private firms, a man always has the ultimate remedy of cutting the connection and transferring his business to another house; but in dealing with the State he has no escape. Under private enterprise competition makes the producer willy nilly the obliging servant of the consumer. Under the rule of a State monopoly the position is reversed.

But just at this point we touch the weakness of the argument in relation to the present controversy. The complaints against officialism are, in any case, one-sided, and take no account of the very high qualities manifested by Government Departments at their best. But, apart from this, in the case before us, it is no longer a question between private competition and State ownership, but between some sort of private monopoly and public monopoly. In coal mining the old competitive system is dead, and what we are considering is the question of the best substitute. A

great trust would build up its own officialism with similar defects of temper and less amenable to control. What emerges from the criticisms that we have indicated is the need of organs of effective criticism on official action. Parliamentary control has proved inadequate, partly owing to the sheer growth of the governmental machine, partly to the frequent absorption of Parliament and the public mind in Imperial and International questions. In particular the protection of the obscure individual needs some better security than the chance of getting a question asked in Parliament or of securing the ear of some enterprising editor. It is not enough that, in the case of coal mines, consumers should be directly represented in any public Board of Control that may be set up. What will be necessary is an organised system of dealing with criticisms, complaints and even with suggestions and plans of improvement. At present a complaint against a Department has to go to the Department itself, and the delays in dealing with it are a source of added annoyance. A great public service really requires its own specialised avenue for the reception of complaints and criticisms and a mechanism for sifting them and securing needful redress, which should be essentially independent and impartial as between the complainant and the Department complained of. The Committee on Cabinet Reconstruction, I think, recently recommended a Department of Research. I am not sure whether a general department with such a function would prove valuable, but I would suggest that attached to every ministry of public service a special department, concerned not only with the exploration of new methods, but with the criticism of administration in the interest of the public, and independent of the executive branch, is the necessary corrective to the failings of officialism.* The homœopathic remedy may prove the most effective.

2. *The Advantages of Private Enterprise.*—A candid advocate of nationalisation usually admits certain advantages in the system of private ownership. The private owner of a business, if active and intelligent, makes the best of existing opportunities and looks out for new openings. Unhampered by red tape he is, if not original and inventive himself, at least receptive of new suggestions and ideas. He finds new paths of advance, seeks to open new markets, prospers by new methods. In a word, he has initiative. So much would be granted; but it might be replied that these advantages are subject to serious drawbacks. In the first place, initiative is not by any means the characteristic of all private firms. There is every degree of enterprise or of dull conservatism and routine. New developments, the replacement of antiquated machinery and the like require capital, courage and sagacity, and only the better and stronger firms command the combination. There will always be many lagging in the rear, and as long as their products are required to meet the existing demand, it is their expenditure which in the long run will govern prices. Prices tend accordingly to be adjusted to the needs of the firms that, from one cause or another, are working on the least advantageous conditions, and the margin of profits available for the stronger firms is proportionately high. The public has to pay these prices while the employee gets no proportionate benefit from them since his wages tend to be equalised out on the basis of the amount which the "marginal" firms can afford. This general thesis of economists has received remarkable illustration in the evidence given before the Commission, from which it appeared that the Coal Control, though operating in the public interest, was forced to regulate prices in accordance with the requirements of the more backward and poorest mines.

If under public ownership something is lost in initiative there is a wide possibility of compensation in the levelling up which may not unreasonably be anticipated. Differences in the productivity of mines,

* Essentially I should rely on the same mechanism with the publicity which it would command to correct the liability, which many fear, of a national system to be wrested from the courses of good economy and the public interest by political pressure.

6 May, 1919.]

PROFESSOR LEONARD TRELAWNY HORHOUSE.

[Continued.]

of course, remain, but they need not be accentuated by differences in efficiency of method. It may be suggested that the standardisation of methods having, as it should, the effect of raising the efficiency of the "marginal" mines, would have a beneficial action on prices, which must be governed in the end by costs in such mines—which may well be set against the general increases of cost due to the increases of miners' wages. But to effect such standardisation a very free hand is required. The controlling body must be unfettered in its plans of opening up or closing down this mine or that, and such freedom is hardly compatible with the survival of any private ownership.

But in the comparison of private and public ownership there is a much deeper consideration to be taken into account. Though in the pursuit of private gain, owners or employers may be forced to serve their customers and indirectly to promote public ends, the motive is not that of public service but may even be opposed thereto. Private enterprise may make its way not only by the improved organisation of an industry but by hard bargaining, paring down of expenses, and the preference of customers who can pay best without reference to the question whether they have the greatest needs. Nor does private enterprise, as such, have to make its account with costs which must be borne by the community. It may "pay" a private company to run up unsanitary houses for the immediate accommodation of miners. The cost of housing in disease and general deterioration only falls accidentally and in small part upon the company. The community having the whole cost of wasted life and energy, impaired vitality, and perhaps lowered standards of civic efficiency in view, would apply quite another standard of cost and might reckon as debits houses that figure as assets in a private owner's books. In the long run the major portion of economies effected by the underpayment of workpeople, or their exposure to unnecessary dangers or unsanitary dwellings, comes back as costs upon the community, whether in the shape of higher poor rates or of the lowered vitality and productive power of the population. It is no answer to say that good employers realise these things and are not bound hand and foot to calculations of profit, for the question before us is not the goodness or badness of men, but the efficacy of a particular motive; and it is, therefore, relevant to show that the incentive of profit, if it leads to some good results, would also, of itself, lead to some others which are very bad.

It must be added that whatever efficacy the desire for profit possesses as a stimulus to exertion belongs to the epoch of free competition. It is the effort of one man to get ahead of another that introduces the racing spirit. But coal mining appears to have passed beyond this stage, and the stimulus of profit loses accordingly what value it may have possessed under different conditions. On the other hand the alternative motive of public service has materially gained in strength. Not only is this a higher motive in itself, but at the stage of social education now reached it has become for large classes of manual workers the more real and effectual stimulus. As against the desire of the employer for gain must be set the growing disinclination of the employee to work for the profit of another. Intelligent workmen are, of course, aware that there should be in normal industry a margin of profit over all expenses, and that in the most favourably situated branches of an industry this margin may be considerable. What they resent

(The Witness withdrew.)

Chairman: Gentlemen, I am very glad to say that the Hon. Thomas Ryan, who is the Premier and Attorney-General of Queensland, has been able to come here to tell us about the system of nationalisation in Queensland. I had hoped to call him somewhat later when we come to the question of what has

is that it falls into private hands. While fully prepared to do their best for the common good they will only give their services reluctantly to that which rightly or wrongly, they regard as private exploitation. We get here to the very root of industrial unrest, which is the growing belief that the only master that a man ought to serve is the community, combined with the determination that as a member of the community he should have some effective, and not merely nominal, voice in the control of the conditions under which he works. To satisfy this double demand is not only to cure the unrest, but to cure the real evils that cause it. The cure will no doubt have to take different forms in different industries, but in the case of coal mining conditions have come about which admittedly necessitate national control, and the contention is that this control will be most effectively and responsibly exercised on the basis of national ownership. Under such ownership, it may be urged, the psychological conditions which are now a cause of friction and waste would be converted into a very real and valuable asset.

The same conditions offer a means of compensation for the loss of private initiative. The working miner has his experience to contribute to the problems of management and it should be an integral part of any scheme of nationalisation to engage the work of all ranks through their own representatives in the conduct of the individual pit, of the coalfield, and finally of the entire industry. The working management of the mines should be a partnership between the workers of all grades and the consuming public. Such a partnership again is easier to work out if unencumbered with a third partner in the shape of the existing ownership. It is the duty of the State to make the most of this great natural source of wealth with due regard for the fair remuneration, safety, proper housing, &c., of the worker. This duty is performed awkwardly and against friction when carried out by the control of a private body charged primarily with the financial interests of its own clients. Full control, in fact, implies ownership and requires full financial responsibility for its ballast. Again, it is the duty of the workmen not only to support their wives and families, but to serve the community, and this duty will never come home to them in its fullness till they are recognised as servants of the community and see for their part that increments of wages no longer come out of private profits but from the purses of consumers or taxpayers, many of whom may be poorer than themselves.

The conclusions which emerge may be very simply stated:—

1. As compared with the old system of numerous competitive firms, nationalisation has advantages and drawbacks. Intelligently used, the advantages should be the greater.
2. As compared with a mixed system of public and private control, which now appears to be the only alternative, nationalisation has everything to recommend it. It is probable that any intermediate system would combine the drawbacks and forfeit the advantages both of nationalisation and of competitive industry.

Chairman: Does any member of the Commission wish to ask any questions on the witness's *précis*?—
(No reply).

been done in our Colonies and other countries on this subject. He has very kindly come here to-day, but he has to go back to Queensland at 12 o'clock, so that there is not much time, and I will ask him to come at once into the witness-box.

The Hon. THOMAS JOSEPH RYAN, Sworn and Examined.

Chairman: This is the statement of the Hon. T. J. Ryan, Premier and Attorney-General of Queensland, "Nationalisation of Mines and

Minerals." A copy of every Act referred to in the statement has been handed to the Secretary, and they are at the disposal of any Commissioner or the

6 May, 1919.]

HON. THOMAS JOSEPH RYAN.

[Continued]

Press if they wish to see them. The witness's statement says: "The present Queensland Government was returned to power in May, 1915. During their term of office they have largely increased the number of enterprises carried on by the State. Prior to their taking office the principal lines of railway were controlled by the State under the Railways Act." Then we come to additional State enterprises carried on by the present Government, including those carried on under Acts of Parliament, and there is a list given of the State enterprises which are carried on under Acts of Parliament. "(a) State insurance, which is carried on under the State Insurance Act of 1916 and the Workers' Compensation Act of 1916; (b) Mineral oil production, under the Petroleum Act of 1915; (c) State fish shops, under the Fish Supply Act of 1916." Then, in 1916, there was passed an Act of Parliament called the State Enterprises Act of 1916, and under that Act of Parliament there are carried on "(d) State pastoral stations, (e) State meat shops, (f) State sawmills, (g) State coal mines, (h) State iron and steel works, (i) State canneries, (j) State batteries and (k) State hotels." Then there are carried on under Parliamentary appropriations arsenic mines and railway refreshment rooms. Then the witness says: "These enterprises have been carried on successfully, and, in particular, I refer to the balance sheets for 1917 and 1918 of the State Insurance Department, which show a surplus for 1917, £27,795 6s. 3d.; for 1918, £74,884 6s. 3d. The method of disposal of the surplus is shown at page 5 of the Report for 1917 and pp. 5 to 8 of the Report for 1918. These profits were made notwithstanding the fact that the advantages to injured workers were increased by 75 per cent. without any corresponding increase of premiums. The Auditor-General's Report for 1918, dealing with the enterprises carried on under the State Enterprises Act and with railway refreshment rooms, shows that the aggregate net profit therefrom for the year ended 30th June, 1918, was £123,007 2s.

"Although profits are shown, the object of carrying on a policy of nationalisation of public utilities is not for the purpose of profit-making, but to assure to every worker the full benefit of his labour and to provide the consumer with commodities at reasonable prices by the elimination of the middleman.

"It has been found necessary to have sympathetic administrators of these enterprises. The greatest success is achieved where those carrying on the work believe in, and are sympathisers with, the policy of nationalisation.

"The failure of some of these enterprises to show a profit has been due to transient causes and to the fact that in the initial stages capital expenditure has been incurred on work (e.g., in the case of coal mines on shaft sinking and developmental work) on which no adequate return can be made until the enterprise has been more fully developed. (See p. 16, para. 31, of Auditor-General's Report.)

"As regards Coal-Mining.—State coal mines have been established or are in course of development in Southern, Central and Northern Queensland, namely, at Warra, in Southern Queensland; Dawson Valley, in Central Queensland; and Bowen, in Northern Queensland. The present sites were chosen principally to provide supplies for the use of the Government railways at the various centres, although it is intended to supply private consumers as the production increases and the industry is developed by the Government. As the operations of the State increase a corresponding saving will, it is hoped, be effected both in the wholesale and retail distribution of coal, thereby reducing the price of coal, as the expenses of agencies and administration will become less as the trade tends more and more to become concentrated in the hands of a great organisation like the State. At the State coal mines change-rooms and bath-houses are provided for the miners.

"It is interesting to note that during the year 1917 the carrying of coal from Southern to Northern Queensland by Government chartered steamer resulted in a saving to the State in freight alone of £12,700. Had the steamer not been chartered it would have been difficult to supply the northern por-

tions of the State with coal and coke, and copper supplies for munition purposes from Mt. Cuthbert and Mt. Elliott would have ceased.

"It is hoped that with the development of State coal mines it will be possible for the Government to establish State coke works. In this way the Government will be able to supply not only coal but coke to the State iron and steel works which it is proposed to establish under the State Enterprises Act. It is confidently expected that when the scheme of State production of coal and coke and the establishment of iron and steel works is carried out the result will be as satisfactory as that which has followed from the establishment of the State insurance scheme. The cost of distribution will be reduced and the middleman's profits eliminated.

"The Queensland law relating to the ownership of minerals, including coal, is contained in the Mining on Private Land Act of 1909 and The Land Act of 1910 (s. 6 (3)). As to the method of obtaining a lease of Crown lands for mining for coal or mineral oil, see the Mining for Coal and Mineral Oil Act of 1912.

"Land Nationalisation.—Crown lands cannot now be alienated in fee simple: perpetual lease tenure has been substituted. The rent is limited to one and a half per cent. of the capital value for the first ten years, when it becomes subject to determination by the Land Court. (See the Land Act of 1919 as amended by the Act of 1916)."

Mr. Ryan, I am very much obliged to you for your assistance to the Commission.

13,307. Mr. Robert Smillie (To the Witness): You referred us to an Act of Parliament dealing with the ownership of land and minerals and the methods of leasing. Could you tell us at the moment whether the minerals are the property of the State?—I have not the Acts in front of me, but a perusal of them since 1909 will show the exact position. As I recollect the provisions of the Acts since 1909, coal is the property of the State with regard to lands alienated subsequent to that date. Prior to that date they went to the owner of the land. Of course, in Queensland there is a very large area of Crown land and the greater proportion of the land is Crown land.

13,308. With regard to Crown lands, where they have not been leased or granted away, they are still owned by the State as to the surface and the minerals?—That is so, and all land alienated since 1909.

13,309. Land granted prior to that carried with it also the ownership of the minerals, did it not?—Ownership of the coal in some cases, but never of the gold.

13,310. Is it of coal only?—I would not say it is of coal only. In fact, I do not think in every case it carried it as to coal, but in a large number of cases prior to 1909 the title to the coal went with the title to the land.

13,311. Was what are called the precious metals reserved?—They were always the property of the Crown.

13,312. Of course, you are aware that this Commission is dealing primarily with coal mines?—Yes, that is so.

13,313. Does your experience of State enterprise justify your giving an opinion as to State mining being successful?—Yes, I think it does. In my opinion it has been successful and, generally speaking, as you would gather from the nature of my evidence, I have formed the opinion that the nationalisation of public utilities is beneficial to the public generally.

13,314. When you have nationalised other public utilities outside coal mining, have you taken them all over? I mean with regard to any public utility that you took over, did you take it over nationally?—Do you mean completely?

13,315. Yes, completely?—No, we have not done that, but that is our objective.

13,316. Did you set up State butcher-shops side by side with private butcher-shops?—Yes.

13,317. Would that mean that with regard to public utilities you have a monopoly?—In the case of mineral oil the Act provides for a monopoly, and State insurance for workers' compensation is a monopoly.

6 May, 1919.]

HON. THOMAS JOSEPH RYAN.

[Continued.]

13,318. You might perhaps have greater difficulty in taking over a public utility if you are still open to competition?—Oh, quite.

13,319. You would have to run your section of any public utility sufficiently intelligently to enable you to meet keen competition from individual owners?—Undoubtedly. Of course, the fact that we did not take over the whole of the utility would be to some extent due to the fact that during the war, which is the period during which our Government has held office, the difficulty of financing has been very great. We are not allowed to issue our own debentures beyond a certain quantity to be approved by the Commonwealth under their War Precautions Act.

13,320. We may take it from that answer that the experience of the last four years has been a more difficult experience to the Government than it would have been under normal conditions?—Quite so—particularly from the point of view of financing or using the credit of the State by the issue of debentures.

13,321. You have had greater difficulties than you would have had under normal conditions if there had been no war?—Absolutely, because the amount we could issue in debentures was limited to a certain quantity, or certain number.

13,322. Has the tendency towards State ownership been hastened by the war, or was it in the minds of people prior to the war?—In answer to that, it has been the policy of our party when they were in Opposition, even before the war, and part of our programme. But I may put it in this way—during the war I think in some respect we were afforded a better opportunity. Take, for example, our State cattle stations and State butcher-shops. The fact that the price of meat was soaring up helped us in a sense to step in, or made it necessary for us to step in and establish State cattle stations and also meat-shops, so as to control the price of meat from the private vendor, and enabled us to supply meat ourselves cheaply and to control the cattle market by bringing in fat cattle when there was a shortage in order to regulate the general price of stock.

13,323. With regard to the meat trade, which is rather an important item, during the war could it be taken that the action of the Government prevented a soaring up of prices against the people?—Oh, undoubtedly.

13,324. Did the Government lose by taking over the meat supply?—No; we show a profit and a very considerable profit.

13,325. Your experience has convinced you, has it not, that had you not taken the action which you did take, the price of meat as against the consumer would have been considerably higher?—Oh, much.

13,326. And the profits, in that case, would have gone to the private owners in that industry?—Quite so—either the owners of the cattle, or the owners of the meat works, or the private retail butchers.

13,327. Amongst the private owners in one shape or form?—Yes.

13,328. I understand you controlled outside of ownership; you fixed prices in many directions, did you not?—Yes, we did.

13,329. Do you think, had it not been for State interference, that in all the cases in which you fixed prices, the prices might have gone considerably higher against the consumer?—Yes, I think they would.

13,330. Did the fixing of prices tend to ruin any of the persons engaged in any industry where you fixed prices?—No; I do not know of any case of anyone being ruined, or even hardly pressed upon.

13,331. I suppose there has been complaint of State interference?—There have been many, many complaints of State interference, but that comes from a quarter which is interested in profit-making.

13,332. Of course, you think it a natural thing that persons interested in profit-making would protest against State interference?—Undoubtedly.

13,333. But, as a matter of fact, you do not know of any case in which your interference has ruined any persons engaged in the trade?—No, I do not.

13,334. So far as mining is concerned, you have not a monopoly, I think?—No, we have not yet.

13,335. Does the experience of the Government with regard to State mines justify you in feeling that

you will extend your operations if possible by purchase or otherwise?—Yes, we intend to extend our operations first upon Crown lands, which are already our own property in every respect, both as to surface rights as well as the mineral rights under the land.

13,336. In that case do you mean by exploration, boring and sinking to develop the minerals in the Crown lands?—That is so. Of course, now we sometimes bore in the vicinity of places where there are privately-owned coal mines with the view of testing the extent to which the coal extends around them, and that is a thing which could not be undertaken by any individual private owners.

13,337. Is that a very necessary precaution in order to prove your minerals?—That is so.

13,338. As the law stands at present, is there any likelihood of your leasing any of your Crown lands containing minerals to private individuals for exploitation purposes?—No, certainly not for exploitation purposes. Our policy is to retain the mineral property of the Crown as also the land. We are alienating no land in Queensland now except under perpetual lease tenure.

13,339. Have you had any complaint from the workers' side that they are worse treated under State ownership or in the State mines than in privately-owned mines?—No, certainly not.

13,340. Have you heard that the ton rates paid to the workers for working similar seams in the State mines is rather higher than it is in the privately-owned mines, and have you any knowledge of that?—I cannot say that off-hand. I should want to know the details more.

13,341. The reason I put it to you is this. I have a letter from miners out there giving the ton rates in the various seams?—No doubt what they say to you would be correct, because they would have no reason for not stating the truth. But the administration of the mines is not under my particular department; it is under the Minister of Mines.

13,342. Have you had any friction with the workmen in the State-owned mines as the result of taking over the mines?—None at all.

13,343. I think there has been in the past considerable difficulty between the workmen and the owners of the mines when they were privately owned?—Yes; of course, there have been the usual industrial disputes which arise between workmen and owners. That is common to everywhere and not only to Queensland. It is world-wide.

13,344. I was wondering whether it had increased because of State ownership?—No, certainly not. Of course, so far as our State enterprise of mining is concerned, it is only in the developmental stage at present. We are not long enough in power to have developed it to what will be its normal condition.

13,345. Of course, the industry itself is not a very old one as compared with the industry here?—Quite so.

13,346. It might be taken that you really only took over certain mines to supply your railways and the needs of the Government. That is not the case, but that was the beginning of it?—Yes, that is only the beginning; that is the stage we have reached at present.

13,347. Do you think the success of that justifies you in believing that it will be extended further than is necessary even to supply the State?—We are quite confident of that, and, as I say, we propose to establish State coking works and State iron and steelworks, so that we will require coal and coke not only for our own railways, but also for our State iron and steelworks which we hope to develop in the future.

13,348. With regard to those proposed coking plants and iron and steel plants, do you propose to keep them in the hands of the State?—Yes, we do.

13,349. Do you know whether or not coalmining, generally speaking, was a profitable concern in Queensland and other States of the Australian Commonwealth?—I think so; I think it was profitable.

13,350. So far as you know, it was reasonably profitable?—Oh, undoubtedly.

13,351. Would you tell us, if you happen to know, whether private mine owners who owned the mines

6 May, 1919.]

HON. THOMAS JOSEPH RYAN.

[Continued.]

joyfully accepted your decision to open up mines for yourselves and take over the mines?—They did not make any statement to the Government upon the matter. We were entering upon so many State enterprises which hit the private owner more than the coalmines—more particularly our insurance and State meat shops. Those are the things that caused the main outcry, because they more nearly touched the private owner.

13,352. This is a very important matter upon which you might be able to assist us. Have the workers in the mines any connection with the control of the industry where they have been taken over by the Government as between the Government and themselves?—Of course the method of carrying on these State enterprises is contained in the various Acts. They are carried on by the Government Departments, and under the State Enterprises a Commissioner of State Enterprises has been provided for and subsequently appointed. That was not our proposed policy. We did not wish to have a Commissioner, but the Legislative Council, the Second Chamber in Queensland, insisted on making that amendment. Our proposal was to have a Minister who would carry it on and who would be directly responsible to Parliament and who would have control of those enterprises.

13,353. A Minister of Mines.—Well, he would be a Minister of State Enterprises.

13,354. State enterprises of all kinds.—Yes, we proposed to group them.

13,355. I suppose you have not yet had sufficient experience to know how the accident rate in the State-owned mines compares with the accident rate in the mines which are privately owned?—No, we have not had a sufficiently long experience of it for that. As I say, it is only in the developmental stage, and you could hardly compare the period that we have been carrying on coalmining with the long period over which it has been carried on by private enterprise; but I should certainly think the accident rate would not be higher.

13,356. You would not be justified in giving a comparison of course, unless you had a sufficiently long experience to know?—That is so.

13,357. Did the Government think about the question of safety at all when they made up their minds to take over to some extent the mines?—Of course that would be a thing that would always be before the consideration of the Government and particularly of the Minister. As a matter of fact safety is provided for in privately-owned mines under the Mines Regulation Act. There are very strict regulations and very rigid inspection provided even for privately-owned mines. That is at the instance of the Government of course.

13,358. That was of course absolutely necessary when State mining was established to any extent?—Yes, and in that connection, I fancy, if I remember rightly, that the men have a right of having a check inspector.

13,359. Yes, I think that is so under law.

13,360. *Mr. R. W. Cooper*: Do you mean from among their own class?—Chosen by them.

13,361. *Mr. Robert Smillie*: I suppose your laws are framed very much on ours?—Of course, I have not the Act in front of me and I am speaking from memory, but that is my recollection.

13,362. I think you may take it that the Mines Regulation Acts of all our Colonies follow pretty closely on the legislation of the mother country?—I think they do.

13,363. Did you actually acquire from the private owners some mines which were already going concerns?—In one instance we did. The other two were upon Crown lands, but at Warra we acquired it from a private company. At that mine we are only in the process of sinking the shaft (the coal is somewhat deep) to the point where production of coal will be profitable.

13,364. Of course, I take it you would admit that in a country which mines so extensively as this country does, very great care requires to be taken on the question of nationalising the mines and changing them from private ownership to State ownership?—Yes, I should think so. It is a very big proposition

and will require very, very careful consideration in detail as to the manner in which it is to be taken over and the price and compensation, and so on.

13,365. Besides, I suppose you would require to consider whether or not the management of the mines and the workmen in the mines would work as well for the State as they do under private owners?—Yes, that is so. In other words, you would have to be ready to take on the running of the whole concern.

13,366. Probably one of the most important questions we shall have to deal with here is whether or not persons employed by the Government to work and develop industries would really work as well for the Government as for private owners. I want your experience as to that?—Do you mean whether they would work as well?

13,367. Yes; whether they would give the same energy and honest service to the State as they have given and are giving to private individuals who own industries?—Our experience is that they give the same honest service to us as they do to private individuals.

13,368. That is the point I want to get from you, because that is the strongest point in opposition to nationalisation here. Have you found in your various State industries that the managers and other servants who have been appointed by you have given perfectly honest service to you?—Absolutely. I have mentioned in my statement that sympathetic administration is necessary. It may be that in certain cases you would find an officer who really was against nationalisation and opposed to your policy, and you would not get the best success from him, but that is not the point that you are putting to me.

13,369. My point is that it is said that almost the only incentive to give good work is the hope of financial gain from it. Do you agree with that?—No, I do not. That must be a general proposition applying to everyone and every calling in every walk of life.

13,370. You would think it would be natural in a well regulated State that the workmen and the managers and all concerned would be more likely to give good service to the State than they would give merely for the building up of profits for the individual owner?—I think they would give the better service to the State—or, at all events, as good service.

13,371. In your own experience you have found nothing to belie that opinion?—Absolutely nothing.

13,372. *Mr. Arthur Balfour*: What is your oldest State enterprise?—I suppose the railways.

13,373. How long is that?—That is right from the beginning of the State. The State of Queensland was separated from New South Wales in 1859.

13,374. What was the next State enterprise after that?—After railways, I think it is set out in my paper that it was the petroleum industry.

13,375. How old is that?—That goes back for quite a number of years, but we have not produced petroleum oil yet; we are only boring.

13,376. So that there is no financial result to be shown from that or any result?—No.

13,377. Then your fish shops come next. Have you been running them for some time?—Since our Government was in power.

13,378. Is that 1915?—Yes.

13,379. Have they been a success financially?—I should say so. They do not show a profit yet, if that is what you mean. That will appear in the Auditor-General's Report, which I have put in. I think he shows a loss as a matter of fact, but it is only in the developmental stage yet.

13,380. Do I understand that the meat shops show a profit?—Yes.

13,381. That is under war prices really, is it not?—Of course they have been only established since the war. They do not show a profit on account of the war.

13,382. In calculating these profits (I do not want to take you through all the accounts) what sort of depreciation is allowed? Are the profits net or gross?—The Auditor-General's Report will show that. I think he shows net profits. I know in the case of the butchers' shops they allow a very large amount of depreciation. You will find it is much higher than what is usually allowed in private enterprises.

6 May, 1919.]

HON. THOMAS JOSEPH RYAN.

[Continued.]

13,383. It would interest us very much if you could give us a little more information as to how the State enterprises are run. What is the organisation? Have you a Commissioner? Yes, we have lately appointed a Commissioner.

13,384. Is he in charge of each enterprise or in charge of the whole of them?—Some of them are under Ministers. The Minister for Railways, for example, runs the railways; the Minister for Mines runs the mines and also petroleum oil. The Commissioner was only appointed about six months ago. He has such enterprises as the Government in Council assign to him. When I left Queensland in January last, I think it was only two or three enterprises we had assigned to him.

13,385. What is the basis of his organisation? Is his an organisation like an ordinary business concern?

His objective is to get an efficient organisation. He appoints officers and so on who are competent men to look after different branches of business.

13,386. Have you any sort of boards or pit committees at the pits composed of State officials and the workers?—We have not any joint committees of that sort. The Government keep the whole control of the matter.

13,387. So that the State really has the whole control like a private owner has?—I would not like to say just as much as a private owner has. That might convey a negation of the policy of nationalisation.

13,388. I mean it is the same sort of control: they can make a decision without reference to joint committees?—Yes.

13,389. And they do take prompt decisions?—Yes; that will appear from the different Acts, and you will see what their method of management is.

13,390. You can conceive that it would be difficult to run an enterprise of that kind without some one at the head who can take prompt decisions?—Yes. There should be someone or somebody at the head, no doubt. I would not say one individual, but certainly heads. Whether they should be associated with these advisers or not would be a matter for the administration.

13,391. It is a matter upon which we should like to have your views if you could enlarge them a little, because it is a very important point?—I put it in this way in my statement—that there should be a sympathetic administration by people who believe in the policy and by people who are competent to run the concern.

13,392. But they are executive officers of the State?—With us they are. We would appoint and propose to run some one who has been a thoroughly competent miner. To run our Insurance Department we would appoint a man who has had long experience of insurance and so on.

13,393. That is a very reasonable thing to do. With regard to insurance, is it confined entirely to workmen's compensation and insurance?—No.

13,394. Do you also do marine insurance?—Yes, and general insurance.

13,395. Is it possible that you have made some war profit out of marine insurance?—I think the main profit was out of the workers' compensation, and very little out of general or marine insurance.

13,396. I take it you have no iron or steel industry established yet?—No.

13,397. And by batteries, I take it you mean batteries for gold mines?—Yes, public batteries.

13,398. Have you any of those running?—Yes.

13,399. Are they successful?—Yes, very successful. I should like to be able to put the figures before you, but you will find them amongst the papers.

13,400. Have your refreshment rooms been successful?—Yes, very successful.

13,401. How many have you?—The State Railway refreshment rooms are all over the State.

13,402. I take it the hotels are a separate enterprise?—The main State hotel is at a place called Babendy in North Queensland.

13,403. Have you any others, or is that a first experiment?—There is only that and the refreshment rooms, which, of course, run bars the same as they do here.

13,404. They have bars?—Yes, in connection with some of the refreshment rooms, but I think the profit on the hotel was quite large.

13,405. Mr. R. W. Cooper: I gather that this colliery at Warra is still in the course of being sunk?—Yes.

13,406. And you bought it from private owners?—Yes.

13,407. The other parts of your coal project relate to collieries you propose to establish on Crown land?—Yes.

13,408. To work Crown minerals?—Yes, that is for the present. We have had under consideration the taking over of some very large mines. I do not want to go into details of our negotiations.

13,409. You mean privately owned coal mines?—Yes, to a very considerable extent, but we did not come to terms with the owners. They wanted more than we were prepared to give and we were able to turn round and start on our own account.

13,410. But you did attempt to negotiate with the owners and buy them in the ordinary way?—Yes.

13,411. As regards the rate of pay, I suppose your experience with regard to coal mines is very limited in regard to paying the workers. How does the State rate of pay compare with the private rate of pay?—I can only speak of our objective which is that the State should be a model employer. That is how we express it. The wage for coal miners, or any other workers, is fixed by a tribunal, the Arbitration Court. We have a Court of Conciliation and Compulsory Arbitration, and nearly all the workers in the different industries in Queensland work under awards made by that tribunal.

13,412. As they do in New South Wales?—Yes, and of course that tribunal does not make a difference, as a rule at all events, between a State employee and an employee in private employment.

13,413. Does that tribunal regulate the salaries of managers—I use the word "salary" as distinct from the word "wage"?—Well, it could regulate salaries; as a matter of fact it does regulate the salaries of public servants in Queensland.

13,414. Are the salaries quite as liberal as the private salaries? I am thinking of the upper grades of management?—Well, I think they are. It is difficult to compare an Under-Secretary with the manager of a big business outside.

13,415. And, of course, one does know that the State salaries generally in the Commonwealth are a good deal below our English scale?—Well, in some instances they are. You are speaking now of the higher salaries and not of the wages of workers?

13,416. Yes. About what is your present output of coal in Queensland per annum? Have you any idea?—I cannot tell you the exact amount. I think it appears in the statement or some of the annexures.

13,417. Chairman: I should like to know that if we can get it. Does it run into a million tons?—It is in the document that it is a million and 48 thousand tons.

13,418. Mr. R. W. Cooper: I think the total of the Australian output in peace times is about 11 or 12 millions?—Probably.

13,419. Of course, you mean the whole of Queensland?—Yes.

13,420. As I understand the position, there is no output yet from the State mines?—Very little. There is a very little from Warra, but they are in the development stage.

13,421. In fact, they are establishing the colliery and they get a few coals as they establish the colliery?—Yes. I conclude that our experience in the nationalisation of coal mines will be as successful as it has been in the other enterprises which we have proved to be a success.

13,422. Have you had any trouble with your coal miners yet; have you had any strikes to contend against?—No, not yet.

13,423. I suppose the number of miners at present is very small?—It is not a large number—nothing like the railway department or other departments.

13,424. Have you ever had any strikes on your railways in Queensland?—Yes, we have had a strike in the northern part of the State.

6 May, 1919.]

HON. THOMAS JOSEPH RYAN.

[Continued.]

13,425. *Mr. Evan Williams*: You have nothing in the way of comparison between State-owned mines and privately owned mines which would be very valuable to us?—I do not think I have, except I have referred to baths for the men, and so on, which are referred to in that proof.

13,426. You have baths at the State mines, but they have not at the private ones?—That is so.

13,427. *Sir Allan Smith*: Where did you get the cattle for these meat shops of yours?—We get the meat from the meat works.

13,428. So that you do not produce the raw material?—We produce some, but the main proportion we buy from the meat works under a contract.

13,429. Do you pay the ordinary competitive price for what you purchase?—We pay the meat works a little more than pre-war prices—about 3½d. a pound—for the supply of 7,000 tons of meat a year.

13,430. Who runs these meat works?—They are privately run. We have State meat works now established.

13,431. Does the ordinary purchaser of meat pay the same price as you are paying in the open market?—No. He might pay a little more in the open market.

13,432. Where do you effect the saving which enables you to sell your meat at less cost? You say you sell to the consumer at less cost than the ordinary private enterprise sells at?—This is how we work it. We say that the meat costs so much, and we have rent and wages to pay. We work out what it costs to do that and we sell at what will allow a slight margin of profit to make a reserve and to provide for contingencies so that it will not be finally run at a loss.

13,433. With regard to the payment of people who are in your shops, have they any bonuses on sales?—No.

13,434. They are paid net time wages?—Yes; they are paid the award wages and overtime.

13,435. You have not any coal to distribute. Have you any products which you do distribute to private purchasers?—No, nothing beyond meat.

13,436. So that you have no experience of the distribution of products other than meat?—We have a State produce agency now established. That is intended for the marketing of the product of all the primary producers.

13,437. But you have not been able to prove the value of that?—Not yet.

13,438. You say your objective is that the State should be a model employer?—Yes.

13,439. I suppose you agree that there are some good qualities in employers?—Of course.

13,440. And therefore you propose to adopt these good qualities and dispense with the bad ones?—It would be a good idea if you could. Of course, I am not so foolish as to suggest you can do all that.

13,441. No, but your objective of course is your aspiration?—Yes.

13,442. Do you agree with the suggestion that industries should be controlled by committees of workpeople?—I have told you how we control them.

13,443. What is your view?—Do you mean that it should be controlled by committees of workpeople?

13,444. Yes?—I would not hand the industry over wholly to those employed in the industry if it is owned by the whole community.

13,445. *Sir L. Chiozza Money*: The question of profit has been mentioned. Is it right to say that the Queensland Government has set before it in this question of public ownership, first of all, the interest of the community?—That is correct.

13,446. Is it your first object to give cheap (in the best sense of the word) commodities to the consumer?—Yes, that is so. The term we use is "at reasonable prices."

13,447. With regard to meat, was it the fact that when you opened these State butcher's shops the price of meat had soared to an extraordinary height in Queensland?—Extraordinary for Queensland, but not extraordinary for here.

13,448. It reached about 1s. a lb. for Queensland in some cases, did it not?—Yes.

13,449. What was the effect upon those prices of opening the shops?—The effect was to control the price charged by the private vendor of meat and to provide cheap meat in our own shops which supply a considerable number, about 15,000 families a day, and our fat cattle again effect a control over the fat stock market. We brought in droves of fat cattle whenever there was a shortage in the fat cattle market.

13,450. Did it compel the privately owned shops somewhat to conform to your State prices?—It compelled them to be more reasonable than they had previously been.

13,451. So that the community gained not only through your shops but through the other shops?—Undoubtedly.

13,452. There is a very important point which has been raised again and again in our deliberations. Is it possible for State enterprise to find competent managers? May I ask what your experience has been?—Our experience has been that we have been able to find competent managers.

13,453. Do you find the State is able readily to command the services of really good men?—I do.

13,454. Who are quite equal to the best men employed in private enterprises?—Quite so. It is very often a matter of what you pay them.

13,455. One other important matter has been raised, and that is with regard to political influence. Have you had difficulty with regard to these appointments, or any appointments, whether of managers or workmen owing to political influence?—No.

13,456. How do you deal with that? Has any attempt been made to exercise it, and, if so, how do you deal with it?—Of course, we do what we think is right. We have not had political influence attempted on us. I should think, if it were attempted, our proper attitude would be to act, notwithstanding that pressure; in other words, you must, if you are going to carry on any Government efficiently, have a strong executive that do its duty. People always have the remedy by getting rid of the Government if they do not do so.

13,457. As a matter of fact, political influence has not had any part in the making of the managerial departments?—No.

13,458. Are you quite sure of that?—Quite sure.

13,459. With regard to the actual workmen who are employed in these industries, do you find that you get a fair day's work out of the men?—Undoubtedly.

13,460. On the whole are the men satisfied with their conditions of employment?—On the whole they are.

13,461. With regard to insurance, I understand it is a monopoly?—The workers' compensation part of it is a monopoly.

13,462. Is it the fact that you are able to give very much higher benefits for the same cost? Taking the premiums paid by private employers before your monopoly, are you able to give higher benefit for the same cost?—Yes, much—75 per cent. higher.

13,463. That is to say, you give 75 per cent. more benefits for the same cost of premium?—Yes, we raised the amounts payable for fatal accidents from £400 to £600, and the weekly payment for partial disablement from £1 to £2, and for total disablement from £400 to £750.

13,464. Was that done by economies in State management?—Yes, and of course less profit. I do not know what profit the private companies may have been making.

13,465. Is it a fact that after raising the benefit 75 per cent. you made an incidental profit?—Yes, of £50,000 in one year.

13,466. *Mr. R. H. Tawney*: It is possible to get copies of this book, "Socialism at work relating to Queensland"?—I am sorry to say I have not sufficient copies with me for everyone here, but I shall be very pleased to send them over.

13,467. *Mr. Robert Smillie*: Sir Alan Smith put a question about whether or not you would give control to the workers, and you said you were not prepared to hand over to the mine workers or other workers the whole management?—I said "entirely."

6 May, 1919.]

HON. THOMAS JOSEPH RYAN.

[Continued.]

13,468. Would the same objection take place to handing over partially?—I should not think so, but I refer to our method of management as contained in certain Acts of Parliament. If I were running coal mines, I should certainly want the advice of the Miners' Committees and so on.

13,469. The manager of course is under the law and

must be held responsible for the safety of the men?—Yes.

13,470. But the manager might surely by consulting a committee do that better?—Undoubtedly that would be a very useful and very necessary thing, I should think.

(The Witness withdrew.)

Mr. WESTGARTH FORSTER-BROWN, Sworn and Examined.

Chairman: This is the first of the witnesses on the question of royalties.

Witness: Might I ask if I can have the Report of the Land Acquisition Committee?

13,471. Chairman: I will deal with that when I come to it:

"He is a mining engineer with thirty years' experience as member of the firm of Forster Brown & Rees.

His firm are the mineral advisers in South Wales for properties aggregating about 60,000 acres, with an average annual output of 7,000,000 tons.

He also acts as mineral adviser for estates in charge of His Majesty's Office of Woods and Forests, and for important lessors of minerals in parts of Great Britain outside South Wales.

In accordance with the instructions of the Commission he has come to state his views upon:—

1. The nationalisation of mineral rights.
2. Should that be decided on, the method of compensation to be adopted.

The present system of private ownership of mineral rights has not, in witness's opinion, interfered with the free development of the mineral resources of the country. This is proved by the rapid development which has taken place in the several coalfields of the country.

Witness puts in a Table compiled from the return of the Inspectors of Mines, showing the output of coal from each of the chief coalfields for the years 1880, 1889, 1897, 1907, 1913."

That table is attached. I will read the totals, in order that the Commissioners may see Mr. Westgarth Forster-Brown's point. Total for Scotland, England and Wales, 1880, 146,000,000. Is that tons?—Yes, tons.

13,472. 146,000,000 tons in 1880; 176,000,000 tons in 1889; 202,000,000 tons in 1897; 267,000,000 tons in 1907, and 287,000,000 tons in 1913:

"This Table shows that with the exception of South Staffordshire there has been a continual and rapid increase of output in the majority of coalfields. The several districts have been regrouped between 1907 and 1913, and it is not possible to make a reliable comparison between these two years, but comparing 1907 with 1897, the largest increase amounting to 56·24 per cent. was in the Midland coalfield; 52·31 per cent. in the West of Scotland; 46·2 per cent. in Yorkshire and Lincolnshire; 44·2 per cent. in South Wales including Monmouthshire; 31·67 per cent. in the Newcastle coalfield, and smaller increases in other coalfields.

The increases in 1897 compared with 1889 were less, amounting in the total raised to 14·2 per cent. as compared with 32·5 per cent. between 1907 and 1897.

In the South Wales coalfield between the eastern outcrop of the coal measures and a line drawn from Port Talbot to Hirwain out of 234,000 acres or thereabouts underlain by coal measures only 7·4 per cent. of the area remains unlet, whilst from the same eastern outcrop to the River Neath towards the west, out of an area of approximately 275,000 acres, 49,000 acres or 17 per cent. only remains unlet.

In the western part of the coalfield, where the coal is largely of an anthracitic nature, the development has been slower, and the proportion of unlet property is greater, owing to the fact that the demand for anthracite coal increases at a slower rate than that for bituminous coal or semi-bituminous steam coal, about 48 per cent. being let. Witness can produce a plan shewing the many mineral areas already now let."

13,473. We will have that for any gentlemen who wants it:

"It is witness's experience that intending lessees have no difficulty in securing what areas they require, whenever they are prepared to undertake developments.

Witness believes that this is the experience in other coalfields, as is evidenced by the very rapid development and extension eastward of operations in Yorkshire and Nottingham coalfield; by the fact that in Northumberland and Durham and in Cumberland practically all areas, where there is any certainty of coal existing, have been taken up.

Witness is not so well acquainted with other fields, but believes the same position to hold good, and even in Kent, at a time when the existence of coal in payable condition was very speculative, little or no difficulty was met with in applicants obtaining what properties they required for exploration purposes.

In witness's experience a mineral lessor is only too ready to let, provided he can obtain what he is advised are fair and reasonable terms.

The present procedure of securing mineral properties by an intending lessee, if the parties are prepared to be reasonable represents no difficulties, and is both effective and fairly rapid. An applicant ascertains who a certain lessor's mineral agent is and applies for terms of the property he wishes to secure, a meeting or meetings is or are arranged and in witness's experience little difficulty is usually met with in agreeing upon what are reasonable terms; when these have been agreed, the agent refers them to his client, and in 99 cases out of a hundred the latter follows his agent's advice, and the solicitors are instructed to draw up the necessary documents.

The rate of development of a coalfield is governed by the state of and prospects in the coal trade at the time and not in any way by the difficulty or otherwise in securing leases of mineral properties.

The fact that there have been several periods of depression in the coal trade, due partly at least to over-development, goes to prove that mineral properties have been brought into operation before the demand warranted it, and that the nation has not suffered from any difficulty in getting minerals developed as soon as they were required, although held by private owners.

Witness does not believe that State ownership of minerals will lead to any more rapid development of the mineral resources of the country, as his view is that the real factor governing development is the prospect of obtaining a remunerative return upon the capital to be laid out, and this will vary according to the state of the trade.

Witness's experience is that during and after times of high prices in the coal trade mineral properties are more rapidly taken up than when the trade has been or is at a low ebb.

It would not tend to economy or full employment to force the development of mineral properties earlier than the time at which the coal to be produced from them could be readily absorbed.

Objections urged against the present system of private ownership of minerals are that in certain ways it may and does in some cases lead to waste of coal.

Witness is a member of a sub-committee of the Land Acquisition Committee, presided over by Mr. Leslie Scott, K.C., who have been considering this phase of the question, and the best method of meeting any difficulties which may arise under the present system, and an interim Report upon the subject has already been presented to the Minister of Reconstruction.

6 May, 1919.]

MR. WESTGARTH FORSTER-BROWN.

[Continued.]

Witness begs to refer to this Report, which sets out the difficulties which sometimes arise under the present system, and the method suggested of meeting them."

13,474. Is that the interim report?—Yes.

13,475. If desired, I will ask the Minister of Reconstruction if we can have it:

"Although the list of possible difficulties is long, witness would emphasise that in his experience they seldom arise. The Committee's object, however, was to endeavour to ascertain all possible difficulties and provide a means of overcoming them when they did arise.

For example, difficulties occurring under par. 5, sub-section (i), (iii), (vi), (vii) and (ix) in the Report, which may be classed as difficulties due to unreasonable lessors, are, in witness's experience, exceedingly rare, and it only requires some simple procedure such as is suggested of an impartial Tribunal to prevent them occurring. In fact, in witness's view the very fact that such procedure was available would prevent any difficulty arising from these causes, and the services of the Tribunal would not be called upon, except in cases where what may be termed a legitimate difference of opinion as to the value of a property for letting arose."

13,476. What is sub-section (1)?—"In some cases owners have restricted development on grounds which are either wholly unreasonable, or, although perhaps reasonable from their point of view, contrary to the national interest."

13,477. What is No. 3?—"Where the ownership is distributed in a number of small estates or where the minerals are owned by tenants in common, it sometimes happens that one or more owners refuse permission to work on any terms, or endeavour to enforce exorbitant demand or cannot be found, with the result that the area becomes landlocked, and if it is too small to justify the sinking of a separate shaft, the minerals are permanently lost."

13,478. The first is unreasonable owners; the third is multiplicity of owners and some which cannot be found. What is No. 6?—"It is sometimes difficult for a mine worker to obtain on reasonable terms wayleaves both above and below the surface. The mine worker in order to work his mine efficiently and economically—as it is in the national interest that he should do—requires rights of access on the surface to railways, canals, highways, etc., and below the surface the right to bring coal, etc., from the mines of one lessor through the mines of another lessor. If such rights or wayleaves are denied to him or are only obtainable on unreasonable terms, the economical development of his mine is impeded, or the cost of production unduly swollen."

13,479. Now, what is No. 7?—"It is not infrequently difficult for a mine worker to obtain on reasonable terms other surface rights which are necessary to the efficient working of a mine; as an instance, a mine worker may have an insufficient area of surface ground for dumping his colliery refuse or other waste products, and as the working of the mine proceeds he will be seriously handicapped unless he can obtain reasonable facilities at a reasonable price."

13,480. Now No. 9?—"Cases arise where, owing to unforeseen circumstances, a colliery company or other mine worker is unable to continue the working of the mine, or certain seams in the mine, unless some modification or re-adjustment is made in the terms of the original bargain between the parties concerned. In such cases the minerals may be lost to the nation."

13,481. I will go on now with your proof:—

"For example, difficulties occurring under par. 5, sub-section (i), (iii), (vi), (vii) and (ix) in the Report, which may be classed as difficulties due to unreasonable lessors, are, in witness's experience, exceedingly rare, and it only requires some simple procedure such as is suggested of an impartial Tribunal to prevent them occurring. In fact, in witness's view the very fact that such procedure was available would prevent any difficulty arising from these causes, and the services of the Tribunal would not be called upon, except

in cases where what may be termed a legitimate difference of opinion as to the value of a property for letting arose.

The difficulty suggested as arising under (ii)."

That is where there are a number of small owners?—"Unless the owner has had control of a sufficiently wide area and been gifted with adequate foresight and wisdom in himself and his advisers, there has been no general plan of mineral development proceeding on a scientific study of the geological conditions of an area as a whole."

13,482. "The difficulty suggested as arising under (2) can be readily met by a provision that plans of new development shall be submitted to the Mines Department, which, witness assumes, will be set up, with power to go before the Tribunal in the event of their not approving the plan, and being unable to get the would-be adventurers to agree to their proposed modifications." "Again the question of coal unnecessarily left in barriers"—what is your view with regard to coal left in barriers?—Shall I read the provision?

13,483. Certainly?—"Coal is often left in barriers on the boundary of a mine to prevent the inrush of water from other workings on a higher level. The total area of minerals left in such barriers is very large, and we are satisfied that a comprehensive survey of existing barriers would show that a considerable portion could be worked with safety. But mine managers hesitate themselves to take the risks, because, apart from the danger to life which would arise in certain cases if a mistake were made and a passage thereby opened for the ingress of water, the expense of pumping may easily eat the profits of the mine and even render a large area of mines on a lower level unworkable, and give rise to immense claims for compensation at the instance of the parties interested in those mines."

Sir L. Chiozza Money: It seems to us it is very difficult to examine this witness without these papers which are being quoted to us, especially as Mr. Leslie Scott, who was Chairman of this Committee, has accepted a brief for the royalty owners in this matter and attends these proceedings. It makes it very difficult, especially as he and the witnesses have semi-official information which is not in our possession.

13,484. *Chairman:* I am going to have that circulated. I anticipated this question about Mr. Leslie Scott would arise. I will ask with regard to it. Then the witness goes on:—

"Again the question of coal unnecessarily left in Barriers (v) can in witness's view be best dealt with by a Mines Department obtaining a survey of all barriers and getting out a scheme of re-arrangement, giving all parties likely to be affected a chance of being heard before the Tribunal."

13,485. I think our new Commissioner, Sir Adam Nimmo, was a member of this Committee?—Yes.

13,486. So we have Mr. Leslie Scott and we have the pleasure of yourself and Sir Adam Nimmo as one of the Commissioners: "Any difficulty arising under the other headings except (4)"—what is (4)?—(4) relates to the surface: "It often happens that the owner of the surface has not parted with his legal right to the support of the minerals underneath the surface of his land and also under adjoining land. Removal of any appreciable proportion of the minerals—certainly of the least proportion which would be commercially profitable—inevitably causes some subsidence, and subsidence extends not only to the surface vertically above the minerals so worked, but also to the adjoining surface for some distance away. In such a case, apart from his liability for all damage caused to the surface by such subsidence, the mine worker is liable at any moment to an injunction restraining him from working at all, if subsidence is threatened. There are also cases where, although the mineral worker has the right to let down the surface, he can only do so on payment of all damage caused, and in such a case, fearing the risk of subsidence causing greater damage than the profits to be got out of the minerals, he leaves them unworked. In all such cases the minerals so left are for the most part permanently lost to the nation."

6 May, 1919.]

MR. WESTGARTH FORSTER-BROWN.

[Continued.]

13,487. The witness goes on:—

“Any difficulty arising under the other headings, except (iv) require investigation into the merits of the cases and could be readily dealt with by the Tribunal suggested.

Any difficulty arising under (iv), *i.e.*, difficulties between the mineral worker and the surface owner would, the witness thinks, be intensified if the State became the proprietor of the minerals, as there would be a greater severance of interests between the surface and minerals. At present over very large areas the surface and minerals are in one hand, and as it is generally the case that the working of the minerals is of more value to the owner than the maintaining of his surface, little difficulty arises in these areas, but when the surface has become severed from the minerals, the surface owner requires protection. It is suggested by Mr. Leslie Scott's Committee that this latter difficulty can be best met by vesting in the Sanctioning Authority power to authorise working under such surface if after an investigation of the facts they consider it in the public interest, but at the same time ensuring that the surface owner shall be fully compensated, and to provide for this they suggest an insurance scheme to which all parties benefited by the release of the minerals in question should contribute.”—At the end of that paragraph I should like to add the words, “and guaranteed by the State.”

13,488. Your *précis* goes on:—

“The procedure suggested is shortly to set up an impartial Tribunal, who shall have power whenever it is in the national interest that any rights of user or working, or even ownership, should be obtained in either surface or minerals, including rights of working minerals in certain exceptional cases, the right to let down the surface, rights of way, or any right in, over or under land, to grant a compulsory Order, subject to just compensation being paid to the parties affected.

Under the procedure suggested, any difficulties which may occasionally arise can be readily dealt with, and it would not be necessary, so far as any question of waste of coal is concerned, to bring about so far reaching a change as nationalising mineral rights for what in witness's opinion are only occasional difficulties, and ones which have had no appreciable effect in retarding the full development of the country's mineral resources.

Witness agrees that these difficulties could be largely done away with under a scheme of nationalisation, but upon the assumption that the minerals were all in the hands of the State, there are one or two points which would require to be considered.”

13,489. I want to stop there. The Commission has asked me in the case of the witnesses for the royalty owners to ask questions independently. I gather from what you say with regard to these mining royalties there are certain difficulties of the character you have already indicated, that is to say there are difficulties where you get unreasonable owners?—Yes.

13,490. There are difficulties where you get a number of owners who cannot be found?—Yes.

13,491. There the difficulties with regard to barriers and there are difficulties with regard to drainage, and so forth. In your view are those difficulties that could be met, and satisfactorily met, if you had some tribunal which could order people with a view to compensation to meet those various difficulties, either by in one case letting the land be taken with proper compensation, or making provision for drainage and removal of barriers, and so forth?—That is so.

13,492. You think it would be unnecessary to fly to nationalisation as a remedy for these various evils which could only be dealt with in your opinion by a tribunal and which really do not exist in any great degree?—That is so. I would rather put it this way. Given two alternatives which are going to accomplish exactly the same thing I would take the alternative which was going to cause the least disturbance and the least amount of experimenting as being the sound one to follow.

13,493. I put these questions to you at the request of the Commission, independently?—Yes.

13,494. The witness goes on:—

“For instance, in the event of the mineral worker being in financial difficulties through bad trade or disturbances underground, and where the prospect of his being able to survive was doubtful, he would be placed in a worse position under State ownership than under private ownership.

Witness's experience is that the first thing the proprietors of an undertaking so situated do is, to apply to their mineral owners for concessions in their rents and royalties. The lessors usually meet them as far as possible as they take the view that if they allow the undertaking to go under they will get no income from it, whereas by granting them concessions they may induce them to work on, and the concern may pull round. It is to the direct interest of a private lessor to keep an undertaking, from which he derives revenue, alive if he can.

If all the minerals belonged to the State, the granting of a concession in such a case might not be advisable, as it might be taken as a precedent in other cases and prejudice the revenue from other undertakings and cause a greater loss to the Government than letting the original undertaking go under.

The difficulties which may arise owing to the greater severance of mutual interest between surface and minerals, witness has already referred to.

Witness is not in a position to express any view from a financial point of view of a proposal to nationalise minerals.

Summing up, witness's view is that the difficulties which occasionally occur under the existing system are minor ones and do not call for so drastic a change as nationalisation in order to surmount them; that the private ownership of minerals cannot be shown to have interfered to any appreciable extent with the free development of the country's coal resources.”

13,495. The last paragraph, which you have put so clearly in four or five lines, is the gist of your evidence?—That is so.

13,496. I will read it again:

“Summing up, witness's view is that the difficulties which occasionally occur under the existing system are minor ones and do not call for so drastic a change as nationalisation in order to surmount them; that the private ownership of minerals cannot be shown to have interfered to any appreciable extent with the free development of the country's coal resources.

2. If nationalisation of mineral rights is decided upon, the method of compensation to be adopted.

Upon the assumption that the Government decide to nationalise mineral rights, the fairest method of arriving at the just compensation to be paid to the interests involved would be, in witness's opinion, to appoint a valuer or valuers upon each side to value the different estates, with power to go before a Referee in the event of their being unable to agree.

Such valuation to include the value of unlet or undeveloped properties.

This question has not been considered by the Land Acquisition Mining Sub-Committee, and the above suggestions are entirely witness's own.”

13,497. That is Mr. Leslie Scott's Committee, the one you have spoken of?—Yes.

“As the State would be the purchasers, the costs of valuation and transfer should be borne by them, except possibly in cases which go before the Referee, and in which the ultimate decision shows the vendor to have asked an extravagant price, *i.e.*, the Referee to have a discretion in awarding costs.

In witness's experience the usual basis of valuation of mineral properties producing royalties, certainly in South Wales, is to value the income derivable and to be derived upon the 8 per cent. table, which is equivalent on a long term to 12 to 12½ years' purchase.

In the case of properties producing certain rents only, rents for colliery surface, &c., which are not subject to the geological risks or variation in income to which incomes from royalties are, then at 15 to 16 years' purchase.

6 May, 1919.]

MR. WESTGARTH FORSTER-BROWN.

[Continued.]

Summary of coal worked in Great Britain and Ireland for the years 1880, 1889, 1897, 1907 and 1913 extracted from Inspectors of Mines Annual Reports.

District.	1880.	1889.	1897.	1907.	District.	1913.
Scotland, East	12,019,443	13,682,601	16,387,413	20,755,573	Scotland	42,456,516
		13'84	19'7	26'7		
Scotland, West	6,255,443	9,534,562	12,695,583	19,336,975	Northern Area ...	58,675,687
		52'42	33'2	52'3		
Newcastle	15,606,849	18,861,335	21,768,490	28,663,991	York and North Mid-	72,951,841
		20'85	15'4	31'7	land.	
Durham	20,994,720	21,933,211	23,810,180	27,579,465	Manchester and Ire-	11,524,921
		4'71	8'3	16'0	land.	
Yorkshire and Lincoln-	17,468,536	21,973,400	24,049,450	35,171,941	Liverpool and North	16,841,549
shire.		25'79	9'4	46'2	Wales.	
Manchester and Ireland	9,653,560	10,368,422	10,573,538	12,236,371	Midland and Southern	28,284,387
		7'41	2'0	16'0		
Liverpool	12,029,751	14,338,145	15,298,871	17,897,931	South Wales	56,830,072
		19'18	6'7	16'9		
Midland	14,500,995	19,712,868	23,797,518	37,182,553		
		35'94	20'7	56'2		
Staffs, North	5,660,800	6,042,601	6,434,197			
		6'75	6'5	16,168,244		
Staffs, South	9,660,000	10,119,276	9,316,051	2'6		
		4'75	Decrease 7'9			
South Western, excluding	2,795,934	3,090,597	*12,477,662	16,037,300		
Monmouthshire.		10'55		28'5		
South Wales, including	20,323,378	27,209,706	†25,510,243	36,782,508		
Monmouthshire.		33'88		44'2		
Totals	146,969,409	176,916,724	202,119,196	267,812,852		287,564,973
		20'38 on	14'2 on	32'5 on		7'4 on
		1880	1889	1897		1907

* Including Monmouthshire.

† Excluding Monmouthshire.

Increased percentage heavy type.

13,498. Do you desire to add anything to what you have been good enough to tell us?—I do not think so.

13,499. Mr. Robert Smillie: You were a member of the Land Acquisition Sub-Committee?—Yes.

13,500. Sir Adam Nimmo was a member of that?—Yes.

13,501. Mr. Leslie Scott was Chairman of it?—That is so.

13,502. Do you know whether or not there was a person upon it representing the interests of labour?

Chairman: I will read the names—Mr. Leslie Scott, K.C., M.P., Chairman; then yourself, Mr. Forster-Brown; Mr. Comyns Carr, Mr. J. Inglis Davidson. Who is he?—He is from Scotland.

13,503. Sir L. Chiozza Money: What is his occupation?—A surveyor, I think.

13,504. Chairman: Mr. Dixon Davies. He is the solicitor to the Great Central?—Yes.

13,505. Mr. Ellis Davies?—He was a Member of Parliament; I am not sure whether he is now.

13,506. Is he a miners' agent?—No.

13,507. Sir Robert Elliott-Cooper?—An engineer.

13,508. Mr. George M. Freeman, the well known Parliamentary Counsel; Sir William S. Haldane; Sir William Middlebrook, M.P.; Sir Adam Nimmo; Sir Thomas Ratcliffe-Ellis; Mr. C. E. Rhodes and Sir Arthur T. Thring?—I think the original Committee included Mr. Walsh, but he did not attend.

Chairman: Then there was Mr. Eustace Davies, the Secretary, and Mr. Bernard H. Drake, the Assistant Secretary.

Sir L. Chiozza Money: Who appointed the Committee, may I ask?

13,509. Chairman: I think Sir Auckland Geddes.—I cannot tell you.

Chairman: I will get the Report, if possible, by to-morrow.

Sir L. Chiozza Money: Are we to have the advantage of the evidence of Mr. Leslie Scott, the Chairman?

Chairman: That I cannot tell you. Mr. Leslie Scott is not here; I do not know; perhaps he will go into the box.

13,510. Mr. Robert Smillie: I understood the Interim Report has not yet been presented to the Government?—It was sent in March to the Minister of Reconstruction.

13,511. It has not been accepted?—I do not know what you mean by "accepted".

13,512. It has not been published?—I believe not.

13,513. That was a Committee appointed by the Minister of Reconstruction?—I presume it was; it was through the Minister of Reconstruction I was appointed.

13,514. Sir Auckland Geddes was not Minister of Reconstruction?—I think it was Dr. Addison then.

13,515. It is perfectly clear no representative of labour was on that Committee?—I believe there was one appointed, but he did not attend.

13,516. Was there any of them who signed this?—No.

13,517. I think they were chiefly mining men, or largely interested in mining? No, largely Counsel and Solicitors—in the majority.

13,518. Do you think the miners or mine workers in this country ought to have been included in the list on the question of acquisition of land?—I think that was provided for by appointing Mr. Walsh.

13,519. He certainly has not signed the Report?—He certainly has not signed the Report. He did not attend. He was one of the original Committee.

13,520. Is not the appointment of a Committee of that kind at any time under any such a question usually the outcome of discontent prevailing—things are not right?—I should say that under a scheme of reconstruction the Minister was anxious to go into all these questions and to find out the best means of dealing with a big industry.

13,521. You have a very wide experience in mining as a mining engineer. I put it to you that the appointment of this Committee was really the outcome of years of agitation against the present system; was not that so?—I could not say that. I do not know what the Committee was appointed for.

13,522. Have you ever known the Government appoint a Committee for nothing?—I do not know, I am sure.

13,523. What is the use of fencing with the thing. You know the Government never appoints a Committee unless there is a reason?—It may be so.

13,524. It may be so, but is it not so?—Partly.

13,525. Do you know of a Committee or Commission being appointed to deal with mining or land questions which is not the outcome of agitation?—That is so, no doubt.

13,526. As a matter of fact, in your *précis* you say the present system of private ownership of mineral rights has not, in your opinion, interfered with the

6 May, 1919.]

MR. WESTGARTH FORSTER-BROWN.

[Continued.]

free development of the mineral resources of the country, and yet here in several paragraphs you point out where the present system was interfered with?—I point out that there is difficulty occasionally arising under the present system, but that has not actually had any appreciable effect on the development of the country's resources.

13,527. Your statement is not appreciable at all. The present system, the private ownership of mineral rights, has not, in your opinion, interfered with the free development of the mineral resources of the country?—In summing up I say appreciable effect.

13,528. You make a statement it has not any effect; it is not interfered with?—That is a matter of opinion. One cannot exactly say that.

13,529. You are a member of a Committee that was appointed. If, in your opinion, it did not interfere, would there be any use for the Committee, or any call for a Committee, if the present system had not interfered?—You are putting two different things to me; one, the free development of the country's resources; the other, the waste of coal. This Committee was appointed particularly from the point of view of waste of coal.

13,530. Was there not another Sub-Committee dealing with waste of coal which you served on?—I did.

13,531. Was this Committee we are now speaking of appointed after that or before that?—It was appointed afterwards, with a view of finding the machinery to carry out the proposals arising under the Coal Conservation Report.

13,532. I put it that the Committee you are speaking of was not appointed to deal with the waste of coal at all. Its name indicates what it was appointed for?—Which one are you referring to?

13,533. The Committee presided over by Mr. Leslie Scott. It was not appointed to deal with the waste of coal, but land acquisition?—It was appointed to deal with certain difficulties pointed out by the Coal Conservation Committee.

13,534. Its business was not to deal with waste of coal?—To provide machinery to prevent waste of coal; to provide the legal machinery necessary to prevent waste of coal.

13,535. The Mining Sub-Committee was not appointed to deal with waste in working of coal?—It was appointed to provide the machinery to prevent waste of coal.

Sir Arthur Duckham: May we have the Terms of Reference?

Chairman: I will try and get copies.

13,536. *Mr. Robert Smillie:* You were of opinion when you wrote out the first part of your *précis* that the present system of private ownership had not interfered with the free development of the mineral resources of the country?—That was my opinion.

13,537. You devote several paragraphs in the latter part of your *précis* to prove that the present system did prevent the free development?—The free development of the resources and waste of coal are two different questions.

13,538. The free development and the waste of coal are?—Yes.

13,539. We need not deal with the waste of coal now. You say it did not interfere with the free development?—That is my opinion.

13,540. Yet you deal in your *précis* with cases where it did interfere with free development. That Committee was appointed to endeavour to get the right to haul coal over the surface of landlords' property from one property to another?—That is so.

13,541. Interference with that had been common, had it not, by the refusal of the landlords situated between two properties to allow coal to go over the top of their ground?—There may be occasional cases of that sort.

13,542. Do not you know there has been many, many cases?—No, not in my experience.

13,543. Of refusing unless a wayleave sufficient was paid. Have you only known of two, three or four cases in your mining experience of that kind?—I have seldom known a case where a wayleave has been refused or of a colliery not being able to gain access to railway or canal.

13,544. Then why was it necessary to appoint a Committee to endeavour to make it easier to secure that?—It is a possible difficulty and it has occurred, and it was with a view of preventing it in the future.

13,545. It has also occurred underground; the refusal of landowners on the surface to allow coal from one mining property to be taken through his land underground to another mining property?—That may be so; in my experience those cases are very occasional.

13,546. You mean in your own experience?—That is all I can speak to.

13,547. You do not know historically it has been refused again and again in this country?—That it has been refused, I know, but not often.

13,548. That was one of the reasons for the appointment of that Committee?—Yes, probably.

13,549. If it has been refused even in one case, was not that private ownership of the minerals interfering with the development of the mining industry?—I do not think it would interfere permanently with it; it might delay.

13,550. You do not say permanently at all here. It says did not interfere with it. Now you say you have known cases or a case where a landlord has refused. Did that refusal interfere with the mining industry?—I do not think it has interfered with the development of the colliery. It may have led to coal being left for the time being.

13,551. Might it not make it so that the coal had to come out by a different road altogether?—That is possible.

13,552. Is not that interference with the development?—It has not had any effect upon the productiveness of the colliery industry.

13,553. I suppose you are fairly well acquainted with the land of this country?—No, I cannot say I am.

13,554. I suppose you know something about that we may take it?—Yes, something, I suppose.

13,555. I suppose you do know that the land of the country is held by very few people comparatively?—Yes, I have seen that stated.

13,556. It is considerable knowledge if you know that. Do you know the law as to ownership of land in England is the law of England?—In what way?

13,557. When we say "landowners" are we correctly describing persons under the law of England?—I am not a lawyer—I presume so.

13,558. Would you be surprised to know there can be no private ownership of land according to the law of England?—Yes, I should, very.

13,559. Do you know the first thing "Williams on 'Real Property'" says at page 17 is this: "The first thing a student has to do is to get rid of the idea of absolute ownership. Such an idea is quite unknown in English law; no man in law is absolute owner of the land, he only owns an estate in them"?—I think those questions are really questions for lawyers. I am not a lawyer. I cannot answer these questions.

13,560. You are here as a witness to defend the rights of the present holders of the land?—I am here to state in my opinion the private ownership of minerals does not interfere with the free development of the country's resources.

13,561. On whose behalf are you giving evidence?—I am here because the Commission instructed me to come. I have not come on behalf of the mineral owners.

13,562. I understood the Chairman to say Mr. Westgarth Forster-Brown was the first of the witnesses for the mineral owners.

13,563. *Chairman:* If I did say that I made a mistake. I meant we were calling the first witness on the mineral royalty question. I summoned this gentleman. Mr. Pawsey's witnesses will come later on. I made that statement and it was wrong. I meant he was the first witness as to mineral royalties?—My proof was prepared without any consultation with the mineral owners at all and sent on to the Commission.

13,564. *Mr. Robert Smillie:* I know Mr. Forster-Brown sufficiently well to know he has an enormous knowledge of the land question. I have served on Committees with him long enough to know he has

6 May, 1919.]

MR. WESTGARTH FORSTER-BROWN.

[Continued.]

amazingly good knowledge. You are not sufficiently well up in the law of England to agree or disagree with Williams, who is an authority?—No.

13,565. All lands or tenements in England in the hands of subjects are held redeemable or irredeemable for the Kingdom, for in the laws of England we have not any subjects' land that is not so held. That was Cook I was reading?—No.

13,566. Do you know anything what Blackstone says. He says it has been received and is an undeniable principle of law that all lands in England are held mediately or immediately of the King. Would you take it he would know more about that?—I do not know. Probably you would get another book that would give you a totally different view of the matter.

13,567. If a person did not really own the land he would not have a right to let the minerals under the soil?—I always understood that minerals went with the surface.

13,568. Always?—In this country.

13,569. Really that is not so. Not being a witness on behalf of the mineral royalty owners, we must wait until one comes. When you spoke of losses by barrier, you mentioned only the fact that barriers are sometimes left in to keep back water?—That would be on higher ground to prevent the flooding of the lower ground.

13,570. That is one purpose only?—It is the main purpose perhaps.

13,571. Is it really the main purpose?—Undoubtedly, I should say.

13,572. You are a mining engineer of wide experience. Is that the main purpose?—I should say so undoubtedly.

13,573. Has not the main purpose been to leave a barrier between the two landlords estates in order to keep mineowners working the land on one side from poaching on the land on the other side that is owned by a different owner?—I should say certainly not. The collieries leave the barrier on the outside of their taking. In most leases now there is a clause that states that the lessee shall leave a barrier along the boundary of the property where it adjoins another colliery taking, if required.

13,574. You say "now"; that means comparatively new leases?—For many years past. In fact, in South Wales barriers are very often not left at all between collieries.

13,575. Is it a fact that in many cases, in the vast majority of cases, where mines are being worked at the present time and not leases of the last 5, 10 or 15 years, a barrier of coal is left in between two ownerships not because of any fear of inrush of water, but to mark the ownership between the two properties?—I do not know of cases of that sort.

13,576. Do you know where there has been a boundary left in for that purpose?—No, all the colliery takings put the barriers on the outside to protect them against the adjoining colliery, except, I should say, in the Forest of Dean, and there is a reason for that.

13,577. You have not heard, and do not know, of barrier coal, or boundary coal, being left in where there was no thought of inrush of water at all?—There may be very thin ribs occasionally left along the boundary of one colliery taking against another.

13,578. What is a thin rib?—10 yards, perhaps.

13,579. 60 yards; would that be a thin rib?—That is a barrier left for a purpose.

13,580. If that were left in one seam it would be left right down through all the seams?—Probably, yes.

13,581. It might extend for a mile or two miles?—Yes.

13,582. Would not that be a considerable loss of coal?—You might lose a lot more coal by letting the barrier be broken than the loss of coal in the barrier.

13,583. I understood we were speaking of a barrier or rib left in not because of any danger from water but to mark the boundary of the two estates?—I thought you put it at 60 yards thick. I should not say a barrier 60 yards was left to divide the property, but left for water.

13,584. If it can be proved there were such things, would not that mean an enormous amount of coal?—It would depend upon the extent. It would mean a loss of coal, undoubtedly.

13,585. Supposing you take a barrier 50 yards wide, 25 yards on each side of an imaginary line, which is the boundary and which extends for two miles?—Yes.

13,586. Not in a straight line, and that it refers to four or five different seams of coal 30 feet thick in all, would not that be a considerable amount of coal?—Undoubtedly.

13,587. If you knew of such a thing, would you change your evidence and say there had been interference to some extent in the development of the coal?—No, I should say the amount of coal need not interfere with the development of the mining industry.

13,588. A mine manager cannot develop his colliery as he should if he has to leave a barrier?—If it is on the boundary his barrier does not interfere much.

13,589. Would it not be preventing working?—So as not to work into the adjoining colliery.

13,590. I will put it in a simple way. Suppose there are two landlords of the collieries beside each other, and there are to be pits sunk to develop both the collieries, would it not be better if there was only one pit and the management had to deal with the one pit?—I should have to know the circumstances before I gave an opinion upon that.

13,591. I doubt that very much. I think you can give an opinion upon that matter. There are other things besides barrier coal that sometimes prevents the development of the industry. There is the letting of small coal underground; is that according to some leases?—Leases provide that all merchantable coal shall be brought out, but the property shall be worked according to the best practice of the district in which the coal is being worked. If the coal is not merchantable the lessor cannot claim his royalty or cannot claim it shall be brought up.

13,592. When you say private ownership of the mines has not interfered with the development, if you were told that a lease of mineral property was given to a mine owner and he was told he could not sink a shaft within three miles of the mansion house of the owner of the mine, would that be an interference?—It might or might not. It depends entirely on the circumstances and whether there is as good a site elsewhere to work the property.

13,593. Does the site mean everything? If you have to haul your coal three miles instead of one mile or half a mile, what then?—If those are the circumstances—it is an assumption. You may get a site as good and as near a railway as the original site.

13,594. Take the assumption for the moment that it has been put into a lease that the mine owner is not to be allowed to sink a shaft nearer than three miles from the mansion house and the coal extends almost up to the mansion house and the railway facilities would have been a good two miles nearer the mansion house, would not that be interference. You would prefer hauling coal a mile rather than three miles?—Undoubtedly that would be interference with the development of that particular area. It would not have an effect upon the general development of the industry. Mr. Leslie Scott provides a means for getting over such questions.

13,595. There was a Committee appointed to get rid of the things you say have not interfered with the development?—Yes.

13,596. Suppose you were told that one extensive owner of the minerals let the ground to a mine owner to sink and develop that mine on the conditions that his chimney was not to be raised to a height that the smoke could be seen from the top turret of the castle three miles away, would that be interference?—Not necessarily. That lessee might make some other arrangement.

13,597. Supposing you have to put in a forced blast; is that interference or not?—It is a very modern practice. People are inclined to go in for forced blast where there is no restriction of that kind.

13,598. If he got leave to withdraw the forced blast and could build his chimney higher, would you say there had not been interference with the working of that mine?—I do not think it would affect the general colliery industry of the country; it might interfere with that particular area.

6 May, 1919.]

MR. WESTGARTH FORSTER-BROWN.

[Continued.]

13,599. You say the private ownership of minerals has not interfered with the development?—Yes.

13,600. Suppose you knew of a lease being granted and in the centre of the coal-field there was a large mansion house and 400 acres of the part in the centre of the field had to be left, would that be interfering with the development of that coalfield?—I should say that was waste of coal.

13,601. I put it to you, as a mining engineer, that is an interference with the development?—It might or might not be. If the colliery could be developed in some other direction it might not affect the result, although it might waste coal that might be got.

13,602. Suppose a colliery worked the coal all round about the 400 acres in the centre, would not that be a serious interference with the development?—A serious waste of coal, I agree.

13,603. Supposing it was laid down in the lease there was to be a dead rent of £2 per acre per year and it applied to that 400 acres which were never to be taken out, is not that a serious interference with the development?—It would be a hardship on the colliery lessee.

13,604. What is the difference between hardship and interference with the development?—It may be a totally different thing. He may get his output from elsewhere and still pay his dead rent of £2 an acre on this particular coal.

13,605. Mining must be an amazingly profitable proposition if a mine owner has to pay £800 a year in dead rent on coal that is there but he is not able to take out. That £800 would otherwise have gone to the shareholders to provide wages with. Is not that a serious interference?—I have never come across such a case.

13,606. Suppose you take it that such a thing exists, would not that be a serious interference?—I say it would be a serious waste of coal.

13,607. Suppose a case was brought to your notice in which the concern had reached the break of its lease and the owner of the minerals wanted one half-penny a ton more and the owner of the mine refused to give it and the mine had to be shut down; is that an interference with the development of the coal trade because of the action of the private ownership of the minerals?—If that is so, it would be so.

13,608. Would it be an advantage in any case that you know of, from the point of view of drainage, if the colliery had been in the possession of one owner as against five or six, and the drainage could have taken place at the lowest part of the mine; might it not be an advantage in some cases to drain to the lowest point?—That may be so. Mr. Leslie Scott's Committee provides a means for doing that.

13,609. Exactly, proving there was a serious interference because of the private ownership of the minerals?—I do not agree with the word "serious." There may have been interference. I do not consider the cases are serious.

13,610. When there has been a lawyer and a Member of the House of Commons appointed Chairman of a committee with regard to those conditions you say he was appointed to inquire into something that was not a serious interference?—I do not consider the thing sufficient to be serious.

13,611. You wasted your time along with others dealing with something that was not serious?—That is so if it was so.

13,612. What would be the disadvantage of the State owning all the minerals instead of probably 600 or 800 people? What would be the disadvantage of common ownership as against private ownership?—One disadvantage would be the letting of minerals would on the whole be slower. The carrying through of the granting of the leases, and so forth, would be slower under the State than under private ownership.

13,613. Would that be because of the want of capacity on the part of the State?—No, I put it this way. Now you have the maximum of decentralisation with regard to which each mineral owner is responsible for his own property, and he can Yes or No, and it is probably done in a very short time. Under the State you would have the maximum of centralisation, and it must lead, so far as my infor-

mation goes, to a certain amount of congestion. A Department must necessarily, I suppose, be responsible to Parliament, and they could not carry the thing through as quickly as the private owner can now.

13,614. With regard to the payment of the present holders of mineral royalties, in the event of the State taking them over, you propose not only should the State pay for the minerals which are known as far as they can be known to be there, but for minerals which may be supposed to be there?—I am suggesting that where minerals are known to exist, that they are taking everything that could be paid for.

13,615. How would you ascertain it? You propose there might be a valuer, or two valuers, and, failing a settlement, there might be an Umpire?—Yes.

13,616. What line would the value take; would it be the first output or the extent of unworked minerals?—On this basis you would estimate what the minerals are which are likely to be developed and got, and what output you would expect and defer it to the time it would be likely to arise. When you get to the undeveloped property you can hardly call it a valuation; it is an estimate of what the value may be.

13,617. That is where minerals are being worked at the present time?—I am referring to property where minerals are not being worked.

13,618. Where not touched at all?—Yes.

13,619. Where they have bored and proved it?—Not necessarily. They could be known geologically. You know sometimes the coal is there although you do not bore for it.

13,620. If you have not bored you may guess some of the seams are there, but do you know?—You cannot see into the earth, I admit.

13,621. Mining engineers sometimes have believed there are minerals there because they were in the vicinity of other people's minerals and everything indicated they ought to be there, but they are not there?—Yes, that is possible.

13,622. How would you value these minerals that might not be there?—You must take the rough with the smooth. You must estimate. If the chances are the minerals are there, in the ordinary course you would value them now for the increment value and you would place a value upon them although you do not know actually the minerals are there.

13,623. You would pay the persons for minerals that might not be there?—You would take the chance.

13,624. Would you say that the valuation should extend to all the land in Great Britain and we should pay all the landlords because there might be minerals under the ground?—You would not pay if there were no minerals there for geological reasons.

13,625. Would you pay them for minerals that might never be developed if left in their hands?—If there was a reasonable probability you would have a valuer, both for the Government and the private owner, and, if they both agree to the probability of the minerals being there then it ought to be paid for.

13,626. You are speaking of the State doing that. Would Mr. Forster-Brown do that as an individual?—Yes, I might.

13,627. And a business man?—If I had a valuer on the opposite side and if we both agree to the probability of minerals being there I should expect to have to pay for it.

13,628. I put it to you, supposing you are going to nationalise the lands of this country or the minerals of this country, you yourself personally, would you be prepared to put a certain price on minerals in the ground that have never been proved and it is not known if they exist at all?—If I could agree that the probabilities were that the minerals did exist I should be prepared to pay.

13,629. Minerals have been discovered in ground where the experts have said there was not any and there could not be any minerals?—That probably is so.

13,630. Do you know it is so?—Yes.

13,631. Again and again?—Yes.

13,632. It has been said that the ground was not mineral-producing ground or coal-producing ground,

6 May, 1919.]

MR. WESTGARTH FORSTER-BROWN.

[Continued.]

but it has produced minerals. You would therefore compensate all the landlords because in spite of the fact there ought to be minerals there and there are not minerals there?—The State would take 20 per cent. of the increased value and the revenue on anything proved for taxation. The State would get something out of it.

13,633. *Mr. Frank Hodges*: You have read very carefully, I suppose, the report of the Coal Conservation Committee?—I was a member of the Committee.

13,634. You went into the question of those barriers in that report?—Yes.

13,635. I think it was agreed in that report that a large quantity of coal, somewhere about 9,000,000,000 tons, had to be deducted from the estimate of the actual amount of coal yet available in this country?—That includes the coal left for support, in addition to barriers.

13,636. It is 9,500,000,000 tons?

13,637. *Mr. R. W. Cooper*: That is not deducted for barriers?—That includes the coal left for support of buildings and so on. The State estimate for barriers is 3,500,000,000 or 4,000,000,000 tons.

13,638. *Mr. Frank Hodges*: That is the coal that is generally described as "Barrier"?—Yes.

13,639. Do you agree with the estimate of the gentleman mentioned in this Report on page 10, Professor H. S. Jevons, as to the reserve of coal in the British Coalfields?—I am simply accepting the Coal Commission which investigated the question as to the quantity of coal in Great Britain. I never questioned that.

13,640. Do you accept it as the most scientific statement yet known of the coal resources of the country?—I think the Coal Commission was the most exhaustive investigation into the coal reserve of the country.

13,641. That was in 1905?—Yes.

13,642. You know Dr. Strahan, in 1912, gave a considerable increase, as compared with that?—I am quite prepared to accept those figures.

13,643. He was a man of great scientific eminence, a great geologist?—Yes.

13,644. Do you accept his conclusions?—I am quite prepared to accept them. I have no figures to controvert his statement.

13,645. I know it is worked out in a footnote at the present annual output, but according to that estimate the life of the coalfield is approximately 580 years?—I do not follow where that is.

13,646. That is on page 10?—Yes, quite so.

13,647. That is longer than the coal has been worked hitherto?—So far as we know, yes.

13,648. Do you say it would be a legitimate charge for 580 years to come, that on nearly 200,000,000,000 tons of coal there should be a royalty for all those subsequent generations to private individuals?—I do not see any reason why it should not. The State has recognised the property in royalties.

13,649. You are not confusing the men who owned the property with the men who worked the property, are you?—I am afraid I do not follow you.

13,650. You say the State has recognised private ownership?—In royalties.

13,651. Because of that State recognition, you think that for the next 580 years these people are necessarily entitled to benefit per ton produced?—I see no adequate reason against it.

13,652. Although they are actually not going to be the producers?—No, except in a few cases, they are not now.

13,653. *Mr. Sidney Webb*: One gets at the end of your *précis* something with regard to the amount of compensation if minerals were nationalised and compensation was paid. You suggest you would value the income at about 12 or 12½ years' purchase?—Yes.

13,654. Was that your estimate for the present time or for five years ago?—It is the basis upon which we have valued compensation up to the present time.

13,655. I suppose as a matter of fact when you capitalise your income it rather depends upon the current rate of interest does it not? There have been changes in the rate of interest?—I think the rate covers that.

13,656. We may take it this was what you were accustomed to before the war?—Yes, and up to the present time.

13,657. Before the war if you gave 12 years' purchase for a royalty income would you suggest it would fetch 12 years' purchase now?—In practice it does.

13,658. It is very extraordinary, when every other income has gone down 25 per cent, that royalties become more safe than they were?—I do not see that at all.

13,659. Do you suggest they have escaped the lot of other good securities? Good securities have gone down 25 per cent. on an average?—Yes.

13,660. Could you tell me what royalty incomes have gone down?—I cannot tell you that. It varies at different collieries according to output.

13,661. You do give an estimate. If you give an estimate to the Commission in this case you can give an estimate of the variations. Do you suggest there has been no variation in capital value?—As far as my experience goes royalties sell for practically the same as before the war, and the Government accepted our valuation on this basis even during the war.

13,662. With regard to the Estate Duty. No doubt you have acted and assisted in making up Estate Duty Accounts?—Yes.

13,663. Do you put in the royalties at 12 or 12½ years' purchase?—Yes, invariably.

13,664. That is not in accordance with other evidence. Does the Inland Revenue insist upon having the same number of years' purchase now that they did five years ago?—I cannot tell what they do. We have valued for probate on this basis rate up to the present time and we have had no difficulty in agreeing with the Inland Revenue on that basis.

13,665. *Mr. R. W. Cooper*: By probate you mean Estate Duty?—Yes.

13,666. *Mr. Sidney Webb*: You say the goodwill value of a given income from royalties has not varied as compared with five years ago and the present time?—Possibly we valued too high before the war.

13,667. You assert to the Commission that the capital value of whatever income is derived from royalties is practically the same now as five years ago?—As far as my experience goes it is so.

13,668. Can you give me an explanation of why that differs from the value of the London and North Western Railway Company's debentures?—All I can say is we consistently valued on that basis, and we have had no difficulty with the Inland Revenue in accepting that.

13,669. It shows how strict the force of precedent is even in private enterprise. Consider the London and North Western Railway Company's Debenture Stock and the income ruling the same. The capital value of that has gone down by 25 per cent. Can you explain why the capital value of royalty incomes should not have gone down for the same reason?—You capitalise the net income for the same year's purchase.

13,670. The practice of your firm has been to continue the same number of years' purchase on a given income all through these five years?—That is so.

13,671. That is extraordinary. What would you propose with regard to mining properties which were not yielding any income, that is to say, coal mines that have not yet begun to yield an income?—Our practice is to make an estimate when we think that income will be derived, and we defer the income until that period on the same table.

13,672. That makes it very much less than the present value?—Undoubtedly.

13,673. You allow, of course, for the fact that in 1909, before the Increment Duty, the State practically confiscated one-fifth of that value?—I do not agree to the word "confiscate."

13,674. That merely means taken to the Exchequer?—I understood there was no question of confiscation. It is a matter of fact that all taxation is levied for revenue.

13,675. The State takes in taxation one-fifth of the future value of all minerals?—Yes.

13,676. You allow for that?—That is deducted.

13,677. If the State were to say they would take two-fifths instead of one-fifth you would put the

6 May, 1919.]

MR. WESTGARTH FORSTER-BROWN.

[Continued.]

capital value lower?—If that was an accomplished fact.

13,678. The difficulty is how we can persuade people it is right to pay compensation when the property is nationalised, when there is no question of paying taxation when the Chancellor of the Exchequer puts a tax on?—I do not follow you.

13,679. Did you, or any of those connected with royalties, to your knowledge make any protest or any demand for compensation after the Increment Value Duty was put on?—I do not think they did. They looked upon it as a revenue charge.

13,680. A revenue charge that deprived them of one-fifth of the value of the property?—In the same way as the Entertainment Tax, and everything else.

13,681. In the same way if the future Chancellor of the Exchequer made that one-fifth into two-fifths there is no case for compensation?—An accomplished fact.

13,682. If three-fifths, no question of compensation? Where would the equity of compensation begin?—If the Chancellor of the Exchequer was to confiscate—

13,683. Confiscation means taking to the Exchequer?—It is confiscation as far as the mine owners are taking it from are concerned.

13,684. That was the case in 1909?—It was a special tax put on the royalties, not because they were royalties, but because the State wanted revenue.

13,685. That is the usual position of the State; they want revenue?—Yes, usually, I think.

13,686. I am anxious to get from you what difference in equity you can suggest between this thing being done by a Chancellor of the Exchequer and a Minister of Mines under an Act of Parliament?—My opinion is it would be a very unjust proposal for the Chancellor of the Exchequer or the State to raise the Mineral Rights Duty out of proportion to other taxes.

13,687. That was what was done when the 1916 duty was put on, when the special shilling was put on mining royalties as apart from several other kinds of income?—Numerous other taxes have been put on that only fall on certain classes of people.

13,688. That perhaps was justification for the tax on royalties and it would be a justification similarly for another tax on royalties?—Not unless taxation had to go up all round.

13,689. With regard to the probability of a general taxation unless the taxation had to go up all round the security of mining royalties is as good as it was?—I rely on the fairness of the State.

13,690. Therefore, I gather from you so great has been your reliance that instead of lowering your value by 25 per cent., as other people have done, you have kept your value to the full amount?—Yes; we valued on exactly the same basis.

13,691. I hope your clients will not be let in.

(Adjourned for a short time.)

Chairman: I have a letter from the Ministry of Reconstruction. I telephoned to the Minister about this Report, and Mr. McNair has received this answer: "Sir, with reference to your conversation with me this morning, I am instructed by Mr. Chrystal to inform you that the Minister of Reconstruction has no objection to the production in evidence by Mr. Forster-Brown of the Interim Report of the Mining Sub-Committee of the Land Acquisition Committee. Further, I am directed to add that the only reason for the delay in publication of the Interim Report is that the Final Report will be available for publication in the course of a few days." I have obtained some copies of that Interim Report, and they will be circulated.

13,692. Mr. R. H. Tawney: I think your general argument is that the private owner is not obstructed in the development of minerals. Is that so?—Yes, speaking generally.

13,693. Does he render any positive service to their development?—In some cases he has developed his own property.

13,694. Are those cases numerous?—Not taking the bulk of the coalfield.

13,695. Would it be true to say that in most cases he does not render any positive service?—Except in those cases.

13,696. In the other cases what exactly is he paid for?—He is paid for his property.

13,697. That is to say the royalty is simply a payment for a private right quite irrespective of any function which is performed or any work that is done. Is that a fair statement?—I think that is fair.

13,698. Do you speak also with regard to wayleaves? In your paper does what you say refer to wayleaves?—I should say with regard to wayleaves that I should differentiate between wayleaves and royalties.

13,699. Does what you say here refer to wayleaves as well?—I am not here to defend wayleaves, if you mean that.

13,700. I only want to get your views. A case has been supplied to me—and I dare say you can tell me if it is accurate or not—in which a particular proprietor makes £14,000 a year for granting permission to a railway company to transport coal along a particular piece of railway in South Wales. I am not concerned with the figures, but if that case, or anything like that case, is accurate, is there any economic or moral justification for it?—I do not know whether in that case the lessor made the railway or anything of that sort originally.

13,701. No, he did not. He obstructed it. The charge which he made was a condition for leave being granted for a railway being driven through an estate of his?—It is legitimate to charge a wayleave in cases where there is interference with the surface.

13,702. It is again a payment which is made on account of property?—Yes.

13,703. Irrespective of any service which is rendered by the owner of the property?—I should say it was.

13,704. Do you think that payments which are made in respect of property, irrespective of any service, from a moral or social point of view are justifiable?—I do not see why, if a man has a property, he should not be paid for it.

13,705. Even if all he does is to put that property at the disposal of somebody who uses it to work it?—Yes; I have always been brought up under that idea.

13,706. Might I take you to page 2 of your *précis*—the last paragraph but one on the left-hand column? I do not quite understand what your argument is there: "Witness agrees that the difficulties could be largely done away with under a scheme of nationalisation," and so on. Then you go on to point out that there is a further difficulty which might arise in the passage beginning, "For instance, in the event," etc. What exactly is your meaning there?—What I mean to say is that a private mineral worker might be placed in a worse position under State ownership of minerals than he would be under private ownership of minerals.

13,707. Because the State might not make concessions to him, do you mean?—Yes, as a matter of policy.

13,708. Is the only assistance which the private mineral owner gives that in times of difficulty he asks rather less than he would otherwise have asked?—Generally that is so.

13,709. Is that not rather a negative form?—No, it is very often a very substantial concession.

13,710. Merely to refrain from asking for what you might otherwise have got?—Yes. I have known many cases where that has had the effect of carrying a colliery on.

13,711. In that passage are you not assuming that the State does not itself work the minerals, or am I wrong in thinking that?—That is on the assumption that the working of the minerals is in private hands.

13,712. On the assumption that it is in the hands of the State itself, your particular objection would fall to the ground?—Yes, undoubtedly.

6 May, 1919.]

MR. WESTGARTH FORSTER-BROWN.

[Continued.]

13,713. *Sir L. Chiozza Money*: I have very few questions to ask you; but I notice that on page 2 of your *précis* this is stated: "Witness agrees that these difficulties could largely be done away with under a scheme of nationalisation." They can be largely done away with. Is that your opinion?—Yes.

13,714. What is the appropriate use of the word "largely" there?—I may have used the word wrongly, but what I meant to convey was that most of the difficulties could be done away with, but that the question of the surface and minerals would not be done away with necessarily.

13,715. As a matter of fact, are the difficulties many or few, in your opinion?—Few, in my opinion.

13,716. Then may I ask why you put your name to this report that has just been circulated to us of the Land Acquisition Committee? Did you sign that report without reservation?—I did.

13,717. Then I would draw your attention to this, that it is there stated that there are 14 different categories of difficulties?—Yes.

13,717A. You may take one here and one there, but there are a great number. In sub-paragraph 7 it is stated: "It is not infrequently difficult for a mine worker to obtain on reasonable terms other surface rights which are necessary to the efficient working of a mine." Do you subscribe to that?—I am afraid that I have missed the word "infrequently." In my limited experience they do not happen often, but it may be that they happen oftener than my experience knows of.

13,718. So that you really ought to have put in a reservation?—I ought to have done so.

13,719. May I direct your attention to sub-paragraph 8: "A mining lease imposes numerous conditions on the lessee as to the method of working," etc. "In some cases these terms unduly hamper the lessee." Would not your opinion also lead you to put a reservation to that?—No; because there are innumerable conditions in a mining lease.

13,720. If there are 14 different categories of difficulties, and you sign this report, is not that entirely at variance with the evidence you have given us?—No, I do not think it is. I say they arise occasionally here and there, and taken altogether they look a long list, but the Committee have laid themselves out to find all the difficulties that are possible and have tried to find a remedy.

13,721. Are you acquainted with all the coalfields in the country?—No.

13,722. Is your opinion formed from one coalfield where those difficulties are smaller than in others?—I know some coalfields, and there are some I know nothing about.

13,723. Is there a minority reservation to this report?—Yes.

13,724. Is it a fact that two of the Committee differed from the Interim Report and found themselves unable to sign it?—That is so.

13,725. Is it a fact that they say: "We are convinced that full development of our mineral resources will never be secured unless the State is able and prepared both to take over and work inefficiently-managed mines and to take an active part by exploration and research in developing new fields"?—Yes.

Mr. Leslie Scott: I submit that the whole of that passage ought to be read.

13,726. *Sir L. Chiozza Money*: The whole of the passage is before the Commissioners. Might I ask you further: you say you have had some experience in relation to the valuation of Death Duties?—Yes.

13,727. Do you give it to us as your opinion that if the State nationalises the mining rights it ought to give compensation not only for proved and worked coal, but even for unproved coal?—Yes, as long as the probabilities of it existing are there.

13,728. You know there are very wide probabilities?—I think it is generally fairly possible to estimate where there is likely to be coal and where there is not.

13,729. Do you know that the Royal Commission of 1905 estimated that there were 400,000 million tons of coal in the unproved fields under 4,000 feet deep?—Yes.

13,730. Do you think that all ought to be paid for if the State takes over the royalties?—I think so.

In each estate, if the probability is that coal underlies it, I think the coal ought to be paid for.

13,731. You say you have had some experience with regard to Death Duty matters. Has Death Duty been paid by these landowners on the improved coalfield?—Yes, so far as I know.

13,732. Could you give us any cases?—I could not from memory. I should have to look it up.

13,733. Do you mean to tell me that with regard to the particular coal of which I am speaking—unproved coal—there has been a valuation for Death Duty purposes and Estate Duty paid to the Exchequer?—I should think so.

13,734. Do you know of your own knowledge?—I cannot remember now.

13,735. If it has not, do you think the State ought to go back and claim duties on it if it has not been paid?—If they are going to pay for it.

13,736. You would agree?—Yes.

13,737. *Mr. Evan Williams*: A good deal has been said about the meaning of barriers, and the purpose for which they have been left, and it has been suggested to you that it would be better if all barriers were worked away, and all water drained to the lowest point. Do you think that is an economical way of working the coal and carrying on a colliery?—I think in many cases that would not be feasible—that the extra cost of pumping would eat away the value of the coal hitherto left; but there are cases where it would be possible to do it.

13,738. In a flat coalfield?—Yes.

13,739. Take the case of the Rhondda Valley in South Wales for instance, where there is a gradual rise to the outcrop for some miles, you know in those cases barriers have been left?—Yes.

13,740. And water has been pumped from different levels along the valley, some shallow and some deeper till you get to the bottom?—That is so.

13,741. Your view is that barriers in that case prevent a greater waste of coal in keeping water from a greater depth?—That depends on the actual circumstances, but in a great many cases it would be so.

13,742. In present practice in working collieries do you know of barriers being left for any purpose other than holding up the water?—I have known of ribs of coal of 10 yards or so along the barrier to prevent question of trespass. They are really left to correct cases of error of survey.

13,743. So that no dispute arises as to the ownership of the coal hereafter?—That is so.

13,744. The Report of your Committee I think claims that all the disadvantages which have been enumerated can be met by the remedies which you suggest better than by State ownership?—Yes.

13,745. You say: "We do not think that any form of State ownership or working would provide as good a remedy for these disadvantages as the remedies which we recommend." That is the Report of the majority of the Committee, or at least 10 out of 12?—Yes.

13,746. The Minority Report says: "While we do not, as at present advised, think that the creation of a gigantic State monopoly in the working of minerals would tend on the whole to greater efficiency, we are convinced that full development of our mineral resources will never be secured unless the State is able and prepared both to take over and work efficiently managed mines, and to take an active part by exploration and research in developing new fields." Does that go to the extent of State ownership of all minerals? Do you read it that this Minority Report advocates the purchase by the State of all minerals?—No. They seem to have some doubt about the efficiency of such a proposal, as I read it.

13,747. So that by your Committee there was no opinion expressed as to the State purchase of all minerals?—No; not that I know of.

13,748. Do you think that the machinery that you propose to set up will be able to deal with, say, unreasonably high royalties and unreasonable way-leaves?—Yes. If it could be shown that those royalties were so high as to prejudice the development or the national interest, then the applicant would be able to go before the sanctioning authority and have them amended.

6 May, 1919]

MR. WESTGARTH FORSTER-BROWN.

[Continued.]

13,749. That is proposed?—That is proposed, but not simply on the ground that they made a bad bargain. I mean the national interest must enter into it.

13,750. The national interest would be the only consideration?—Yes.

13,751. And not the private interest of the coal-owner or the landlord?—No.

13,752. Would that Commission have the right to rectify the boundaries where it was to the national interest between two collieries?—What the Committee propose is that the Mines Department should have a plan of all new developments placed before it previous to the commencement of operations, and that they then be empowered to lay out the areas they think ought to be worked in relation to others, and if the mineral owners would not agree then the Mines Department would go before the sanctioning authority and get compulsory power to make the areas suitable in the national interest, so that no coal should be lost.

13,753. That is not so much to rectify the errors in the past as to prevent errors in the future?—Yes.

13,754. Do you think that State ownership would be able to rectify the errors it made in the past?—No, I do not see that it would, except so far as any barriers have been left which ought to be worked.

13,755. That may still be worked?—Yes. That can either be done by the Sanctioning Authority or by the State.

13,756. So that anything that is left to be done now or in the future may be done under the machinery that this Commission recommends?—That is so.

13,757. Without having all the trouble of the State purchasing the mineral and the State taking the risk of the individual owner?—Yes, that is the view the Committee take.

13,758. *Mr. R. W. Cooper*: Have you before you the print of the Coal Conservation Committee's Report, and, if so, would you look at page 56? Do the first two paragraphs on that page correctly describe the present practice with regard to barriers?—Yes, so far as I know.

13,759. I will read the first paragraph: "According to the evidence given before the Royal Commission on Coal Supplies, 1903-5, the usual practice is to leave barriers round the outside of the colliery taking or area, but not round separate properties included in the area, or if barriers round separate properties are stipulated for they are usually allowed to be worked out, provided the outside barrier between the different colliery takings is maintained." You act for a good many royalty owners I believe. Have you not from time to time had applications made to you by the coal workers for leave to take away a barrier or part of a barrier?—Yes, occasionally.

13,760. If you are satisfied that the coal can be worked without endangering the rest of the colliery do you hesitate about granting leave to work away the barrier?—No, it is the direct interest of the lessor to have his coal worked if it is possible to work it.

13,761. And the lessee as well?—Yes, quite so.

13,762. In the questions you were asked there was some skilful play upon the word "confiscation." There are two duties on minerals imposed by the Finance Act, 1910?—Yes.

13,763. The celebrated Budget of Mr. Lloyd George?—Yes.

13,764. They are both collected under one heading, "Duties on Land Values"?—Yes.

13,765. They are part of the duties or taxes imposed by that Act for the first time, both upon land and upon minerals?—Yes.

13,766. You were also asked a question about 12 years' purchase. Of course, when you are talking about 12 years' purchase you mean 12 years' purchase of the mineral royalty or rent?—Yes; it would depend on the length of life of the particular estate.

13,767. You are not in any way talking about the system of valuing the profit interest of the worker?—No, I am not giving evidence on that at all.

13,768. I understood you to say that since the war began you have been engaged in making valuations of royalty interests for the purpose of Death Duties?—Yes.

13,769. You have settled valuations with the Inland Revenue on the footing you have described?—That is so.

13,770. So far as you know, the State has collected its duties upon that valuation?—Yes, so far as I know.

13,771. *Mr. Arthur Balfour*: I want to understand your position exactly. You agree that wherever consent is unreasonably withheld by royalty owners, whether it be barriers or leases, or whatever it may be, some power should be given to somebody to judge a case of that kind and adjust it in the public interest?—Undoubtedly.

13,772. You agree that can be quite easily done by an impartial tribunal and does not necessarily involve the purchase of the whole royalties by the State?—Yes, I agree to that.

13,773. With regard to the compensation should it be decided to purchase the royalties, you agree, I take it, that unless rights of property in this country are respected no one will wish to deal with this country or invest money in this country?—I think if the country is to live we must treat everybody fairly all round.

13,774. And that no one would want to deal with this country if rights of property are not respected?—I think the basis of everything is confidence.

13,775. You think it would ruin confidence?—Yes.

13,776. And affect the trade of this country?—I think it is probable.

Sir L. Chiozza Money: In view of the difficulties we labour under in asking questions by only having this report put into our hands a short time before, may I be allowed to ask something further?

Chairman: Mr. Smillie wants to ask some questions first.

13,777. *Mr. Robert Smillie*: I suppose you mean the possession of property, when you speak of it being taken from the possessor?—Yes.

13,778. Suppose I came into possession of your pocket book, would you think I should be compensated for it if I had to give it up?—No; I should be inclined to haul you up for having got it.

13,779. I think you made a statement that in some cases it would not pay to pump the water at a low level?—Yes.

13,780. Did anyone suggest to you that in every case it ought to be done?—No.

13,781. I think I did not suggest that in every conceivable case it ought to be pumped from a low level? No.

13,782. But the purport of Mr. Evan Williams' question was that it was suggested in every case that it should be done. That was not the question?—No, I think it depends on the circumstances of the case.

13,783. I think when a 10 yards barrier is left in it is very often not left in to keep out water, but as a barrier between two owners?—Yes.

13,784. Might I take it that where there are 18 feet thickness—perhaps in three seams or four seams—that that would mean where the length of the barrier is one mile a loss of 105,600 tons of coal?—It might be so. I have not calculated it; but I will take it from you.

13,785. One ton to the square yard; and if it were four miles round the outside barrier, which Mr. Cooper speaks of, round the property, it would be a loss of 422,400 tons, or almost half a million?—Yes; but Mr. Leslie Scott's Committee show how it can be got over. An application could be made to the sanctioning authority to have it worked.

13,786. But it would not be lost if the minerals were owned as common property by the State. There would be no necessity for new legislation?—I agree you can do it by State nationalisation, but I prefer the other alternative, because it causes less disturbance and carries with it less experiment.

13,787. I want to suggest to you that it was private ownership that was responsible for the loss of this nearly half a million tons where there was an outside barrier left, and that it is irretrievably lost where the coal is worked out. You would admit that the

6 May, 1919.]

MR. WESTGARTH FORSTER-BROWN.

[Continued.]

outside barrier of the mineral property when the minerals on both sides of that are worked out is irretrievably lost to the nation?—Probably when the coal is worked out that is so.

13,788. When all the coal is worked out but the barrier?—That is so.

13,789. *Mr. Frank Hodges*: In this report that you have attached your signature to I see you have made a series of recommendations from A in the alphabet to P, and I find that you propose setting up under the Home Office a Mining Department for the express purpose of dealing with the most scientific exploitation of mineral properties?—Looking after the conservation of coal is what I have considered one of their duties to be.

13,790. But you contemplate that this machinery should be set up with the existing interests remaining as they are?—That is so.

13,791. So that if more coal is produced because of the more scientific method adopted by this mining department you are incidentally conferring a boon upon the mineral royalty owners?—Undoubtedly.

13,792. Does it not rather suggest that that is the purpose for which this particular department is to be set up rather than in the interests of the country?—No. This Committee was considering these questions long before this Commission sat, and the Interim Report was got out because the Committee felt that the facts they had been going into were germane to the inquiry.

13,793. Is that not the effect of setting up this department, that you would work more scientifically the properties and incidentally earn more money for the royalty owners?—And for the State. The State gets their revenue on those extra royalties.

13,794. The principal benefit from the mineral itself would be to the royalty owners. They are not taxed by half?—No. They get a large proportion.

Sir L. Chiozza Money: I should like to be allowed to ask some further questions on this document.

Chairman: They must be questions only on this Report. You cannot cross-examine time after time.

Sir L. Chiozza Money: I only had this document put into my hands just before I cross-examined.

Chairman: You may ask anything on the document on the ground that you had not seen it before.

13,795. *Sir L. Chiozza Money*: Did you take much evidence to found this Report upon?—No.

13,796. Was this Report written on the personal knowledge of the Commissioners or was it written on evidence received?—Mostly on the knowledge of the Commissioners and the facts found by the Coal Conservation Committee.

13,797. In other words, this is really based broadly on the knowledge that you and your brother committeemen possessed?—Yes—except that we had evidence in one or two cases.

13,798. How many witnesses were heard?—I do not think there were any witnesses on mining matters.

13,799. *Chairman*: I have promised to ask any questions in re-examination of the royalty witnesses. First of all, you are not in any sense a witness for either side here. You are a witness in the nature of an official character summoned by the Commission, and you are not representing either one side or the other?—That is so.

13,800. You were asked by Mr. Smillie some question with regard to surface wayleaves. Do you wish to add anything with regard to surface wayleaves?—My view is that surface wayleaves are often legitimate, because the surface and perhaps the amenities are interfered with, and I think it may be legitimate to make a charge for surface interference by a wayleave.

13,801. They may interfere with the amenities on the remainder of the property?—Yes.

13,802. Then you were asked some questions with regard to Williams on Real Property. Are you a "real property" lawyer?—No, I am not; I know nothing at all about it.

13,803. You were asked some questions with regard to leaving small coal underground. Does that apply particularly in South Wales?—Yes, more largely in South Wales than elsewhere.

13,804. Do you desire to say anything with regard to that point?—The evidence before the Coal Com-

mission, of course, was that it was questionable whether the coal could be dealt with if it was brought to bank, and, of course, so far as the effect on the mineral owners is concerned, the mineral owner has very little control of that.

13,805. Mr. Sidney Webb asked you some questions of this character: He said: Weil, on one occasion the Chancellor of the Exchequer taxed royalties to the extent of one-fifth, and then he asked you whether if he taxed them to two-fifths, would you approve of that; then three-fifths, and eventually, of course, he got to five-fifths. Do you agree with that argument?—No.

13,806. Now, I want to ask you with regard to this interim report. I rather gather that you gentlemen did not have the opportunity of having many witnesses. You had no witnesses before you?—No mining witnesses.

13,807. I propose to draw attention to two parts of the report, which appear first of all in paragraph 7. You say: "In our opinion, the constitutional, legal and administrative changes which we have summarised above, will free the development of the mineral resources of the country from most of the hindrances to which it is liable under the present system of working." What are the influences that it will not free the country from?—I do not know that I can enumerate any.

13,808. Cannot you explain that sentence in your report? I will read it again. "In our opinion, the constitutional, legal and administrative changes which we have summarised above, will free the development of the mineral resources of the country from most of the hindrances to which it is liable under the present system of working." You signed that, and I want you to be good enough to tell us what are the influences that it will not free the country from?—I have read that as referring really to waste coal. There is certain waste of coal which would not be affected, such as the thick coal in Staffordshire.

13,809. "We believe, also, that the disadvantages which we have enumerated as inherent to the present system constitute some of the chief reasons in the minds of many of those who are in favour of nationalisation." What are the grounds of your belief? Had you any witnesses before you?—No. One has often heard these objections urged to the present system.

13,810. Then you go on, "We do not conceive it to be within our province to express any opinion whatever on nationalisation, except from the point of view of the specific questions referred to us." Are those the questions on page 1?—That is so.

13,811. "But, in our opinion, if the disadvantages we have mentioned are remedied by the means which we recommend, the main drawbacks of the existing system, so far as our terms of reference are concerned, will disappear, and the development of the mineral resources of the country will be substantially promoted." You think the present system does want some alteration, because you say the development of the mineral resources of the country will be substantially promoted by your suggestions?—Yes, I certainly think so.

13,812. "And we do not think that any form of State ownership or working would provide as good a remedy for these disadvantages as the remedies which we recommend." Now that was signed by the majority. Then I think Mr. Comyns Carr and Mr. Ellis Davics said this:—"Memorandum by Mr. A. S. Comyns Carr and Mr. Ellis Davies. We regret that we cannot see our way to sign this report, although we are in substantial agreement with the whole of it, except the last paragraph." That is the one that I have just read. "But that appears to us to be altogether too sweeping. We think that many of the results at which we are aiming might be attained by national ownership of minerals, whatever may be said for or against that proposal on financial or other grounds." Did the gentlemen discuss what other grounds there were against the proposal at all?—Not that I know of.

13,813. Was there any discussion of it before your Committee?—I was absent from some meetings towards the end, as I was ill.

6 May, 1919.]

MR. WESTGARTH FORSTER-BROWN.

[Continued.]

13,814. I was wondering what the other grounds were. "While we do not, as at present advised, think that the creation of a gigantic State monopoly in the working of minerals would tend on the whole to greater efficiency, we are convinced that full development of our mineral resources will never be secured unless the State is able and prepared both to take over and work inefficiently managed mines, and to take an active part by exploration and research in developing new fields." That was their view?—Yes.

13,815. What is your view with regard to that last bit of it, if the State is able to take over and work inefficiently managed mines?—It was suggested in

our report that the sanctioning authority should have power in such cases to allow the State to take over mines that were mismanaged in the national interest.

13,816. You thought there were some mines that were so mismanaged that the State ought to take them over, and that other mines which were properly managed ought not to be taken over?—We could conceive of cases; we did not know of cases, so far as I know.

13,817. You had no evidence before you of any?—No, not evidence.

13,818. Is there anything you wish to add to what you have already said?—I do not think so.

(The Witness withdrew.)

Mr. ARTHUR LAWRENCE, Sworn and Examined.

Chairman:

"1. I am a mining engineer residing at Cardiff and have been engaged for over 50 years in mining, chiefly in the South Wales coalfield.

2. I am well acquainted with most of the coalfield, and my work for the last 20 years or so has largely consisted of acting as mineral agent and adviser to certain large mineral estates, amongst which I may mention the Margam Estate, the Duchy of Lancaster, the estate of Lord Aberdare, the Crawshay Bailey Estate, that of Messrs. Gwynne Holford, Lord & Curro and several others. The mineral area included in these estates is about 42,000 acres, with an average annual output of about 5,500,000 tons.

3. Most of the properties I have mentioned are situated in the county of Glamorgan and form some of the most valuable portions of the coalfield.

4. The facts as regards the royalties and wayleaves paid within my knowledge are very simple. In most cases in South Wales a royalty per ton has been agreed between the royalty owner and his Lessees, and until about 30 years ago the payment of an *ad valorem* royalty per ton was rare. In two cases only of those for whom I act are royalties on the *ad valorem* principle paid. The area affected being under 2,000 acres.

5. The average net receipts for royalties of all description received by the Lessors for whom I act work out at 6-29d. per statute ton or only about 2½ per cent. of the cost of production.

6. The average wayleave (where payable) on these estates is 86d. per statute ton. In many cases free wayleave rights have been granted.

7. In the last 50 years there has been no material change as regards the rate of royalties charged and the same remark applies to wayleaves.

8. A certain, or dead, or minimum rent is usually charged at the rate of about £2 per acre per annum. This merges in the royalties. Also a rent for any surface land taken for colliery purposes is usually charged at the rate of about £2 per acre per annum. This does not merge in the royalties.

9. I cannot at present cite a case of minerals now remaining unlet owing to any unreasonable refusal on the part of the landowner. If any such case arose (and similarly with regard to wayleaves) which threatened to impede useful developments, I would suggest that some tribunal be set up to whom the case should be referred.

10. The leading terms of a lease are usually settled by fair bargaining, both parties being interested in effecting a letting, and the general terms, covenants and provisions are now practically standardised.

11. As regards power of the Lessee to determine the Lease, the prevalent provision is that if and when the minerals are exhausted or become soft or unmarketable, or fail after fair trial to be worked at a profit, the Lessee can determine by giving twelve months' written notice. This practically amounts to allowing the Lessee to surrender when he likes, and of this I quite approve.

12. On the other hand I have insisted on the Lessee covenanting in the event of their being unable to work any outlying tract beyond a fault that they

shall surrender such tract to the Lessor and thus enable him to get it won by others.

13. I have read the report of the Royal Commission of Mining Royalties issued in 1893, and I generally agree with its conclusions and recommendations. I think the provision for empowering a Lessee to recover out of excess workings the short workings he has incurred is only fair and reasonable provided that he has made fair attempts to avoid incurring the short workings. I cannot say to what extent any Royalty owner has forfeited such short workings, but I can state positively that this power has never been abused in any instance within my knowledge, and I have in many cases advised the Royalty owner to give the Lessee such an extension of the average clause as would recover these shorts.

14. Another alleged grievance is, I believe, the reluctance on the part of the Lessors to assist their Lessees by concessions or Rebate of Royalties to enable them to pass through difficult states of trade. I have never found Royalty owners reluctant to entertain these appeals, and I can give instances of what I consider very handsome concessions made by Lessors to their mineral tenants which have resulted well for the Lessees and also for the nation as a whole. Such concessions appeared at the time to be scarcely justified on strict business lines, and had the minerals belonged not to such Royalty owners but to the State I venture to think they would not have been advised to make these concessions for fear probably of creating precedents. I may give the following instances of concessions:—

1. In or about the year 1890 the Crawshay Bailey Estate made a concession to Cory Bros., Ltd., in order to assist them through troubles underground by reducing permanently their reserved royalties from 1s. large and 6d. small to 5d. large and 2½d. small.
2. About the same time the same Lessors made concessions to the United National Company to the extent of about £12,000 on account of certain troubles and heavy cost they incurred.
3. About 5 years ago North's Navigation Company received a temporary reduction of 2d. per ton off their royalties, to continue for 3 years.
4. The Brynddu Colliery (upon Miss Talbot's Estate) was surrendered as unworkable at a profit. Miss Talbot, in order to prevent distress in the neighbourhood, carried on the Colliery herself for about 3 years, thereby incurring a loss of over £80,000. The workmen appealed against this, and begged her to continue the working, alleging that they were satisfied it could, should and ought to be worked at a profit. The result was that under my advice she offered them the Colliery as it stood, stock, lock and barrel, at a reduced royalty of 4d. per ton "through coal," and on other terms of a most liberal character. The men, however,

6 May, 1919.]

MR. ARTHUR LAWRENCE.

[Continued.]

failed to take advantage of this offer and the Colliery has since been abandoned.

5. Baldwins, Ltd., have met with a certain amount of trouble and mining vicissitudes at their Bryn Navigation Colliery, and were assisted to the extent of £5,000 by Miss Talbot.
6. Lord Aberdare reduced the royalties on his Middle and Lower Duffryn minerals, leased to the Powell Duffryn Coy., from 9d. per ton to 6d. per ton, and the royalties on all veins below the 9ft. worked by the Powell Duffryn Coy. from the co-owners' property Holford, Lord & Currie (to 6d. per ton), on the ground that the quality and prospects of those seams were not as promising as the upper superior seams.
7. The Lessees of the Bwlfa and Nantmelin Colliery, in the Aberdare Valley, owing to bad times, appealed to their landowners for a reduction of Royalty and obtained very handsome concessions, the present Royalty being, I believe, 5d. per ton; but for this concession it is believed that the Colliery would have been stopped, and as a result it has been a very prosperous concern ever since.
8. Messrs. The Lewis Merthyr Colliery Co. held a property in the Ogmore Valley upon which they had paid about £23,000 in dead rents, which they saw no means of recovering. They appealed to their landowner (Mr. Blandy Jenkins) who, acting under my advice, granted them a lease of adjoining minerals, allowing them to recover the dead rents of £23,000 paid out of excess workings on the newly-acquired property.

15. I have never known cases where mineral owners have refused to grant renewals of Leases (when required by their Lessees to do so) on reasonable terms. I have recently settled and agreed for renewals of large areas of most valuable minerals in the Rhondda Valley to two of the largest Companies in South Wales. In both cases the Lessees accepted my terms without demur. In all cases of renewals of Leases where short workings existed at the termination of the earlier Lease, it has been agreed to allow the Lessees to recover these short workings out of excess workings under the new Lease.

16. It has been suggested that much unnecessary waste is caused by the leaving of barriers of solid coal, but I do not think that much saving would be effected by nationalisation in this direction.

17. Whether nationalised or not, barriers will always be necessary, not only for the prevention of inundation from collieries lying to the rise, but to prevent any interference to the ventilation resulting from the leakage of wind which would result if the collieries or takings of the mining area were not separated by substantial barriers of solid coal. It is true that under the present system the colliery takings are irregular in their outline, and that if against the outside boundary of the takings in all cases a barrier was left, it would be more tortuous and result in the leaving of more coal; but this difficulty is usually, if not generally, obviated by exchanges being effected between taking and taking, both Lessors and Lessees being alike interested in the bringing to bank of all the workable coal.

18. I think Nationalisation is more likely to lead to waste of coal than the present system of private ownership. As at present a Lessee's energies are directed towards realising to the fullest extent all the mineral in his taking and the fact that he is confined to that taking induces him to work coals which, had he full liberty to pick and choose and had further areas to explore, he would not work. In cases where the Lessee craves such exhaustive working it is open to the Lessor to see that in his (the Lessor's) interest the Lessee complies with his covenants in this respect. If the whole coalfield, on the other hand, were in the hands of the State, I fear they would be tempted to work such coal as was most profitable, neglecting the adjacent less profitable coal.

19. Assuming that expropriation is determined upon, I do not think that Part VI. of the Fabian Society's pamphlet sets out properly what would be the fair and proper basis through which to arrive at the compensation to be paid to the royalty owner. It is there suggested that the basis to be taken should be the income obtained in previous years, but I would point out that this is fallacious. Assuming two properties, each containing 1,000 acres of a valuable seam, Property A might, though nearly exhausted, be yielding 1,000 tons per day though the workings are rapidly approaching the boundary. Property B, only recently opened, may have only as yet reached an output of 100 tons per day. Property B, nevertheless would be the most valuable property of the two though, according to the Fabian Research view, the reverse would be the case. I would suggest that the whole of the circumstances of each case would have to be considered on its merits as is frequently done in the barter and sale of this class of property.

20. The existence of royalties, I submit, is a useful fact, as it enables the Lessors to assist those of their Lessees by temporary concessions, such as I have mentioned and such as are constantly taking place. If no such royalties existed at all, certain inferior collieries would look in vain for any outside help, and for such purposes it is perhaps well that the royalty owners are able to accumulate some capital to be applied to this purpose when necessity calls for it.

21. Another objection to the Nationalisation of the Minerals is, in my opinion, that this would bring about naturally a severance of the ownership of the surface from that of the Minerals. If the State became the owner of the Minerals, I foresee difficulties in their working of them owing to the inevitable letting down of the surface, which belongs to the present various owners; presumably this would put the State to huge expense in order to satisfy the surface owners and also occupiers who then would have no direct interest in getting the minerals worked.

22. The Nationalisation of Minerals would inflict a considerable loss of revenue upon the State by reason of the heavy taxation which the present owners are subjected to in the form of:—

- (a) Mineral rights duty.
- (b) Increment value duty."

13,819. Only one other question. You have been asked by the Commission to come and give evidence. You are not appearing for the royalty owners?—No, I am not.

13,820. Mr. Robert Smillie: You say the nationalisation of minerals would inflict a considerable loss of revenue upon the State by reason of the heavy taxation that present owners are subjected to in the form of So and so. Would that not all depend on what the State paid for the minerals if it bought them?—You are referring to the last paragraph?

13,821. Paragraph 22?—I do not see that the taxation you refer to would be augmented or otherwise by the amount they paid for the minerals.

13,822. Are you not assuming that you would pay the value of the minerals prior to the tax being put on when you say it would be a loss to the State taking over the minerals?—What I meant was this, whatever it may be worth, that at present the State obtains a certain amount of revenue by that taxation. That would disappear surely if private ownership disappeared, would it not?

13,823. No, not if the State took over the minerals without paying for them. Would it not gain?—I am assuming that just as the minerals were subject to taxation before nationalisation they would be subject to taxation afterwards.

13,824. Do you mean to say if the State took over the minerals that the State would tax itself every year on the minerals?—No, the State would lose that tax.

13,825. It would all depend on what the State would pay to the present owners?—I suppose it would be involved in that.

13,826. Supposing the State did not pay anything, but took the minerals over, would there be any loss to the State?—I do not quite follow you.

6 May, 1919.]

MR. ARTHUR LAWRENCE.

[Continued.]

13,827. Supposing the present holder of the minerals handed over to the State the minerals, would the State lose by it or gain by it?—Gain by it.

13,828. Then it all depends on whether the State paid, and, if so, what it paid, whether it would lose or would gain? I wonder what you had in your mind when you said the State would lose by taking over the minerals?—The State would no longer get the mineral rights to begin with.

13,829. Would they not get the minerals?—I did not mean that in the gross the State would be a gainer.

13,830. The State would be the gainer, but not so much a gainer?—No. That is the way I think it should be put.

13,831. You give the average royalty on the estates which you manage at a little over 6d. a ton?—Yes.

13,832. For large coal?—No, on through coal. That figure is obtained by dividing the absolute tonnage brought from the mine into the money which the landlord receives.

13,833. A little over 6d. a ton on through coal?—Quite right.

13,834. All kinds of coal?—Yes.

13,835. Under the lease is the mine owner who works the coal on the estates for which you are responsible required to put out small coal?—Not in those precise terms. The lessee undertakes to work the mines on the best and most approved system, and so that the largest practicable quantity of coal should be brought to bank that can be brought to bank profitably.

13,836. As a matter of fact do they fill through and through coal in the collieries on the estates which you refer to?—In some they do and in some they do not. I do not think I could tell you what is the proportion. I may add this, if it is any use to you, that 50 years ago the men were absolutely forbidden to fill small coal, but as small coal advanced in value, the masters at first tolerated and then approved of it, and now in many cases they fill through and through.

13,837. Your royalty of 6½d. a ton is on through and through coal?—That is it.

13,838. Coal might be hand-picked at the face and put into the tubs, it might be large coal at the face, and there might be a proportion of it when it was put into the wagons that was small coal?—It was certain to be.

13,839. Your royalty is put on it at the pit's mouth?—It depends on what royalty is received. In the large number of cases in the biggest estates it is a through coal royalty. I mean large and small mixed together.

13,840. That is, the landlord is paid, for large and small mixed together, his 6½d. price?—Yes.

13,841. Would you be surprised to know that the workmen would not be paid for producing small coal, that their wages are governed by large coal?—That is an involved question, and it is not the first time I have heard that stated. Their wages, it is true, are fixed upon the large, but when that was arranged, it was an understood thing that they should not be paid for small, and any small they chose to fill, or did accidentally fill in, was chucked in, if I may say so. The large coal royalty compounded for that.

13,842. I suppose you, as a mining engineer, knowing the South Wales coal, would not be surprised to know that a man might fill into a tub hand-picked coal, round coal, 10 cwts. to a tub, and it might be found at the surface that there was only 9 cwts. of round coal?—That would be pretty rotten stuff, I take it; I never knew of such a case: that is to say, that 90 per cent. had fallen away from large to small?

13,843. Yes, 1 cwt. out of 10 might be considered small coal at the surface?—That coal might have had some other merit besides its softness.

13,844. My point is that the workmen were only paid for 9 cwts.?—I am surprised that such a coal was worked at all.

13,845. In that case the royalty owners would be paid for 10 cwts.?—In which case?

13,846. In the case of a man filling 10 cwts. of round coal into a tub at the face and it becoming 9 cwts. of round coal and 1 cwt. of small, the mine owner would be paid for 10 cwts.?—If that stuff is called coal and not rubbish.

13,847. And the men would only be paid for 9 cwts.?—I am surprised to hear if there ever was such a case.

13,848. In the case of Miss Talbot, under No. 2, you say: "About the same time the same lessors made concessions to The United National Company to the extent of about 12,000." Do you remember what the royalty rents were?—Yes, they were pretty high: 1s. large and 6d. small.

13,849. Now No. 3: "About five years ago North's Navigation Company received a temporary reduction of 2d. per ton off their royalties, to continue for three years." Do you remember what their royalty was?—That was an *ad valorem* royalty: taking it as through coal, it was nearly 9d. a ton.

13,850. Do you remember what Miss Talbot reduced, or offered to reduce, the royalty from when she offered it at 4d. a ton?—Yes, the previous royalty was 6d.

13,851. And she offered to make it 4d. to the workmen?—That is so.

13,852. All those royalties come out at 6d., or above 6d.?—Those, and a lot more.

13,853. They come out at 6d. and above 6d.?—They come out at 6½d., as you said before.

13,854. But all we have touched up to the present time are 6d., 9d. and 1s.?—I have not calculated what those average, but those with the rest of them, for which I act, make up the figure of 6½d. I will take out those, if you like.

13,855. I was trying to prove that, from the information you gave us here, you have hardly anything so low as what you give as the average?—No, those were among the best. The United National, as Mr. Hodges could tell you, is in one of the best parts of the coalfield; so also is that of Cory Brothers & Company.

13,856. Have you any experience of selling coal yourself to customers and getting orders for coal?—No.

13,857. Do you know anything about the commercial side of the business?—A little, but I am certainly not a commercial man.

13,858. Are you aware that very often there has been a loss on sales in a colliery of less than 3d. per ton: that is, the buyers would not buy because of the difference of 3d. a ton between the seller and the buyer?—Perhaps some local sale might be varied by such a figure as that, but it would not be coal for export or any large contract.

13,859. Do you think that 3d., 6d. or 1s. a ton might not prevent an order being placed?—You go from 3d. to 6d.—3d. would not make much difference.

13,860. Is 3d., 6d. or 1s. considered a small thing in a ton of coal?—In a ton of coal, but not in 10,000 tons of coal.

13,861. Are you aware that the majority of strikes that have taken place over the coalfield have been strikes in which less than 6d. a ton has been involved?—I have been very sorry indeed to hear that strikes have taken place for such small things as they have.

13,862. 3d. a ton to the man who is producing five tons of coal per day perhaps may not be a small thing?—No, if it is a genuine dispute about a ton or two of coal, I should have some respect for the striker, but unfortunately there are frequently strikes and losses of hundreds of thousands of tons for matters almost as little as that.

13,863. It does seem a pity, but there are always two sides, you see?—Yes.

13,864. You say that the present system of private ownership of minerals leads to the owner of the minerals being able to make a concession from time to time if necessary in a badly situated colliery?—Yes.

13,865. Which might enable it to go on?—Yes. I think I had the honour of agreeing with you on that point. I think you stated so yourself in 1893.

13,866. What I stated is this, that sometimes the difference between a 4d. royalty and a shilling royalty

6 May, 1919.]

MR. ARTHUR LAWRENCE.

[Continued.]

enabled the worst situated colliery to go on and not shut up?—That is so.

13,867. That is so obvious to people who know those things. Have you ever heard of an owner of a colliery that was doing well earning, it might be 20, 25 or 30 per cent. dividend on invested capital, giving any help to the owners who had to shut up because they could not do well?—No, I do not think I can ever remember a case of that sort. Do you mean where a successful colliery company came to the help and rescue of an unfortunate one?

13,868. Yes?—There may have been such cases, but I do not remember one.

13,869. You do not think anybody remembers anything of that kind?—You have to go to Scotland for that, I expect.

13,870. That might be one reason, if there is any justification for nationalisation. I suppose you are well acquainted with the internal affairs of the owners of those estates for which you are agent, the Duchy of Lancaster, Lord Aberdare's, and the Crawshaw Bailey Estate?—Yes.

13,871. Are those people whom you mention in paragraph 2 of your *précis* persons who owned the land?—Yes, with the solitary exception of Messrs. Gwynne, Holford, Lord and Currie. By some curious freak of fate they own only the minerals and not the surface.

13,872. Do you remember who is the owner of the surface?—There are various owners. Some hundreds of years ago, I believe, a gentleman who had three daughters, and great wealth in these farms, left the farms to the different daughters, but the minerals, not knowing their value, he left in undivided thirds, and they have come down in the same way, but the surface has been sold and resold over and over again.

13,873. Who has got hold ultimately of those minerals?—These gentlemen.

13,874. Do you know how they came by them?—No, I cannot tell you.

13,875. Are you not agent for them?—I am not their solicitor. I am agent for them, certainly. I should think that question would take the solicitors all their time to answer, and it would certainly beat me.

13,876. The person who originally owned those three farms left the surface to three daughters?—Left the minerals and surface, but in the case of the minerals left it in undivided third parts. In the case of the surface he allotted such and such a number of farms to one and so on.

13,877. I think your previous answer was, not knowing there were minerals, or the value of them, he divided only the surface?—He wanted to divide equally among the three; therefore he determined that the shares they had should be divided in the rates of what their ultimate value proved to be.

13,878. Was that the surface?—The surface he could tell the value of. The minerals he could not.

13,879. Had minerals been proved?—Barely, then.

13,880. Had they been bored for?—Not immediately on that property.

13,881. Who owns the minerals at the present time—is it Gwynne, Holford, Lord and Currie?—Yes.

13,882. They hold them?—Yes.

13,883. Would it be possible to produce the title or the charter by which they hold them and from whom it was granted?—It would not be possible for me to do it, but I would endeavour to get it done.

13,884. You would ask your client to do it?—Yes.

13,885. About the Margam Estate, who is the owner of that?—The late Miss Talbot was the owner. She has left it in the hands of trustees.

13,886. She held the surface and all the minerals?—And all the minerals.

13,887. Did you ever come across her charter?—Never; I do not know quite what you mean.

13,888. Did you grant any leases on her behalf for working the coal?—I negotiated for them. The solicitors drew the leases, but I know all about them.

13,889. That is, between Miss Talbot, or the trustees for Miss Talbot, and the people who work them?—That is so.

13,890. You do not know anything about the late Miss Talbot's title or right?—I am informed that

these minerals were specifically purchased from the Crown by Sir Rice Mansel in 1540, with the sanction of Parliament.

13,891. They ultimately came down to Miss Talbot?—Yes.

13,892. Miss Talbot, you say, worked one of her collieries when it had been given up at a loss of £80,000?—Or more.

13,893. She ultimately offered it lock, stock and barrel?—Yes. The men demurred to this. The men came and appealed against this, as they call it, hardship; and no doubt it was a hard case, as the winter was coming on, and I heard frequent mutterings. They said it could be worked and should be worked at a profit, and I determined to ask Miss Talbot's permission to let them have it as nearly free as possible, and I offered it on those terms, but they did not care for it, and they instructed a solicitor to try and get up a company to go on working, but nothing came of it.

13,894. That is, you asked her to let the men have it on the lowest possible terms, and she took 2d. a ton off the royalty and offered it to them?—Yes.

13,895. Miss Talbot was a very extensive mineral holder?—Yes, a very extensive mineral holder.

13,896. Could you give us a hint as to what her income from minerals was per year?—Yes, I think I can.

13,897. That would be very interesting?—A little under £30,000.

13,898. Is that an average for a period?—No, it happens to have been last year, 1918. It shows rather a falling off or a considerable falling off from that of 1917, but it may interest you to know that it is a very newly developed estate. It has not been worked very substantially for a great number of years. It was only about the year 1890 that developments became acute, when in fact she established the new dock and works at Port Talbot at a cost of the best part of a million.

13,899. Was Miss Talbot about the wealthiest woman in Great Britain?—Such things are said. They are not reliable. She was a wealthy woman, no doubt.

13,900. Have you any idea what her wealth was?—No, none whatever.

13,901. She finally shut up this colliery or had to shut it up because she was losing?—Yes, she lost £90,000, I think it was, in about three years. The fact was the colliery had been worked to the deep and it was very difficult to get coal out profitably.

13,902. Has there been any attempt to open it up since?—No, none.

13,903. Now the Duchy of Lancaster: has that some connection with the Royal Family?—Yes.

13,904. Do you act for that estate?—Yes.

13,905. Do you know if they have any title at all to their right to work it?—I cannot say what title they have got.

13,906. Lord Aberdare is a large royalty owner, is he not?—Yes, he has about 2,500 acres of first-class quality coal, but they have been largely worked.

13,907. Is his rather a high royalty rent?—No, I should not say that. He has made substantial reductions from time to time. I do not think he is getting over 9d. now.

13,908. Does Lord Aberdare do any special work in connection with the royalty rents or does he leave it all to you and the lawyers?—Yes, I think he does considerable work on his property and in the county. He is singular in this respect, that he lives down there.

13,909. It is a blessing that he even lives there. A good many do not. Has he any particular employment?—No, except County work. He does a good deal of that.

13,910. Of course he would be a legislator up here. He would have work up here?—No doubt.

13,911. Do you happen to know how he holds his estate?—No.

13,912. Have you no idea?—I should think it is a mixed up question. A great deal of it was purchased by his grandfather, I think.

13,913. But there would be some of it acquired in some other way?—I daresay.

6 May, 1919.]

MR. ARTHUR LAWRENCE.

[Continued.]

13,914. Are you aware whether or not any of it at one time was common land?—No, I am pretty sure none of it was.

13,915. The chief thing to recommend him is that he lives down there; he is not an absentee landlord?—He certainly is not. He is a very good landlord; he is very popular down there.

13,916. I am glad to hear it. Is the Crawshay Bailey estate in the hands of the family?—Yes.

13,917. Who is the owner of it?—The late Crawshay Bailey purchased the whole of that estate with money, he earned in the iron trade.

13,918. He deserved credit?—I am glad to hear that somebody is deserving of credit.

13,919. You do not remember who he purchased it from?—I have heard the names, but I do not recollect them.

13,920. I suppose you had the title deeds when he purchased?—Those were never in my custody.

13,921. *Mr. Arthur Balfour*: There is no doubt in your mind that if royalties were nationalised proper compensation ought to be paid?—No doubt whatever.

13,922. Compensation is really an honest payment for value received?—Certainly.

13,923. If it were necessary to have that settled by an impartial tribunal, you would agree to that?—There would be no difficulty whatever about that. If any competent and impartial tribunal were instructed to make a valuation they would or should know how to proceed about it. There are accepted valuers for those matters.

13,924. *Mr. Frank Hodges*: Have you had any experience of State management?—Not except mineral estate. Do you mean as regards houses?

13,925. Or any kind of industry. "State management," I asked?—No; unless you would call being Mineral agent to the Duchy of Lancaster State management. I do not suppose you would.

13,926. That is not exactly the State. That is private property?—Certainly.

13,927. If the State managed these things, would it be possible to get quick decisions and settle the questions as you have been able to settle for private owners?—I confess I should be very doubtful about that.

13,928. *Mr. F. Hodges*: As a matter of fact there is a good deal of haggling between you and the colliery proprietors before you come to a decision as to whether you would make a concession, is there not?—No.

13,929. Have you not demanded a full examination of the colliery company's accounts before you have entertained the thought of making a concession?—In one case at all events where I contemplated advising a very substantial concession, I said that my recommendation for it would be conditional upon my having documentary evidence that they had lost the sums they spoke about, and I certainly went into it then.

13,930. That is to say, you engaged a chartered accountant to make an investigation?—I do not remember that. It is a long time ago.

13,931. But you did engage a mining engineer to go and make a survey before you came to a decision?—Which case are you speaking of?

13,932. I am speaking of the majority of the cases you speak of where the owners asked for a concession?—I look at it from the facts commercially and geologically and from every point of view.

13,933. Supposing I were the proprietor of the Bryndu Collieries, which I know?—No doubt you do.

13,934. And I came and said, "I want a concession off the royalties, or I shall have to close down tomorrow, you would not come to a conclusion at once, would you?—No.

13,935. And you would not expect the State to do it?—No.

13,936. You would ask for a very thorough examination into it?—Yes.

13,937. I am not referring to the Bryndu Colliery for its own sake, but this colliery is abandoned, is it not?—Yes, it is abandoned, but its territory is relet with a bigger scheme which will envelop it.

13,938. That is to say, the whole tract which has been abandoned is now about to be let to North's Navigation Colliery Company?—No, to Baldwins.

13,939. So that the mineral property has assumed an economic value again?—Yes.

13,940. Before Baldwins took it over it had no economic value?—That is so.

13,941. It was abandoned?—Yes, and it has no economic value now unless and until Baldwins sink a pit into the deep side to win it properly. There is no use going from the outcrop, but if they tackle it elsewhere, it would have value.

13,942. That is to say, until other people's capital is applied to the Bryndu Estate it has no economic value?—Yes, until further capital, whether of Miss Talbot's or Baldwins', is brought to bear for a pair of pits that cannot be won profitably.

13,943. That is to say, if Messrs. Baldwins had never contemplated taking it over, you would not have asked, if that property were nationalised, that that uneconomic property should be compensated for?—I do not quite follow the question.

13,944. I will put it in another way. Suppose that property is still abandoned?—And Baldwins had not come forward at all.

13,945. Yes; that Baldwins had not come forward at all, and in six months' time the State decided to nationalise the minerals. Would you come forward with a claim for compensation for the minerals in that abandoned property?—Oh yes.

13,946. Why?—Because they have potential value, which value if you will only wait patiently I think you will see developed.

13,947. By other people's capital?—That does not affect the question. The lessee or the owner of the freehold of the minerals would participate whether the capital was found by this man or that.

13,948. But surely it is the other capitalist's money which has been put in at a risk, and if there is any truth in the theory that profit is the reward of risk, it is that man who ought to have the benefit of that mineral property there, and not Miss Talbot's trustees who have abandoned it?—No; I know what you mean, but I cannot agree with you there. Supposing a certain person, say Baldwins, sunk a pair of pits and worked this at present derelict property belonging to Miss Talbot: whether they risk much or little she should be paid for her royalty. That is my view.

13,949. Is that a dead rent on the property?—No. On the neighbouring property, yes, but not on the specific property. It is cast in with four times its own area in a larger taking of about 3,500 acres.

13,950. One other question, and I will not ask you any more. I should like to understand a bit better how you can stimulate the activities of a colliery company by making a concession. You say at page 2, paragraph 20, "If no such royalties existed at all, certain inferior collieries would look in vain for any outside help."—Yes. Can you not imagine that the colliery may become more and more unprofitable through more and more lack of capital until they are cut down to the point that their manager advises them that they ought to spend £1,000 on some economy underground, and they say, "We have not got £1,000"?

13,951. How would they get it?—By going to their landlords; that is my experience.

13,952. But supposing they had nothing to pay to the landlord?—Then the colliery would stop. Your question was, "Supposing they had nothing to pay to the landlord."

13,953. Yes?—I am not suggesting they are paying nothing to the landlord, but the landlord pays something to them.

13,954. But he is not. He has simply lifted the burden a little more from the shoulders of the capitalist engaged in the enterprise?—No; he enables them by that £1,000 to weather the rock.

13,955. But the rock is just the rock which you have left still upon his shoulders. That is so. If he had no royalty at all to pay, he would have had that money at his disposal in order scientifically to have developed his concern. Do you agree?—He would no doubt

6 May, 1919.]

MR. ARTHUR LAWRENCE.

[Continued.]

have had the value of those royalties if he had not spent them in some other way.

Chairman: I will ask Mr. Evan Williams, the other local gentleman, to question the witness.

13,956. *Mr. Evan Williams:* As I gather, what you mean is, whoever owns the minerals a charge has to be made for the royalty upon them?—Yes.

13,957. That is a charge upon the industry?—Yes.

13,958. If the private owner is in the position to reduce that charge to a colliery owner in justice he thereby puts him in a relatively better position?—Yes. Really he puts him on his legs to that extent, and I have known cases where such a help has saved a colliery. I am not suggesting that every time a lessee tells you he will be obliged to stop next week that I think he is going to do it, but in some cases it is as bad as that.

13,959. With regard to undeveloped coal, have you any experience of undeveloped coal having had to pay Death Duty?—Yes, I have a good deal of that, but the valuation of undeveloped or unwon coal is an everyday matter in Wales. I have heard it suggested here to-day that no coal can be deemed to have a substantial value unless it has been seen or something of that sort. That is absolutely fallacious. Without boreholes and without drivages into the property any mining man, worthy of the name, can predict with absolute certainty that he is going to get certain seams in certain order. When seams are outcropping at the side of a valley and are worked there, and here you find them outcropping again and dipping towards each other, you have no doubt whatever as to what you will find in the middle.

13,960. It is practically a geological certainty?—Yes.

13,961. *Mr. Hodges* questioned that there was any value in these minerals of Miss Talbot's. Has a valuation been made of her estate for probate purposes?—Yes.

13,962. Was any value put by the State upon those minerals?—Certainly.

13,963. Your view is that any minerals which are considered by the State to be of value for the purposes of Death Duty certainly ought to be the subject

of compensation?—Yes, and I suggest if there is any difference between the State and the owners, it should be gone into by some tribunal which should decide it, because there should be no difficulty in getting at the right end of it.

13,964. And you would approve of a tribunal being set up to settle matters of this kind and of the kind that have been referred to?—Yes. I am not giving you any opinion as resulting from a consideration of what has taken place lately. For the last 30 or 40 years my belief has been that if a man obstructs the rest of the world he ought to be put aside and made to give way. I must say I cannot understand why the principle of the Railway Clauses Act, 1845, has not been broadened. If a man is not inclined to sell his land under that Act, he is obliged to whether he likes it or not.

13,965. And similarly to let his coal?—Absolutely. But let him have absolutely reasonable terms. He should not be allowed by asking excessive terms to block an industry.

13,966. Some questions were asked by Mr. Smillie about payment for small coal, and it was said the collier was not paid?—Indirectly he is paid.

13,967. Are you aware of the general arrangement in South Wales and the clause in the general agreement that all services performed in the getting of the small coal are paid for in the price of the large?—That is it.

13,968. You made some reference to short working. Is it your view that short working should be recoverable over the length of the lease?—Yes, but there again the circumstances should be taken into consideration. If a man has incurred short workings and has nevertheless endeavoured to drive forward and make them merge in royalties, he should be allowed further time for it; but if, on the other hand, loss, I do not see that he is entitled to any consideration.

Chairman: We have had a general cross-examination by two local Commissioners, Mr. Evan Williams and Mr. Frank Hodges, who come from South Wales, and now I suggest that you should let me call Mr. Downing.

(The Witness withdrew.)

Mr. STANFORD EDWIN DOWNING, Sworn and Examined.

13,969. *Chairman:* I believe you are the Secretary of the Ecclesiastical Commissioners for England?—Yes.

13,970. You say in your proof:—

“1. Witness is Secretary of the Ecclesiastical Commissioners for England.

2. Ecclesiastical Commissioners are owners of coal and other minerals under large areas in several parts of England and Wales—especially in Durham and Northumberland.

The coal is partly in course of being worked, partly awaiting development.

As an indication of the extent of their interest as owners in this class of property, the royalties and wayleave rents in respect of coal workings in 1917 amounted to about £370,000.

3. Ecclesiastical Commissioners do not themselves work minerals; the right to work is demised by them to lessees.

4. Ecclesiastical Commissioners hold their property for the statutory purpose of (speaking generally) augmenting poor benefices. The parochial clergy are in effect the beneficiaries for whom they hold their property.

5. In addition to property vested in themselves, Ecclesiastical Commissioners are concerned with all the properties of incumbents of benefices. Leases or sales of minerals under lands belonging to benefices are made only with the approval of the Commissioners. The royalties are paid to the Commissioners to be invested for the particular benefices. Arrangements for letting practically fall into the hands of the Commissioners.

6. Coal under about 200 glebes is let. The number of separate leases is greater than this.

Royalties received for particular benefices in 1917 amounted to £40,000.

Wayleave rents belong to the individual incumbents.

7. The interests of the Commissioners in the coal industry, whether in respect of properties vested in them for a statutory purpose or coming under their control as trustees for Ecclesiastical Corporations, are those of owners of mineral rights.

I.—AS TO NATIONALISATION BEING NECESSARY OR UNNECESSARY.

8. By mineral rights witness understands rights—whether flowing from full ownership or any less interest in land or a severed portion of the land (*viz.*, the minerals within or underlying it)—to work or allow others to work the mines and minerals, and to perform any operation in connection with the working, *e.g.*, operations for ventilating and draining mines, for carrying the minerals from place to place underground or overground, etc.

Rights over the surface are also presumably included in the expression mineral rights, *e.g.*, the right to use the surface for sinking a pit, erecting colliery machinery and plant of all sorts, and perhaps for the erection of cottages for workmen.

9. These rights are rights of private property, and the nature of the interest of an owner of mineral rights is very much affected by the question whether he is also the owner of the surface and, if he is not, by the conditions upon which the surface and the minerals have been severed.

6 May, 1919.]

MR. STANFORD EDWIN DOWNING

[Continued.]

10. There is great variety in these conditions arising out of the various ways in which the severance has been effected, e.g.—

- (a) by private contract (on sale of land with a reservation of the minerals);
- (b) by statutory contract on sale of surface under—
Land Tax Redemption Acts,
Railway Clauses Acts; or
- (c) by Enclosure Acts (special and general).

There are also the special conditions (affected by custom) limiting the Lord of the Manor's ownership of minerals underlying copyhold tenements and wastes of the Manor.

But if by "mineral rights" we understand all the rights over minerals and surface which it is necessary for the persons working the minerals to exercise with a view to efficient working, these varying conditions do not affect the question "What are mineral rights?" but the question "Who possesses these rights?"

The simplest case is that of the owner of surface and minerals in fee simple in possession free from incumbrances. He possesses *all* the rights. In other cases the rights may be divided in a great variety of ways among several persons.

11. By nationalisation of mineral rights the witness understands to be meant the acquisition by the State of the rights of private ownership above indicated.

The object of such acquisition is presumably to promote the efficient and economic working of collieries throughout the country, this being accepted as being in the national interest.

12. Mining development is only in exceptional cases the work of the owner of the mineral rights as such. The "undertakers" are the companies or individuals who sink the pits and work the coal. There is sometimes between these and the owner of mineral rights a "Pioneer Company" who prove the coal and get into their hands the mineral rights over a sufficient area, and so facilitate the actual work of the mine workers.

The interest of a mineral owner as such (and as distinct from any interest as surface owner, if he also owns the surface) is to secure that the minerals shall be worked. The private owner has a pecuniary interest in encouraging exploration work and vigorous working; that interest is an incentive to development; how efficient it may be must depend upon the character of the estate and the owner; such general tendency as there is must be in the direction of favouring development; the mineral owner is a person who has an interest in getting the capitalist to come forward and develop the mineral resources.

It is not clear that this incentive would be more powerful in the case of State ownership.

Mineral owners are able to, and do, by timely concessions encourage their lessees in the prosecution of their work in times of difficulty.

13. It is said, however, that private ownership has certain effects in the other direction (of retarding or hindering economic and efficient working), and as examples of this are the following (I suppose admitted) difficulties:—

- (a) That while development depends upon agreements being arranged between numerous owners on the one hand and mine workers on the other, a general plan for the systematic development of the coal resources of the country is impossible.

But this is more an objection to private enterprise in working than to private ownership of the minerals. If a national or local plan of systematic development in working be arranged, the mineral owner would have no choice but to adapt himself to it.

(b) That in existing circumstances the mine worker is hindered in his operations, or economic development is frustrated by private ownership owing to—

- (i) mere unreasonableness on the part of a private owner, refusing to grant facilities or to grant them on fair terms (holding up, locking up, wayleaves, etc.);
- (ii) difficulties of getting together in agreement the representatives of various interests in the ownership—either number of separate estates or number of interests in estates or limitations of powers of private owners (e.g., infants, lunatics, persons having doubtful title or restricted by covenants with others, etc.);
- (iii) the requirement of boundary barriers (as distinct from barriers against gas, water, etc.).

These difficulties are frequently exaggerated, but they undoubtedly exist. As nationalisation would substitute one owner for many, it would clearly be a means of disposing of them. It is not, however, the only means.

(c) The mine worker complains sometimes of the inflexibility of the private owner in adhering to terms which under altered conditions have become unreasonable.

Nationalisation would not necessarily provide a remedy for this complaint.

(d) Great difficulties are experienced in efficient working of the mines owing to the rights of surface owners to support in varying degrees. There is no generally applicable code of rights as between mineral owner or mine worker and surface owner.

No one code generally applicable could be devised to meet all the varying circumstances.

This difficulty would not be overcome by nationalisation of the mineral rights.

It is not merely a question of relative rights of owners, but of the best uses in the national interest to which the whole property (minerals and surface) can be put.

14. If private ownership is not essentially antagonistic to economic development, but nevertheless creates certain difficulties, can these be met other-wise than by nationalisation?

It is suggested that all these difficulties would be met by the establishment of a system of compulsory submission to a suitable tribunal armed with adequate authority to make orders appropriate to the particular case.

This implies a restraint on the powers denoted by absolute ownership. The restraint would be justified on the ground that the national interest required it. It is only an extension of the principle embodied in the Statutes relating to the compulsory acquisition of land for public undertakings.

At present an undertaking obtains statutory powers for the application to its case of the compulsory powers of the Lands Clauses Act. What happens mostly is that difficulties are settled by agreement; but where this is not possible, the assessment of compensation goes to a tribunal established under those Acts.

To apply this to the case of the collieries, what is necessary is to set up an authority which may decide whether the case is one for the application of compulsory powers, and, when that is decided, to remit the assessment of compensation to a tribunal of valuation.

Then, whether it were for the purpose of laying out a new colliery or to facilitate working an existing colliery, on the need arising for the acquisition of any right, there would be the means of the colliery acquiring it.

6 May, 1919.]

MR. STANFORD EDWIN DOWNING.

[Continued.]

15. Difficulties very similar to those affecting the development of colliery enterprises arise out of private ownership in matters concerning the development of the surface, e.g.—

Agricultural drainage.
Town planning.

They have been overcome in the national interest without nationalisation of the surface by Drainage Commissions, town planning schemes under the authority of appropriate local bodies, etc.

II.—METHOD OF COMPENSATION IF NATIONALISATION DECIDED UPON.

16. If the minerals and mineral rights are acquired by the State in the national interest, individual owners should be compensated according to the values of their respective properties.

The interests of mineral owners vary from the absolute ownership of the surface and minerals of an area forming the whole of a colliery undertaking to such an interest as a copy-holder possesses in a few acres comprised in a colliery undertaking.

The mineral owner's interest may be at the moment producing a revenue or only having a capacity to produce a revenue.

Compensation can be assessed only by valuation of each separate portion of minerals in any colliery undertaking or area of development with regard to the surface rights going with it.

17. There are two broad divisions—

- (a) Coal that is actually being worked or is comprised in a mineral letting or colliery undertaking.
- (b) Coal not at present being worked and not comprised in a mineral letting or colliery undertaking.

The second division (b) may be further subdivided into—

- (i) proved seams of coal which may either be underlying areas in which other seams are already in working or may be under other areas not at present being worked for any seam;
- (ii) unproved areas where the information concerning the coal may vary from practical certainty to mere suspicion of its existence.

18. In the course of transactions relating to land and minerals, properties of all these classes have to be valued from time to time, and, nationalisation being regarded as a purchase by the State, it would not be beyond the powers of expert valuers to arrive at the fair price on the basis that the parties had entered into a treaty for sale and purchase.

19. It would be a question for consideration whether the State would proceed to acquire at once all coal, whether in the course of being worked, or proved but not now worked, or unproved.

20. In my opinion more than the coal actually worked or comprised in a mining lease would have to be acquired and the owners compensated at the same time.

Much coal not actually being worked nor actually demised obviously falls within the sphere of some existing colliery undertaking almost as much as some coal actually demised.

The State would need power to acquire coal before it should be actually worked or leased, and it would be difficult to define any stage of development before which the powers of State acquisition should not be exercisable.

21. Whether, therefore, the compensation for all mineral rights had to be settled at the present time or not, there would be problems of valuation in relation to practically all the classes of properties in the above-mentioned divisions (paragraph 17).

22. In the case of coal now being worked the elements affecting valuations which are known are—

- (a) the minimum rent and the royalty, per ton or other unit of measurement, receivable by the owner;

(b) the actual annual rent now being paid to the owner (not less than but often considerably more than the minimum rent);

and there can be estimated—

- (c) the amount in tons or other units comprised in the area of valuation;
- (d) the number of years within which the coal will be worked or paid for by the minimum rent or by royalties at the ascertained or reasonably expected rate of working;
- (e) whether the life of the mine is within the time of the existing lease or may be beyond it; if the latter, it might be necessary to consider whether the coal would all be worked out at existing rates of royalty or whether there might not be a variation on the renewal of the lease.

23. From these data can be computed—

- (a) the annuity which the working of the coal produces or should produce to the owner;
- (b) the probable duration of the annuity.

The present value of this temporary annuity is the value of the mineral owner's interest in the coal. The element in the computation which has to be settled is the rate of discount.

The main circumstance affecting the question of the rate to be adopted is the security of the annuity. A well-secured annuity at the present day might be discounted at, say, 5 per cent. The annuity from royalties on a mineral letting is subject to certain contingencies, but it is a first charge on the produce of the mines. If liable to fluctuation downwards, it may equally vary in the other direction with more vigorous working.

Possibly, having regard to these considerations, a 6 per cent. rate would be fair for adoption.

Discounting at 6 per cent. any length of time beyond about 60 years would not affect the calculation.

24. In regard to minerals proved but not in working, the same data would probably be ascertainable, though largely dependent upon expert opinion, and the same calculations could be made. But in addition, an estimate would have to be formed of the time from which the estimated annual rent would commence, and the ascertained value would be discounted for that number of years.

25. In regard to minerals unproved, the object would be to arrive with expert assistance at something which could be described as the market value. It is obvious that the same calculations cannot be gone through, or, if they are, they must be based on assumed data. But the valuation must be possible, for the Finance Act of 1909-10 contemplates it being made as to every parcel of minerals in separate ownership.

26. Valuations of unproved coal, though they may have to be made, can rarely be satisfactory. They must depend upon expert opinion which there is little or no means of testing, as there are few transactions in such property.

In such circumstances the "market value" may well be very inadequate compensation to an owner who can afford to wait for the development of the minerals.

Such an owner would prefer to have the assessment of compensation postponed until the minerals should be ripe for development."

I am very much obliged to you for that careful proof.

13,971. Mr. Robert Smullie: Are the Ecclesiastical Commissioners, as a corporate body, connected with any organisation for the protection of mineral royalty owners?—No, none.

13,972. Did you draft this *précis* yourself?—I wrote it myself.

13,973. I suppose you have considerable knowledge of your methods and the terms of the leases which you gave to those who are working the minerals belonging to the Ecclesiastical Commissioners?—Yes, a fair knowledge.

6 May, 1919.]

MR. STANFORD EDWIN DOWNING.

[Continued.]

13,974. Could you tell us how the ground found its way into the hands of the Ecclesiastical Commissioners?—Do you mean the minerals?

13,975. The portion of the earth which you claim. How did it find its way into their hands?—For the most part, it formerly belonged to bishops, or deans and chapters, who had held it for many centuries. Then it was transferred by or under an Act of Parliament of about the year 1840 to the Ecclesiastical Commissioners.

13,976. Would it be right to say that most of the ground which is presently held by the Ecclesiastical Commissioners was at one time part of the land held by the old monasteries?—No, not the old monasteries; that would not be right, because the great bulk of the monastic property went to the Crown. On the dissolution of the monasteries the monastic property went to the Crown—it did not go to the bishops, or the deans and chapters, in the main.

13,977. Could you tell us who gave it to the deans and chapters, and bishops?—Of course, their titles are very various, but I suppose that the bulk of the grants made to the bishops in the very early days, and to the deans and chapters in the early days, were grants either by the Crown, or by great subjects of the Crown.

13,978. Such as lords of the manor?—A great deal of the property that went to the bishops and deans and chapters, and now to the Ecclesiastical Commissioners, consists of lordships of manors.

13,979. *Chairman*: What is the date of the Commission. Is it 1831?—1836, I think.

13,980. Is the Commission before the Act in print still? I think you will find it is 1831?—Yes, I beg your pardon. 1832 was the first one. It was 1832 to 1835.

13,981. If you have one, will you let me have it?—Yes.

Mr. Robert Smillie: Is that the date of the birth of the Ecclesiastical Commissioners.

Chairman: No. That is the date of the enquiry which led up to the Act under which the Ecclesiastical Commissioners were constituted.

13,982. *Mr. Robert Smillie*: It is not very far to go back to the early fifteenth or fourteenth centuries. At that time I suppose that the bishops and deans and chapters as such would be in existence?—Yes, certainly.

13,983. Would they be in existence before the Reformation?—Yes, certainly.

13,984. The deans and chapters and bishops?—Yes. The bishops and deans and chapters were in existence before the Reformation.

13,985. But the property of bishops, and deans and chapters, and monasteries at that time was generally confiscated, was it not?—No, it was not. The monastic properties were.

13,986. Do you mean to say that the Church of England, for instance, and the Ecclesiastical Commissioners to-day held the property that was previously possessed by the bishops and deans of the Catholic Church?—Certainly, the bishops and deans of the English Church.

13,987. Was it handed down by the bishops and deans of the Catholic Church to the bishops and deans of the English Church?—Bishops and deans of the English Church were one both before and after the Reformation.

13,988. Still the same?—Yes.

13,989. Still unreformed?—Reformation does not create a new person.

13,990. Do you say there has been no Reformation so far as the Church of England is concerned?—I do not say that at all. I do not think it is implied.

13,991. There is a difference between the monastic possessions of the monasteries and the land which is now possessed by the Ecclesiastical Commissioners?

Yes. The monastic possessions have mostly gone into the hands of the Crown.

13,992. They were chiefly taken and annexed by the Crown?—Yes.

13,993. And largely have been distributed by the Crown to other people since?—Certainly.

13,994. I suppose you would have to search a very long way back in order to get production of the title to the land?—It depends upon what title you wanted. If you want a title to satisfy a Court of law, it is not difficult to give, but it does not always consist of a short document.

13,995. I understand the law of England is that no person can be an owner of land: he may be a holder, but cannot be an owner of land. Do you know whether that is true or not?—That is a question, I am afraid, of high legal theory, which is rather too big for me, but I do not object to it. It entirely depends upon how one understands the phrase.

13,996. I suppose, as representing the Ecclesiastical Commissioners, you would be a law-abiding person?—I hope so.

13,997. If it is the law that no person or corporation or collection of persons can own land, I suppose you would say then that it ought to be given up to those who can own it?—No; I do not see that it follows at all.

13,998. Do the Ecclesiastical Commissioners claim to own the land or only the use of it for the time being?—As regards this land we are now talking about, we claim the fullest ownership that a subject can have.

13,999. You will have the right to work the minerals in many different districts of England?—Yes, but our main interests are Northumberland and Durham.

14,000. In the north?—Yes. They are very much the largest share of our interests.

14,001. There will be mining interests where you do not own mineral rights?—Yes, certainly.

14,002. There will be mining districts where you do not hold mineral rights?—Certainly.

14,003. When you speak of the glebe that will be the portion, I think, which is really for the time being belonging to the Minister?—That is the property of the Vicar or Rector of a parish.

14,004. So long as he holds the position?—Yes; the Vicar or Rector is a corporation, and he holds it in perpetuity. The individual enjoys it for the time he is there, of course.

14,005. That is to say, he or the corporation hold also for the time being the mineral rights?—In many cases they have mineral rights, certainly.

14,006. Of the glebe lands only?—Yes, it would be in the case of an incumbent. All he would have would be the minerals under his glebe except only in cases like this—an incumbent might have sold the surface with proper consent and retained the minerals. In that case he has the minerals without having the surface.

14,007. Do your leases vary to any considerable extent as from colliery to colliery or district to district? I do not think there are very material differences.

14,008. Not as to the general terms?—I mean as to the general terms.

14,009. Does your royalty rent vary from district to district?—Yes, certainly, that would vary.

14,010. Does your method of royalty rent vary from district to district?—Yes.

14,011. Tell us the lowest and the highest so far as your memory can do so; I mean the lowest royalty rent per ton charged and the highest royalty rent per ton charged?—I do not know that I can tell you the lowest. We have some certainly at 3d. per ton. The average of our royalties works out at about 6d. Then the difficulty is a little complicated by the way royalties are calculated. They are not always calculated by the ton. Sometimes, as you know, they are calculated per foot or per acre. That makes it difficult to calculate sometimes. On an average our royalties come out at 6d.

7 May, 1919.]

MR. STANFORD EDWIN DOWNING.

[Continued.]

SECOND STAGE—EIGHTH DAY.

WEDNESDAY, 7TH MAY, 1919.

PRESENT :

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. R. W. COOPER.

SIR ARTHUR DUCKHAM.

MR. FRANK HODGES.

SIR LEO CHIOZZA MONEY.

SIR ADAM NIMMO.

MR. ROBERT SMILLIE.

SIR ALLAN M. SMITH.

MR. HERBERT SMITH.

MR. R. H. TAWNEY.

MR. SIDNEY WEBB.

MR. EVAN WILLIAMS.

SIR RICHARD A. S. REDMAYNE (*Assessor*).MR. ARNOLD D. McNAIR (*Secretary*).MR. GILBERT STONE (*Assistant Secretary*).

MR. STANFORD EDWARD DOWNING, Recalled.

14,012. *Mr. Robert Smillie*: On the first page of your *précis*, you deal under paragraph 10 with “(a) by private contract (on sale of land with a reservation of the minerals); (b) by statutory contract on sale of surface under Land Tax Redemption Acts, Railway Clauses Acts; or (c) by Enclosure Acts (special and general).” Would you tell us what Enclosure Acts mean?—A considerable amount of the mineral rights of the Ecclesiastical Commissioners are mineral rights under tracts of commons and what were formerly commons or waste lands of manors belonging to the Ecclesiastical Commissioners. These tracts of waste land have been enclosed by a very large number of Enclosure Acts, chiefly in the 18th century, and some subsequently. The ownership of the surface has been allotted out, by agreement very largely, to particular owners, but the mineral rights under the Act are reserved to the lord of the manor, and the lord of the manor is now the Ecclesiastical Commissioners.

14,013. You say “common lands or waste lands.” What do you mean by waste lands? Is that land which is usually useless for any purpose?—It is lands which at the time were uncultivated and not used for any purpose whatever.

14,014. I may be wrong, because I am very ignorant of these things, but I understand that common land meant land to which the people had a common right of grazing and so on. Should I be wrong in saying that?—It means lands, as I understand it, belonging to the lord of the manor, but the lord of the manor is subject to the rights of a large number of tenants of the manor on the surface for grazing and such like purposes.

14,015. The lord of the manor, you say deliberately, was really the owner of the common land?—I do say that deliberately.

14,016. Is it a fact that in some cases the lords of the manor fenced in what were called common lands, and then legalised that afterwards by Act of Parliament? Do the Enclosure Acts mean Acts of Parliament that were passed to legalise enclosures of land?—No, not quite that.

14,017. Historically is not that the case?—I think not. At the date of the Enclosure Acts the land was still unenclosed, both legally and physically, and the Act provided for its enclosure, or the enclosure of parts of it.

14,018. Were the Acts in the first place introduced into and passed through the House of Lords, and did they pass from there to the House of Commons?—That I cannot say. These are Acts of the 18th century, and I really do not know.

14,019. I wonder really what the meaning of an enclosure is?—I think it means what it says: that the Act gives specific persons the right to put a fence round a piece of land which they had not any right to do before.

14,020. You do not admit, I suppose, that the fencing preceded the Act in any case?—In no case that I know of. I would not say that there may not have been illegal enclosures, but I have no knowledge of any.

14,021. You say there is no case you know of. Do you mean, know of really from your own experience with the Ecclesiastical Commissioners, or have you read of land being fenced first and the fencing legalised afterwards? Have you read of such a thing in the history of the land system of England?—I think such cases may have occurred.

14,022. Those would come under the Enclosure Acts, would they not?—Yes; they may subsequently come under an Enclosure Act.

14,023. Do you know of any case of which you have read which has really occurred?—No; I cannot quote a case.

14,024. *Mr. R. W. Cooper*: On the question of Enclosure Acts, have you a print amongst your papers of any of your Durham enclosure Acts?—Yes. I have brought the Lanchester Enclosure Act, which is the one I am most familiar with.

14,025. Now I think Lanchester Common was a very large area of waste land belonging to the Bishop of Durham as the lord of the manor?—Yes.

7 May, 1919.]

MR. STANFORD EDWIN DOWNING.

[Continued.]

14,026. And this Act of Parliament contains the whole scheme of the enclosure?—Yes.

14,027. The preamble of the Act contains recitals setting forth the history of the ownership both of the soil and of the minerals?—Yes.

14,028. It recites that there are "within and Parcel of the Parish and Manor of Lancheester in the County Palatine of Durham divers large Moors, Commons or Tracts of Waste Land, which in various parts thereof are called by several distinct Names . . . containing together by Estimation Twenty Thousand Acres." It then recites that the Bishop of Durham "in right of his Church and See of Durham is Lord of the Manor of Lancheester," and as such was "entitled to the soil and royalties within and under the said Moors, Commons or Tracts of Waste Land," and he was also entitled to the reversion and inheritance expectant on certain leases of lands in the parish?—Yes.

14,029. Then it goes on to recite that various owners of land, whose names are set forth, and other persons "Owners of Freehold and Copyhold or Customary and Leasehold Messuages, Lands, Tenements or Hereditaments, within the Parish and Manor of Lancheester aforesaid, and elsewhere, or their respective Trustees, Lessees, or Tenants in respect of, or as appendant, appurtenant, or belonging to their" several properties are entitled to have a right of common upon these moors, commons or tracts of waste land. It then recites that these "Moors, Commons or Tracts of Waste Land in their present state are of little use or service, but considerable parts thereof are capable of cultivation and improvement, and it would be of advantage to the said Lord Bishop of Durham, and the several persons entitled to such right of Common as aforesaid, to have the said Moors, Commons or Tracts of Waste Land divided and enclosed, and specific shares thereof allotted to them according to their several rights and interests therein." That could not be done unless an Act of Parliament was passed?—That is so.

14,030. Then, first of all, Commissioners were appointed to carry out the Act, and then these Commissioners were directed to ride the boundaries of the common, and public notice had to be given of this public boundary riding. Then does it go on to provide that persons having claims in respect of the common have to send in their claims?—Yes.

14,031. Then section 5 provides that after the boundaries have been ridden a map or survey has to be prepared?—Yes.

14,032. Then the Act provides for the division of this waste land by these Commissioners, or by arbitrators, after hearing all the claims amongst the persons entitled to rights of common?—Yes.

14,033. And finally, so far as our present purpose of to-day is concerned, it provided for the complete reservation to the Bishop of Durham and his successors of all the mines and minerals under these tracts of waste land?—Yes.

14,034. The Act of Parliament, of course, speaks for itself?—Yes.

14,035. I think your predecessor was the late Sir Alfred de Bock Porter?—Yes.

14,036. No doubt you have read the proceedings of the Mining Royalties Commission which sat in 1893?—I have done so, no doubt, at some time.

14,037. I think Sir Alfred Porter gave evidence?—Yes.

14,038. Was he the first witness called before the Commission?—Yes.

14,039. Did he explain fully to the Commission the practice of the Ecclesiastical Commissioners with regard to the granting of their leases, and did he give the Commission full information with regard to their rents and wayleaves?—Yes.

14,040. Speaking of the County of Durham—and in that I include Northumberland—can you tell me what is about your average rent per ton of coal let by the Commissioners?—The average is 6d.

14,041. I do not know whether you were in the room yesterday when Mr. Arthur Lawrence was giving

evidence, and when he gave instances of the late Miss Talbot having gone out of her way to assist colliery lessees in times of difficulty?—I heard part of that.

14,042. Is it not the fact that the Ecclesiastical Commissioners have done the same thing in the County of Durham?—Yes, from time to time.

14,043. I believe it is the fact that not only have they reduced the rent when they thought a case was made out for reduction of rent, but they have also from time to time assisted their lessees financially?—Yes, by loans.

14,044. Have they been spread over a long term of years in the shape of an annual sinking fund payment?—That has been the general method.

14,045. Equally, when difficulties have arisen with regard to the surface, to which you refer in your *précis*, owing to the surface having rights of support at law, and the colliery worker not being at liberty to take out the coal owing to the existence of the right of support, have not the Commissioners frequently assisted their lessees to buy up the surface?—Yes, and sometimes they have bought the surface themselves.

14,046. So that there has been, so far, a complete community of working in the North between the Commissioners and the colliery workers?—I should say distinctly so.

14,047. You say in your *précis* that the Commissioners, being such large owners of property, have practically experienced all the legal difficulties that can arise from the present constitution of the rights of property?—I should say that is so.

14,048. That is to say, they are owners sometimes both of the surface and the coal?—Yes.

14,049. And they are owners of the coal where there is a right of support to the surface?—Yes.

14,050. And sometimes they are the owners of the coal, where there may not be a right of support to the surface, depending upon the conditions upon which the surface may have been disposed of in years gone by?—Yes. We are not subject to the difficulties that sometimes occur with private owners from the fact that there may be persons not *sui juris*, or who are incapable for some other reason. The Commissioners, under an Act of Parliament, have the right to exercise over all their property, including minerals, the power of absolute ownership.

14,051. Do you grant leases, if so desired, for as long as 63 years?—Yes, and longer.

14,052. And you do not wait for the complete expiration of an existing lease before you renew the lease?—No; we should think that unreasonable.

14,053. In fact, as you know, you have renewed leases a good many years before the termination of the existing lease?—Certainly.

14,054. Has that been on lessees representing to you that they desire to embark on an expenditure of capital, and that they wish to have a long tenure as security for their money?—That is the general reason.

14,055. As regards the conditions of the lessees themselves. I think you give the utmost protection to a lessee if his venture proves to be a failure by letting him have an easy power of surrendering his lease?—Yes. Those powers of surrender differ a little in different districts. In Durham and Northumberland the ordinary power of surrender is that a lessee can give it up at any time by 12 months' notice.

14,056. That is to say, at the end of any year of his lease on 12 months' notice?—Yes, without even the allegation that he cannot work it any more or anything of that kind. In other districts it is more usual to provide for powers of surrender on the Colliery Company showing that the coal can no longer be worked at a profit, and that provision is a provision which rests not on the mere judgment of the lessor, but is subject to arbitration, of course.

14,057. In Durham and Northumberland, where your mineral interests are, the lessee practically has an unconditional option of giving up his lease?—That is so; if I may say so, we have been able to trust our lessees.

7 May, 1919.]

MR. STANFORD EDWIN DOWNING.

[Continued.]

14,058. I know a good few of your lessees, and I know they have every confidence in you. In renewing these leases—for example, a lease which may have 15 or 20 years to run—although they may have fully established collieries on the mining area, and the mining buildings legally revert to the Commissioners at the end of the lease, you do not ask for any rent on account of that right of reverter?—Absolutely none.

14,059. You simply renew the lease as the property stands, having regard only to the rent per ton of coal worked as coal only?—Yes; it is a question of what is the proper royalty per ton to be obtained there.

14,060. Upon that point of course you have a detailed report from your mineral agent in Durham or Northumberland, who confers with the lessee and obtains full information as regards the actual state, so far as it can be known, of the coal remaining unworked?—Yes, certainly.

14,061. *Mr. Robert Smillie*: May I clear up one point which may be misleading? You speak of the "mine workers" here. I think your understanding of the term is different to ours. By "mine workers" I think you mean the colliery proprietors who work the seam?—I do where I use that expression in the *précis*.

Mr. R. W. Cooper: I used it in the same sense. I did not mean what I call the workmen who are employed, but the undertakers, whether public or private, carrying on the work of the mine.

Mr. Robert Smillie: Yes, but if it goes out that the best of good feeling, harmony, and brotherly love exist between the landlords and the mine workers it will be very misleading.

Mr. R. W. Cooper: So far as I know there is no contact between the two.

14,062. *Sir Leo Chiozza Money*: With regard to paragraph 26 of your *précis* you say, "valuations of unproved coal, though they may have to be made, can rarely be satisfactory." Can you tell me from your own knowledge or experience what has been done in connection with such valuations for the purpose of death duties?—No; I do not know anything about death duties, but I have had some experience of them in connection with other purposes of the Finance Act.

(The Witness withdrew.)

The Chairman: I am now going to call two witnesses from the Inland Revenue to speak as to the

14,063. I mean with regard to royalties?—I mean royalties. The unproved areas, of course, may have to be valued and a provisional valuation made under the Finance Act, exactly as in the case of the surface.

14,064. But you know nothing as to unproved coal?—Oh yes. Areas are valued under the Finance Act, and I have had some experience of what has been done.

14,065. Could you tell us very briefly what has been done? Taking a concrete case, what valuation is put upon unworked coal?

Chairman: I am going to call two Inland Revenue witnesses who will speak as to the method of valuation.

Sir Leo Chiozza Money: Then I do not ask this witness any further question.

14,066. *Mr. Arthur Balfour*: May I ask one further question? If royalties were taken by the State and not compensated for, it would be a very great hardship on a great number of persons, would it not?—It certainly would be in the case of the royalties of the Ecclesiastical Commissioners.

14,067. Many of whom are living on a very small amount of money in comparison with what they have to do?—Yes. The revenues of the Commissioners are applied wholly to providing incomes for clergy—subject to the charges, of course, on the revenues—and the incomes of the clergy that the Commissioners are able to augment, or further provide for, at the present time rarely exceed £300 a year, and many are very much less.

14,068. And some are as low as £150?—Yes.

14,069. *Mr. Herbert Smith*: If the royalties were taken away and given to the 178,000 who are injured in the mines each year it would be a God-send to them, would it not? If it were used in compensation it would be all the better?—Anything which they can get by any process whatever would be no doubt a benefit to them.

The Chairman (to the witness): I am very much obliged for the two books which you have sent me. One is the Report of the Ecclesiastical Commissioners, and if you will allow me I will keep that a few days in order to read it and let you have it back. The other is the "Sketch of the History of the Ecclesiastical Commissioners," written by Sir Lewis Dibdin and yourself. May I be allowed to keep that?

The Witness: If you please.

method employed at the Inland Revenue with regard to valuation for probate purposes.

MR. THOMAS ALOYSIUS O'DONAHUE, Sworn and Examined.

14,070. *The Chairman*: I believe you are a mining engineer of 28 years' experience and for the past 9 years you have been engaged as a Mineral Valuer in the Valuation Office of the Inland Revenue Department?—Yes.

14,071. Are you a Fellow of the Geological Society, a Fellow of the Surveyors' Institution, a Member of the Institution of Mining Engineers, and do you hold a first-class certificate of competency as a colliery manager?—Yes.

14,072. Are you the author of "The Valuation of Mineral Properties" and other technical works?—Yes.

The Chairman: I will ask the Secretary to read your proof.

The Secretary:

"I understand that it is desired that I should explain to what extent the Valuation Office deals with mineral properties and the procedure adopted. It is necessary to explain at the outset that I have no authority to submit an official view, and my remarks must be taken as an expression of personal opinion.

The Finance (1909-1910) Act, 1910, levied two new duties on minerals—(1) Mineral Rights Duty and (2) Increment Value Duty.

Mineral Rights Duty.—This is a duty at the rate of 1s. in the £ charged on mineral royalties and way-leaves. The duty is charged on the rents received in respect of all minerals with a few minor exceptions, such as sand, gravel, limestone, &c. As it is presumed that the Commission is not concerned with the minerals which are not subject to Mineral Rights Duty, it is proposed to ignore the procedure in respect of these.

The Mineral Rights Duty is charged on the rents received in each year where the minerals are let or leased for working, and where a proprietor works his own freehold minerals, the Mineral Rights Duty is charged on the quantity of minerals worked, at a rate based on the customary royalty rent of the district.

Increment Value Duty.—This duty is chargeable on minerals which were not in working or in lease at the 30th April, 1909; and not on minerals which were in lease or in working at the 30th April, 1909, so long as they are not out of lease or not out of working for a period of two years.

The duty is chargeable in two ways, one method being applied where the minerals are not in lease or

7 May, 1919.]

MR. THOMAS ALOYSIUS O'DONAHUE.

[Continued.]

in working, and the other where the minerals are in lease or in working.

Where minerals which are not in lease or in working pass on sale or death, Increment Value Duty is chargeable where increment is revealed between the original capital value fixed as for 30th April, 1909, and the capital value on the occasion under consideration. The Increment Value Duty payable is 20 per cent. of the increment revealed in excess of 10 per cent. of the original capital value.

Minerals which are in lease or in working, and which were not in lease or in working at the 30th April, 1909, are not liable to Increment Value Duty of the capital variety when transferred, but are liable to an Annual Increment Value Duty based on the rents paid or the quantity worked in each year. The Annual Increment Duty is 20 per cent. of the excess over 8 per cent. of the capital value of the minerals.

It may be pointed out that Mineral Rights Duty merges into Annual Increment Value Duty; the effect is that only one of the two duties is levied in any case.

Original Valuations.—To measure the increment value duty payable, valuations have been made of minerals not in lease in practically all the cases where the owners have made returns in respect of the minerals, and in all cases where the minerals have passed on death. The valuations made probably deal with the more valuable portion of the minerals which are not in lease.

The method adopted in making such valuations is the ordinary one adopted by a mining engineer. Where there are more or less definite data of the number of coal seams present and the probable thickness of coal available, the engineer estimates the gross royalty value of the minerals, he then estimates the annual revenue which the property may be expected to yield and the number of years during which this revenue may be expected to be realised. From his knowledge of the circumstances he must form an estimate of the period which is likely to elapse before revenue will begin, and with these factors he calculates the present value on the basis of a deferred annuity, adopting such a rate of interest as he deems applicable to the particular case after due regard to the risk to which the revenue is subject. The rates of interest adopted in practice in normal times usually range between 8 per cent. and 15 per cent.

Generally in large mineral estates the prospective annual revenue varies between £1 per acre and £5 per acre according to the number, thickness and quality of the workable seams. If it were estimated that the revenue would begin immediately, and a 10 per cent. rate of interest were bargained for, then, with rents of from £1 per acre to £5 per acre, we would get capital values of from £10 to £50 per acre. If there were no prospects of the minerals being won immediately, then the figures would require discounting for the deferred period, and with high rates of interest, a few years of deferment have a great effect on capital value, the value being divided by two for every 6 to 10 years' deferment.

Estate Duty Valuations.—From what has been stated it will be understood that minerals in lease are not valued for Increment Value Duty purposes, but such estates are valued when they pass on death and under a voluntary conveyance. The procedure is similar to that adopted in making the valuation of an unleased area, except that more precise data are available. The prospective revenue from the estate is capitalised for the life at a suitable rate of interest. The rates of interest customarily adopted with pre-war conditions were from 6 per cent. to 12 per cent.

Collieries in private ownership which pass on death are also dealt with by the Valuation Office. To form an opinion upon the value of a colliery the engineer usually makes an estimate of (a) the quantity of coal available, (b) the annual output, (c) the life, (d) the annual profits, (e) the breaking-up value of the plant at the end of the term and (f) the cost

of fulfilling all obligations at the end of the lease term. If the colliery is known to have a "full" life, say 40 years or more, it is unnecessary to go precisely into all the various points enumerated above, an estimate of the annual profits is then the only serious consideration, as over 40 years is for practical purposes equivalent to a perpetuity at the high rates of interest adopted in making colliery valuations.

It is somewhat difficult to state within narrow limits the rates of interest, or the years purchase adopted for colliery valuations. 10 per cent. or 10 years purchase might be reasonable in a particular case for a "full" life colliery making fairly high profits, and a colliery making small profits might be worth 20 years purchase of those profits; but assuming that the estimated annual rental value was properly adjusted, the range of interest might be taken in pre-war conditions as from 8 per cent. to 12 per cent.

Total Capital Value.—Assuming that the general standard of valuation to be applied to collieries is the pre-war standard, but taking stores at current prices, and the breaking-up value of the plant at post-war figures, I estimate the capital value of the lessees' interests in the collieries at £150,000,000.

My estimate of the capital value of the lessors' interests in the coal mines and the capital value of the undeveloped coal seams is £90,000,000, making a total of £240,000,000 for the mines and minerals."

14,073. *Mr. Sidney Webb:* I gather from this very lucid statement that apart from the question of the actual income of a colliery or of a mineral property the essential feature in making your valuation is the rate of interest?—Yes, but the rate of interest must have a relation to the annual value adopted.

14,074. What I mean is, when you have got the annual value, and when that is accepted and is not in question, the capital valuation that you arrive at is very largely determined by the general rate of interest that you allow?—I suggest that the two must be taken together. One may take a conservative estimate of annual value and a lower rate for capitalising, or a higher rate of annual value and a higher rate for capitalising. If I may give an example, one might take an annual value of £500 a year and capitalise it at 10 per cent. Ten years' purchase would give £5,000. Another might take £600 a year on the 12 per cent. table, which gives 8½ years' purchase, and get £5,100; so that the two valuations are practically in agreement despite the fact that different annual values and different rates of interest are adopted.

14,075. I understand that, but what I am not clear about is, how far you are guided, in taking what you call a rate of interest for the particular purpose, by what is the current market rate of interest at the time?—Am I to understand by "current market rate of interest" the annual rental value of money on secured property?

14,076. Yes.—Obviously the annual rental value of money on secured property is the basis on which one would determine the rate of interest to apply to the particular case to be valued, adding to the ordinary rate of interest an additional rate of interest to cover the risk of the particular property.

14,077. Therefore if the rate of interest which you accept as your guide is 4 per cent., you would get a different valuation from that which you would give if the rate of interest had gone up to 5 per cent?—Undoubtedly.

14,078. I notice that you state here in these figures which you give us very usefully as a rough guide "in pre-war conditions," in one case, and in another case you say "on post-war figures." Taking the general standard of valuation at the pre-war standard, you are talking with relation to the rate of interest which prevailed in 1914?—Yes, having regard to the rental value of money invested in a secured property at that date.

14,079. Therefore, if you were doing it now (we may assume the rate of interest under similar circumstances has gone up) you would make a different valuation?—Undoubtedly a higher rate of interest would have to apply, other things remaining the same.

7 May, 1919.]

MR. THOMAS ALOYSIUS O'DONAHUE.

[Continued.]

14,080. These figures which you give us are in all cases the pre-war standard?—In all cases except the case where I make the proviso in making my estimate of the total capital value.

14,081. The break-up value of the plant. I think the only case where you have taken the post-war figure is in the break-up value of the plant?—Yes.

14,082. In all the cases of valuation you have given as instances, you are taking pre-war figures?—Yes, pre-war figures and rates of interest having regard to the rates in pre-war time.

14,083. May I ask you as to your practice. You have had to make various valuations for this purpose during the last year or two, probably?—Yes, I am continually engaged on valuations of mineral property.

14,084. Are you still taking this at the pre-war standard?—No; I am having regard to the present rate of money.

14,085. Therefore, the figures which you are giving us here on the pre-war standard for capital values would have to be reduced in proportion to the rate of interest having gone up?—I would not like to make that statement without making a good many qualifications.

14,086. At any rate they would have to be revised if you were making a valuation to-day?—Yes. I should have to revise them.

14,087. Then also in all these valuations you always assume that the Mineral Rights Duty and the Annual Increment Duty are paid and go on being paid?—In making a valuation of a property where the minerals were not in lease at 1909, and which have been leased subsequently, one would have to have regard to the probabilities of the duty being levied on that property, and make a deduction from the revenue to arrive at the capital value.

14,088. *Sir Leo Chiozza Money*: I want to ask you first whether you would be kind enough to give these estimates in your valuable last two paragraphs in more detail. Could you kindly give them to the Commission without repeating them now, and will you hand them in to the Secretary, so that we may all have them?—I have submitted already a schedule in which I have made the estimate of £150,000,000, and I can explain that in a few minutes.

14,089. Will you kindly do so?—I take the basis to obtain that capital value as 1s. a ton profit to the lessee. I divide the collieries into various classes, 40 years' life and more (that being a full-life colliery), 30 years' life, 20 years' life and 10 years' life, and I assume that those four classes would be fairly representative of the industry. I have capitalised that shilling for the full-life colliery at 12 years' purchase, which is practically the 8 per cent. table on a 40 years' life, and I have capitalised the shorter lives, 2d. of the shilling, at 12 years' purchase, and the remaining 10d. at 8 per cent. for the particular life.

14,090. Is that for the 30 years?—For the three classes of 30 years, 20 years and 10 years. I have now taken only the average line, but as a matter of fact to find out the full figures I have taken a series of cases from the one losing money to the one making 2s. 2d. a ton, and obtained the average of 12d. a ton. A colliery losing money obviously has some value. Therefore I have attributed a rental value to that, and I have attributed a rental value to each one from the one losing money to the one making no profits and no loss, and carried that up to the one making a shilling a ton, and then carried that on further to the one making 2s. 2d. a ton. Averaging those out gives 1s. a ton on the lot. The colliery making a loss must have a value, because it could be broken up to-morrow and realisation made on the plant, and therefore regard must be paid to that.

14,091. In the last paragraph you say that your estimate of the capital value of the lessors' interests in the coal mines and the capital value of the undeveloped coalfield is £90,000,000. How is that £90,000,000 split up between (a) valuation of the existing rents and royalties, and (b) undeveloped coal?—My estimate of the minerals which are in lease (of course, this is a rough estimate, because the

various terms are not before me) is something like £60,000,000 to £65,000,000. It should be understood in arriving at that that the annual rental value adopted for capitalising, taken in each individual case and added together, will give a much higher figure than the yield for the particular year on all cases, and, therefore, I take the capital value of the leased areas at something like 11 years' purchase of the net rents which have been received, although, as a matter of fact, the purchase price of the estimated prospective revenue may not be more than eight years' purchase. I take the value of the undeveloped minerals at about £20,000,000 to £25,000,000.

14,092. How is that arrived at, and what is the process?—We have already valued in the Department something like £10,000,000. The last figure published was for 1916, and it was £8,000,000 then for undeveloped minerals. I take £10,000,000, the amount we have dealt with now, as being probably one-half of the value of the undeveloped minerals.

14,093. Taking the geological map of the United Kingdom, how far does this valuation go? Does it go so far as the concealed fields, for example, or where does it stop?—The coal immediately adjoining a developed area has a value of, say, £20 an acre. As you go from that, mile after mile, the prices drop down until it comes to a position where there is no probability of the minerals being developed for the next 30 or 40 years, in which case, although the coal is known fairly accurately to be there, it has only a nominal value, possibly only adding £1 an acre to the surface, or less. When we get to that point, we assume that, although the coalfield exists beyond, it has not any considerable value at the present time, its value at the present time is merely nominal.

14,094. Have you this method mapped at all?—No, we deal with each case as it comes along.

14,095. You have not it mapped in zones of value?—No, we deal with each area as we value it. We have all the areas which we have valued laid down on the maps.

14,096. Would it be possible to supply such maps to the Commission?—I am afraid we have not authority to do that under the Finance Act, or to give any information.

14,097. *Mr. R. W. Cooper*: I gather from your last answer that, in assessing the value of minerals for Death Duty purposes, you do include in your valuation the valuation of undeveloped minerals?—All undeveloped minerals have been taken into account since the Finance Act of 1909, certainly.

14,098. Am I correct in supposing that Death Duty has been assessed in respect of the undeveloped minerals according to their values in the manner you have just described?—Since 1910, certainly.

14,099. I think your *précis* is pretty clear, but I want to be quite clear about it myself. Of course, there are two interests which you value; there is what you call the rental interest, and the lessees' profit interest. Is that not so?—Are you speaking entirely of the lessees' interest in the colliery now?

14,100. First of all, I am speaking of the minerals generally. There are two interests in minerals which are leased; there is the rental interest and the lessees' profit interest?—Yes.

14,101. And you have described to us how you arrive at the capital value of what I may call the royalty interest?—Yes.

14,102. Then under a separate paragraph you describe how you would arrive at the capital value of the lessees' profit or commercial interest?—Yes.

14,103. Now, as you have very fairly told us, it is a rough estimate for the purpose of giving general information to the Commission. I should like to know this. In arriving at your estimated value of £150,000,000, which is the capital value of the lessees' profit or commercial interest, that includes apparently colliery stores at current prices?—Yes.

14,104. And also includes the discounted value of the break-up value of the colliery plant?—Yes.

14,105. I gather from you that in arriving at that figure you have taken into account the change in the

7 May, 1919.]

MR. THOMAS ALOYSIUS O'DONAHUE.

[Continued.]

rate of interest since the war?—In arriving at the break-up value of the plant I have, and that is the only point in which I have had regard to present day figures, except the stores.

14,106. With regard to the other item of the valuation, I want to see exactly what the £150,000,000 includes. Do you see what I mean?—Yes.

14,107. I take it that the other item in your valuation is the capitalised value of the estimated probable average commercial profit of the lessee?—Yes. It is the estimate of the capital value of the lessee's interest or the equivalent thereto, where a freeholder is working his own coal.

14,108. Yes. Those cases of course on the whole are comparatively rare?—Yes.

14,109. Therefore if you were valuing for the State, assuming the State to be the purchaser, and you were valuing the collieries belonging to a company, those are the only assets belonging to this company which would be included in the valuation?—The colliery and the stores and the break-up value of the plant and any by-product plant or coke ovens which there might be.

14,110. That is, all means by which the profit which you are capitalising was created?—Yes.

14,111. The word "assets" has been used once or twice here in a loose manner, if I may say so. You would not include in that the value of the invested reserve funds of a colliery undertaking?—Reserve funds must be excluded, because in arriving at that valuation of £150,000,000 I have had regard only to the lives of the collieries and have excluded any redemption or reserve fund which might have been set aside.

14,112. Suppose I had a colliery worth on the basis of your valuation £500,000, but because I was a company I had another £500,000 of invested reserve represented by War Loan, which was the accumulation of past years' profits: they would not be touched by your valuation, would they?—No, they are excluded altogether.

(The witness withdrew.)

MR. RICHARD FREDERICK PERCY, Sworn and Examined.

14,120. *Chairman*: I think you are a mining engineer and a Fellow of the Surveyors' Institution?—Yes.

14,121. Have you had over 30 years' experience in the supervision of colliery leases, and have you been concerned in the estimation and calculation of mineral royalties for many large estates?—Yes.

14,122. Are you a mineral valuer in the employment of the Board of Inland Revenue, and have you been engaged on Estate Duty valuations of minerals, and, on the original valuations which have to be made under the Finance (1909-10) Act, 1910?—Yes.

14,123. Are you also a technical adviser to the Controller of Coal Mines?—Yes.

Chairman: I will ask the Secretary to read your evidence.

Secretary:

"The market value of unworked coal depends chiefly upon its quality and upon the length of time which must elapse before it will be required or brought into actual working.

The very existence of coal is always a matter of surmise. Coal cannot be absolutely known to exist until it becomes visible to the eye.

The existence of coal is, therefore, a subject of conjecture and speculation, and the present value of any supposed area of coal is governed by the strength of the conjecture or the measure of reliance that can be placed upon a surmise.

The degree of probability is really a Geologist's problem, but the time which must elapse before a specified area can be worked is an Economist's problem.

In a well-developed coal-field the degree of certainty of existence of coal under a specified area may be relatively great, while in the case of an area situated at a great distance from any working colliery

14,113. And the same observation would equally apply if I happened as a colliery owner also to be a shipowner. If I were the owner of ships, for example, and kept a separate account showing the profits those ships realised, those would not be included in your valuation?—They would be quite excluded; it is only what is on the colliery premises.

14,114. I only want it clear on the note. Of course you understand it and so do I.

Mr. Frank Hodges: Did I understand the witness to say it included coke ovens and by-product plant?

Mr. R. W. Cooper: Yes.

Witness: Yes, anything on the colliery premises.

14,115. Anything which would create the profit which you were capitalising?—Yes.

14,116. *Chairman*: Would you kindly do two things for the Commission? Sir Leo Money asked you to give certain figures and the method by which you get at them, and you were good enough to give them. No doubt they will appear on the Notes, but will you give us a memorandum as to that so that we can circulate it among the members of the Commission?—Yes, that is as to how the £150,000,000 is arrived at?

14,117. Yes, and the same with regard to Mr. Cooper. Will you give us in detail how the £150,000,000 is arrived at?—Yes.

14,118. And the £90,000,000?—I cannot give much more information about the £90,000,000 than I have already given, because I have not any more data. But I can with regard to the other.

14,119. Give what you can, and if you will send one copy to me, I will have it printed and circulated among the members of the Commission.

Sir L. Chiozza Money: I am sorry to interrupt, but with regard to the £90,000,000, I understood the witness said certain valuations had taken place on a method. Perhaps the witness would explain that method.

Witness: Yes, I will do that.

the degree of certainty may be relatively small. A buyer would give a much higher price per acre for the first area than he would for the second.

To calculate the present-day value of an unworked area of coal, the probable full royalty value of the coal when it comes into working is first estimated, and the resultant value is then discounted by the application of a suitable rate of compound interest.

The rate of compound interest may be 6, 8, 10, 15, or possibly even 20 per cent.

At 10 per cent. money doubles itself in seven years, and, if there is a delay of seven years before the Royalty payable upon coal can be obtained, the present value is only one half of what its future value will be.

Coal which has a Royalty value of, say, £100 per acre, but which will not be worked, say for 20 years, has only a present value of about £15 per acre. If the delay is 30 years, it is only worth about £5 per acre, and if it will be 50 years before it can be worked, it can only be worth to-day about £1 an acre, although it will eventually produce £100 per acre.

To value the Landlord's interest in coal which is already comprised in a lease, or is now being worked, it is necessary to ascertain what probable future income will be derived from its working, and then, by the application of an appropriate discounting rate of interest, the sum which any prudent speculator could be advised to give for the prospect of receiving the royalties is computed.

The valuation of minerals is not quite so simple a matter as I have here explained because there are technical questions relating to the replacement of the Capital by Sinking Funds and the allowances which should be made for the taxation of the Sinking Funds, but these points are only matters of professional detail.

7 May, 1919.]

MR. RICHARD FREDERICK PERCY.

[Continued.]

Under the Finance (1909-10) Act, 1910, a Mineral Rights Duty of 1s. in the £ was imposed on all royalties yielded from the working of coal which was on the 30th April, 1909, then already being worked or comprised in a lease, and Annual-Increment-Value Duty became chargeable on all minerals which subsequently came into working or became comprised in a lease.

The object of this Act was to place a special tax on Increment. Under the scheme of the Act a duty of 20 per cent. became payable upon all values in excess of an Annual-Equivalent of the original value as on the 30th April, 1909. In effect the State became owner of one-fifth share of the increment accruing upon all minerals not under lease or being worked in 1909.

The original value of all unworked coal had to be ascertained and for the purpose of making these valuations the boundaries of the mineral estates of the Kingdom have been ascertained, and the value of most of the unworked coal in the Kingdom (known to exist or surmised) has already been provisionally valued. There, therefore, exists at the disposal of the State a mass of information which would, in the event of the adoption of a scheme for the nationalising of minerals, be of very great value.

The value of all the coal at the present time comprised in leases or being worked by the proprietors can be roughly gauged.

Taking the average royalty at 6d. a ton on 240 million tons (net), the aggregate royalties would amount to £6,000,000 per annum. The total present-day market value of such an income might work out at 10 years' purchase (a price equal to 10 years' rent) (on 8 per cent. basis and an average life of 20 years), that is £60,000,000.

This is the approximate value of all the coal which is at present being worked. The present-day value of all the coal which is not at present being worked is much less, because the time when such unproved coal must come into working involves a period of delay or deference. I should approximately value it at £20,000,000.

It is not possible to state accurately the present value of all the coal in the Kingdom, as under any purchase scheme it would be the aggregate value of thousands of separate negotiations, or at least of many separate valuations, but it is fairly safe to place the total between the two extremes of £50,000,000 and £100,000,000 sterling."

14,124. *Mr. Sidney Webb*: I gather that your calculations necessarily depend on your taking what you call a suitable rate of compound interest in every case?—Yes.

14,125. And you say there the rate of compound interest may be 6, 8, 10, 15, or possibly even 20 per cent.?—Yes.

14,126. I understand that that figure is arrived at by taking into account what I may call the special risk of mining, and also the current rate of interest?—Yes, both.

14,127. Consequently, if we may assume the special risk of mining to remain unchanged, your valuation at any particular time would depend upon the current rate of interest?—It will vary with the current rate of interest.

14,128. I notice you give some figures towards the end, and I want to ask you whether those are worked out on the pre-war rate of interest?—Those are worked out on the prevailing rate of interest and the prevailing value of money in the market in the pre-war days.

14,129. I think it is common knowledge that the rate of interest has considerably increased as compared with 1914?—It has within my knowledge.

14,130. Accordingly these capital figures which are given here as arrived at on the pre-war rate of interest would have to be varied if you take into account the present-day rate of interest?—The present values would have to be considerably modified.

14,131. They would be modified in the direction of reduction, would they not?—At the present moment in the direction of reduction. If you would care to hear it, I would express an opinion upon the point.

14,132. If you please?—There is a distinct relationship between the value of a risky speculation and a safe speculation. Prior to the war a gilt-edged speculation, or at least a purchase of an annuity based upon a State security, might be a 3 per cent. rate. A speculation in a fairly risky colliery enterprise might be 8 per cent., so that there is there distinctly a difference of at least 5 per cent., which measures the risk that the speculator runs in placing his money. Now since gilt-edged securities and State securities have risen from a 3 per cent. to a 5 per cent. rate, there must be a corresponding rise in the rates of risky speculations. I could make it clearer perhaps by assuming that a purchaser is in the market, and he has money to invest. In pre-war times he may select from the safe 3 per cent. investments, or, if he has an element of speculation in his nature, he may take the 8 per cent. with its risks. To-day the second risk comes into competition and in rivalry with the 5 per cent. rate and a man who would prefer to take an 8 per cent. risk in pre-war time, as compared with a 3 per cent. safe investment, will to-day take the 5 per cent. safety in preference to the 8 per cent. risk; so that necessarily the rate of interest upon the speculative property must rise to some degree to correspond to the rise in the rate of money in the market, in other words, with the rate of investment upon safe speculations. That is the first point, but if you will allow me there is another very important point. The rent which is derived from royalties from a colliery investment is, under Income Tax rules, subject to the payment of Income Tax upon the whole of that income. Now it is quite obvious that part of the income from a mining rent is capital. The mining rent is not truly a rent at all: it is the price of the chattel, for the coal when it is sold is a chattel, and the landlord sells the substance and gets a payment which consists of two elements—the element of remuneration which he may fairly spend and the element of sinking fund which he must re-invest for the redemption of the original capital. Now the Surveyor of Taxes does not distinguish between those two elements, and therefore Income Tax is payable upon the capital portion of the income. In other words, the sinking fund is liable to payment of Income Tax. At the present moment with a short life, it is a very serious matter indeed. The result in a rough way is that the capital value is greatly depressed by the present 6s. in the £ Income Tax, where in pre-war times it was practically negligible. So that from that point of view the present value in minerals is also depressed. And, if I may quote a third instance, the influence of this Commission may have an extraordinary effect upon the value of the minerals in the market. If a man thinks he is going to lose his minerals he will unload at a low price. The landlord, who would have demanded in pre-war times 6 or 7 per cent. rate of interest, might possibly, if he felt a scare or was subject to fear, sell out on 10 or 12 per cent. Thus there are many causes which tend to lower the value of a mining speculation at the present time. Perhaps I may add this: I am expressing my own opinions; although I am permitted by the Board of Inland Revenue and by the Coal Controller and the Board of Trade to give this evidence, I am not authorised in any sense to represent them. It is my own opinion entirely, and I am responsible for this opinion to myself only.

14,133. Just to make it clear, you give a figure here based on 10 years' purchase of the royalties of £60,000,000?—Yes.

14,134. That, I gather, would be based upon pre-war rates of interest?—Yes.

14,135. You have actually said here in your proof what I think is a slip: "The total present-day market value of such an income might work out at 10 years' purchase (a price equal to 10 years' rent on 8 per cent. basis and an average life of 20 years), that is, £60,000,000." You do not mean that that would be the result of a calculation at the present day?—I admit the word "present-day" is used there in a technical sense. I meant present value as understood by an actuary.

7 May, 1919.]

MR. RICHARD FREDERICK PERCY.

[Continued.]

14,136. Not the valuation that would be in 1919?—No.

14,137. You point out that with regard to unworked coal, which has a deferred value, the present value of it is very much less because you say at 10 per cent. money doubles itself in 7 years?—Yes.

14,138. Consequently every rise in the rate of interest has a very alarming effect in diminishing the future value of coal?—Yes.

14,139. And the higher the rate of interest secured on good securities the lower becomes the present-day value of future coal?—Yes.

14,140. *Mr. R. H. Taverny*: I understand from what you say that the mineral value of the property diminishes as the number of years before which it is exploited increase?—Yes.

14,141. At about what period of time at the present rate of interest would mineral value become negligible?—I have already stated that in 50 years the deference of 50 years would reduce it to £1 per acre. Perhaps that is overstating it, because one should remember that no sensible man will give anything for any property from which he cannot derive income for 50 years.

14,142. *Sir L. Chiozza Money*: Would you care, having regard to those considerations which you stated to us, to make a post-war valuation to correspond to the figures which you have given in your memorandum?—I would not care to do so. It is impossible at the present time to do it, because we have not arrived at post-war times. I cannot foresee what will be the value of the market in post-war times.

14,143. I mean having regard to the current rate of interest at this moment?—I could make a valuation at the present moment, I think, but that would not show a post-war value.

14,144. I am speaking in the sense that I now express it, having regard to the present rate of interest. You could do that, could you not?—Yes. I should be inclined to raise the interest rate by one or two per cent.

14,145. *Mr. R. W. Cooper*: I presume your number of years' purchase will depend upon the average life or the life you are assuming, and it will be affected by it?—Yes.

14,146. In the illustration given by you in your *précis*, if the average life had been 30 or 40 years, then assuming for the moment that your rate of interest was right, there would be somewhat of an increase in the number of years' purchase?—Yes.

14,147. First of all, your values here are valuations simply of the royalty interest?—Entirely.

14,148. Have you, since the war began, made any valuation or agreed any valuations for Death Duty purposes?—Yes.

14,149. Assuming the case of what *Mr. O'Donahue* called a "full life," 20, 30 or 40 years, would you tell me how much per cent. you have taken in that case, assuming that was the normal case, and there was no special consideration affecting the case either way, up or down?—It is the rate of interest or the years' purchase which you require to know in modern valuations.

14,150. In what I may call war valuations?—Yes, in war times.

14,151. I should like to have that information?—In the course of my practice I have agreed on a higher rate of interest than I would have agreed to in pre-war times.

14,152. Will you tell me, assuming again a normal case of valuing a royalty interest, how much per cent. you have taken in war times?—From 8 to 10 per cent., where in pre-war times for the same estate I have taken 7 or 8 per cent. I have in my mind a fairly well secured rent.

14,153. That is what I am thinking of, and that is exactly what I wanted to know?—Yes.

14,154. In your *précis* at the bottom of the first column there are some words printed in italics. I assume that those words are intended to be something in the nature of a quotation, are they not?—No, it is mere emphasis.

14,155. I thought you were referring to the expressions which are similar in the Finance Act?—I

wanted to divide minerals into two classes—those which were being worked and those which were not—so that the parts in italics would correspond.

14,156. As you know, the Finance Act speaks of minerals comprised in a mining lease or being worked?—Yes, worked by the proprietors.

14,157. That is one class, and the Increment Value Duty applies to the other class. There is no Increment Value Duty charged in respect of minerals which in April, 1909, were either comprised in a mining lease or being worked. Is not that so?—Yes, that is so. I should say, to make it quite clear, that the Mineral Rights Duty was in lieu of it.

14,158. Yes, I agree?—So that a duty was imposed.

14,159. Yes; we are quite at one. The expression "minerals which are being worked," which is used in section 22 of the Act to which I am referring, and with which undoubtedly you are familiar, is defined by section 24?—Yes.

14,160. And this, I think, is the definition in section 24: "Whom any minerals are at any time being worked . . . all the minerals which belong to the same proprietor, if the minerals are being worked by the proprietor"—that is the freeholder?—Yes.

14,161. . . . "or which the lessee has power to work, if the minerals are being worked by a lessee, and which would, in the ordinary course of events, be worked by the same colliery . . . shall be deemed to be minerals which are being worked at that date"?—Yes.

14,162. Now you also use another expression which I want to clear up. You talk about annual equivalent value?—Yes.

14,163. There you are referring no doubt to the provision in that same section 22 (3), where the Act of Parliament, in the case of minerals which are not comprised in the lease or being worked in the sense defined by the Act (what I call unproved minerals), fixes the annual value at two twenty-fifths parts of the capital value?—Yes, that is 8 per cent.

14,164. *Sir Adam Nimmo*: I understand that the views which you express here are personal views?—Yes.

14,165. But I take it from the last paragraph of your *précis* that you regard the valuation of colliery undertakings or mineral royalties as a special problem by itself?—That the two form special problems?

14,166. No; they form a special problem apart altogether from the principle of nationalisation?—Nationalisation is not involved in the question of valuation.

14,167. So I understand. Do I understand your view to be that a general overhead valuation might be an unfair basis to take? Would you not require to have regard to individual positions in the light of all the facts surrounding these individual positions?—If it were necessary to compensate the individual owners, it would be equally necessary to make separate and distinct valuations for every separate property.

14,168. And you suggest that, I think, in your *précis*?—Yes.

14,169. I take it, in the case of colliery undertakings, you would require to deal not only with what we regard as assets, but with the financial potentialities of the undertaking?—Most decidedly; that is the principal thing to be valued.

14,170. That might not be represented simply by an overhead amount which was given on the basis of so many years' purchase of that undertaking slumped with the whole of the undertakings that were being dealt with?—It is quite clear in fairness the average rate could not be applied to individual cases.

14,171. Then I take it that probably you would agree that the proper way to deal with the whole question of valuation would be to refer it to a special tribunal that could go into the whole of the facts?—In my opinion that is a wise and proper thing to do.

14,172. And does that amount to this—that any personal views which are expressed about valuation at

7 May, 1919.]

MR. RICHARD FREDERICK PERCY.

[Continued.]

this stage might be regarded as premature, and as rather tending to prejudice any full and complete enquiry which might be made at a later stage, if that were so decided upon, in respect of the proper basis of valuation?—There is some truth in that. Of course everything that I say now has some future influence, and so has the evidence in every Commission.

14,173. Would you agree with me that probably this very important question of valuation would be best dealt with by referring it to a specially appointed

tribunal?—I think only experts are competent to make the valuation.

14,174. And that before such a tribunal a full and fair enquiry could be made?—It could be made.

14,175. Taking the whole of the facts into account?—Yes.

14,176. And getting the benefit of all the expert knowledge and advice which could be brought to bear upon so vast a problem?—It appears to be a highly proper proceeding.

(The Witness withdrew.)

JOHN GEORGE LAMBTON, EARL OF DURHAM, Sworn and Examined.

14,177. *Chairman*: I will read the *précis* of evidence to be submitted to the Coal Commission by the Earl of Durham, K.G., Lord Lieutenant of the County of Durham:

"I own the coal under 12,411 acres of land in the County of Durham.

All this coal is let, and is being worked or will be worked shortly.

For at least 100 years prior to 1896 I and my predecessors were amongst the largest colliery owners in the County of Durham. We not only held leases of coal belonging to others but we developed and worked a large portion of our own coal.

In 1896 I ceased to be a colliery owner by selling to a Company formed by Lord Joicey all my leasehold collieries and all my plant and machinery at all my collieries, both freehold and leasehold, and at the same time leased to this Company for 60 years the freehold coal worked by me. The tonnage rents payable by the Company for this coal were the same as those then being paid by me to the Ecclesiastical Commissioners for their immediately adjacent coal.

Neither I nor my father, who succeeded the first Earl of Durham, have ever prevented coal being worked by refusing to lease. One lease still current was granted by my father in 1867.

Of the 12,411 acres of coal owned by me and leased to Colliery Companies, my title deeds show that approximately 6,000 acres were bought within the last 100 years, 4,000 acres were bought between 1720 and 1820, and the remainder is ancient land owned by the Lambton family. Details of these purchases can be furnished by my agent if required.

I have had these title deeds examined, and they show that the purchase of the lands acquired since 1720 included the coal, the minerals being expressly mentioned, but even if this was not so, it is, I believe, the law from time immemorial that surface and minerals constitute one property, except as regards gold and silver, which belongs to the Crown.

Apart from these purchases, I or my predecessors have purchased over 1,250 acres of freehold land within the last 200 years, from which purchases the coal is expressly excluded by the deeds being reserved to the vendors.

In addition to the royalty rents which I receive for the coal which I own, I receive under the conditions of my mining leases certain underground wayleave, shaft rents, and surface wayleaves for the use my property is put to in bringing coals belonging to other people through it.

It may be argued that there is no justification for these charges, but the answer is that these charges were part of the bargain when the collieries were leased, and were agreed to by both parties as fair and reasonable.

Further, I own certain surface railways, which I let at a fixed rental to those who work the coal. In one case where coal, not belonging to the collieries I originally sold to the Company, is brought over my line, I charge ½d. per ton per mile for the use of my railway for such coal.

In 1913 and 1918 respectively I received:—

	1913.	
For royalty on my coal	52,890	4 11
„ underground wayleave, shaft rents, and surface wayleaves	4,272	5 7
„ rent on railways	1,778	14 8
	<u>£58,940</u>	<u>5 2</u>

1918

For royalty on my coal	35,620	4 6
„ underground wayleave, shaft rents, and surface wayleaves	3,027	13 7
„ rent of railways	1,875	0 0

£40,522 18 1

This represents in 1913 royalty rents on 2,338,604 tons or 5·424d. per ton. The underground wayleaves, shaft rents, and surface wayleaves were on 970,113 tons or 1·056d. per ton.

In 1918 the figures were: Royalty rents on 1,526,315 tons or 5·6d. per ton, and underground wayleaves, etc., on 670,793 tons or 1·083d. per ton.

All my royalty rents are at fixed tonnage prices, and not on a sliding scale varying with the selling price of coal, and average 5½d. per ton where I own the coal.

In addition I am entitled to 1,500 tons of coal free for the use of myself and my employees in each year.

These rents include payment for all the surface occupied by the colliery buildings and such land as was occupied by spoil heaps at the time of the leases and in many cases the land occupied by the workmen's houses.

The rent charged for the surface railways works out at about double the agricultural value of the land occupied.

In considering the amount of royalty received by me it must be borne in mind that at present the State charges on the amounts I receive—Mineral Rights Duty at 1s. in the pound, Income Tax at 6s. in the pound, and Super Tax at 4s. 6d. in the pound. Out of the balance (8s. 6d. in the pound) I have to bear the expense of supervising the working of the mines, of collecting the rents, and legal expenses.

Barriers separate one privately owned royalty from another, but leave and encouragement to work away such barriers is constantly given by my agents wherever in their opinion this can be done with general regard to the safety of my own and the neighbouring mines. Joint agreements between royalty owners for the working of barriers and for substituting others, which will enable more coal to be worked, are constantly being arrived at.

In all my leases there is a general clause allowing the Colliery Companies to acquire land for colliery purposes or for building houses on paying double the agricultural rent of such land for the term of their lease.

At the end of the lease such houses fall in to me, but in practice are always re-let to the Colliery Company at no increase of rent.

As tenant for life under my father's will, I have power to grant mining leases for 60 years.

It is submitted that the fact that I own this coal and receive rents for it induces me and my agent constantly to watch and see that all available coal is worked. If a Government official let the coal he would have no personal interest in getting as much coal worked as possible.

When circumstances arise, as they do from time to time, which lead the workers of the coal to apply for modification of their leases, such adjustments are made expeditiously and without red tape under the present system; whereas if the Government owned the coal the procedure would tend to be complicated, cumbersome, and dilatory."

7 May, 1919.]

JOHN GEORGE LAMBTON, EARL OF DURHAM.

[Continued.]

14,178. *Mr. Robert Smillie*: I suppose it may be taken the land which includes the minerals and metals is essential to the life of the people?—If you like; I accept that.

14,179. The people in a country cannot live without land?—They cannot live in the air—No.

14,180. The holders of land, provided a limited number of people hold the whole of the land, practically hold the lives of the people in the land at their disposal?—I do not accept that.

14,181. You do agree that the land is essential to the life of the people, but you will not accept the proposal that if the land in the country is in the hands of a limited number of people practically the lives of the people is in their hands only?—I maintain the lives of the people on my land are as safe and as happy as under any other form of ownership. It makes no difference to them whether I hold the land or not in that respect.

14,182. If the people cannot live without the land and it is in the hands of a limited number of people who say they own the land, is not the lives of the people in their hands also?—No.

14,183. Land is quite as necessary to life as fresh water, or air or sunshine?—Yes, or bread.

14,184. You cannot get bread without the land. The purposes of land, or one of its purposes, is to get bread?—That is a platitude.

14,185. You say you own the coal under 12,400 acres of land in the County of Durham alone?—Yes, it is all in the County of Durham.

14,186. I suppose you claim the ownership of the surface of the land also with the minerals under the land?—Certainly, in nearly every case.

14,187. Do you know whether the law of England allows any person to own land; to own it in its full sense?—I am not a constitutional lawyer. I consider my title to the land is established by the law of this country.

14,188. Do you know what Williams in his "Real Property," 12th edition, page 17, says, that the first thing a student has to do is to get rid of the idea of absolute ownership and such an idea is quite unknown to English law; no man is absolute owner of his land, he only holds an estate in them. Do you agree with Williams?—I do not agree with Williams, or I may perhaps say I have not read him. I know I am only tenant for life of this land.

14,189. You say you own it?—For my life.

Mr. R. W. Coeper: Is it quite reasonable to ask Lord Durham to give an opinion upon Williams on Real Property. If that is to be referred to, I must refer to other portions that explain the whole position.

Mr. Robert Smillie: Wait until your time comes. You are not acting as Counsel for Lord Durham. The Chairman will protect Lord Durham, if any protection is necessary.

14,190. Dealing with the land question, all land and tenements in England in the hands of subjects are held immediately or immediately of the King, for in the law of England we have not any subjects land that is not so held. Do you agree with Coke?—It is not fair to ask me questions without context. You take extracts from books and ask me if I agree with one particular paragraph.

14,191. Do you agree with the general proposition that no person can own land in England under the law but may possess it for a time?—I do not agree with that. I do not give an opinion one way or the other; I am not a Constitutional lawyer.

14,192. I am quoting a Constitutional lawyer?—I daresay you are.

14,193. Blackstone is a Constitutional lawyer?—Yes, quite right.

14,194. He says, "it being a received and undeniable principle of law that all lands in England are held immediately or immediately of the King." Blackstone is an authority?—Quite.

14,195. Do you deny his authority?—Do I deny it?

14,196. If they are correct, you cannot own the land which you claim to own?—That is your opinion.

14,197. If they are correct, I say, that no person can own land, then you cannot own land?—My family has owned the land for a great number of years and nobody has disputed our right to it.

14,198. We are disputing it now?—If you like to dispute it, there it is.

14,199. I will quote you another you may be acquainted with. There is a very old book, and there is a statement in it that "The earth is the Lord's and the fullness thereof." I am not exactly sure of the author, but it appears in the Bible, by which you have promised here to tell the truth and the whole truth. Would you deny that authority?—I prefer another authority, which says: "Render therefore unto Caesar the things which are Caesar's; and unto God the things which are God's."

14,200. That is the thing I want to be done at the present time. If the earth is the Lord's and the fullness thereof it cannot be the property of individuals?—Is this an ecclesiastical examination?

14,201. I am endeavouring to arrive at whether or not there is any person entitled to claim ownership in the minerals?—Will you repeat that?

14,202. I am wanting to find out if it is possible whether or not any individual or individuals is entitled to claim absolute ownership of the coal and the minerals under the surface of their land?—I have told you I do not know.

14,203. If you do not know, there is not any doubt in your *précis*. You say: "I own the coal"?—Yes, I have told you before that I and my family have owned the land and the minerals beneath for some time. I cannot see your object in quibbling like that.

14,204. It is you that is quibbling, not me at all?—Pardon me, I am not quibbling at all. I have stated three or four times that I consider I have a full and clear legal title to the land and the minerals under it which I own. What more can I say than that?

14,205. We are coming to the title directly?—Thank you.

14,206. You say you possess titles to justify your ownership of the land and minerals. Only a small portion of your owning dates a long way back. I take it a small portion of the land was secured as a grant from the Crown?—Certainly not that I know of.

14,207. I find here that out of 12,400 acres you say your title deeds show that approximately 6,000 acres were bought within the last 100 years; 4,000 acres were bought between 1720 and 1820, and the remainder is ancient land owned by the Lambton family. Was it purchased?—Are you deriving some deduction from what you read? Are you insinuating what I own, or the acreage I possess, in the County of Durham consists of 12,400 acres?

14,208. No; you possess, or hold, 12,000 odd acres of minerals?—With coal under it.

14,209. I take it you hold a considerable wider extent than that?—Yes.

14,210. The whole 12,411 acres of proved coal land is in Durham?—Yes.

14,211. And out of that 12,411 acres 6,000 acres were purchased within the last 100 years, and 4,000 acres were purchased between 1720 and 1820?—Yes.

14,212. What was held prior to that? Do you remember whether it was bought or not; that is to say, the land held prior to the purchase of those 10,000 acres?—How were the properties held?

14,213. The ancient Lambton family land—do you know whether it was a grant from the Crown?—I feel very sure it was not, or almost sure. I believe my family has lived there for a great many hundreds of years. There is no evidence to prove we ever had any land or property conferred upon us by the Crown or anybody else.

14,214. You say that you have had your title deeds examined and they show that the purchase of the lands acquired since 1720 included the coal, the minerals being expressly mentioned, but even if this was not so, it is, you believe, the law from time immemorial that surface and minerals constitute one property, except as regards gold and silver, which

7 May, 1919.]

JOHN GEORGE LAMBERTON, EARL OF DURHAM.

[Continued.]

belongs to the Crown. It has been stated here that your title deeds will require a large van to bring them to London to be produced. Do you agree with that statement?—Mr. Chairman, may I appeal to you for one moment? I should like it to be made quite clear I am not offering evidence. This evidence Mr. Smillie is examining me upon is answers to questions addressed to me by yourself or your Secretary.

Chairman: Quite right.

Mr. Robert Smillie: I take it this *précis* of yours is really answers to questions put to you by the Chairman through the Secretary of this Commission?

Chairman: That is right.

14,215. Mr. Robert Smillie: It is usual for witnesses in presenting a *précis* to expect to be cross-examined on the *précis*?—I have no objection to being cross-examined.

14,216. I want to examine or cross-examine you as fairly as I possibly can without any bitterness or feeling of any kind?—Now you want to examine me about a railway van, I think.

14,217. Mr. Cooper, I understand, acts for you in many cases, and he is a man above suspicion, generally speaking. Do you agree with him that it would require a large van to carry your title deeds? Would you consider that an exaggeration?—Not the least. I think Mr. Cooper, being a prudent man, would not put my title deeds in the penny post, but send them all up in a railway van.

14,218. If we ask you to produce them, do you think it would require a railway van to bring them?—A portion of a railway van, no doubt. There are a very considerable number of them.

14,219. There cannot be a considerable number of the kind of title deeds I am speaking about; that is the title deeds which passed on the purchase of those 6,000 acres of land?—Which touch on it?

14,220. The title deeds which passed when the transaction was carried through?—I do not quite follow you. I think I have about 30 in connection with these purchases mentioned in this proof.

14,221. The purchase of the 6,000 acres and the 4,000 acres. It should not require a van to hold those title deeds?—That is a matter of opinion.

14,222. And the size of the van, I suppose?—Very much so, yes.

14,223. With regard to the fact that you have had the title deeds examined, does it indicate you are in any doubt at all?—In doubt as to the validity of them?

14,224. Yes?—No, I have no doubt. I have never read them and I hope I never shall.

14,225. Was it only recently the examination was made—that you had your title deeds examined?—I believe that you, about a fortnight or three weeks ago, practically made a demand that my title deeds should be produced in this room.

14,226. That is so?—Then you caused a great deal of inconvenience to my agents and others in getting those title deeds to be sent up in a van or other means of transit to this House, otherwise they would have remained in their depository, where they have been for many years always available and accessible. I do not read them every Sunday, if that is what you mean.

14,227. They have not been sent up?—No, they have not been sent up.

14,228. They have been examined during the past three weeks?—I should not say they have had a very searching examination, which would take some time. I do not admit your authority. If the Chairman of the Commission says I am to bring my title deeds here I will bring them.

14,229. The Chairman may say that yet?—He might.

14,230. They are not just as extensive as we were led to believe if you could have had an examination made of them during the time that has elapsed since then. You say you do not read them yourself?—No.

14,231. Do you depend upon your agents to keep you right in matters of this kind?—On my agents and on the legal advisers of my family for many years past.

14,232. You might take it from me a good many people would be delighted to read from day to day

the title deeds if they could manage to secure any?—Possibly. You do not suggest I should give them my title deeds, I hope.

14,233. I am suggesting I had a feeling that you had not any title deeds which justify your ownership?—Oh!

14,234. That being the question, I would suggest the Commission might yet say you ought to give it back to the State, which is really the proper owner of it, if that is correct? You say "Neither I nor my father, who succeeded the first Earl of Durham, have ever prevented coal being worked by refusing to lease." Does not that answer postulate that you could, if you cared to, prevent coal being worked by refusing to lease?—I suppose it could have been done when the coal was not leased, certainly. I should certainly not dream of refusing to renew a lease.

14,235. It is not a point of whether you might or not. You might be a remarkably decent landlord?—How very kind of you.

14,236. I said you might be. That postulates your right to refuse to lease the coal which you hold, if you were to?—Oh, I have no doubt.

14,237. If you own the coal and have the right to refuse to lease it other landowners in your position might do the same?—I suppose so.

14,238. That might mean at the present time a comparatively small number of people could refuse to lease the coal of this country and consequently they hold the country in their hands to that extent?—You mean they are blackmailers?

14,239. I do not mean they are blackmailers; I mean they have the power to be if they care to be. I put it only as high as that?—A great many people have power to do mischief if they like.

14,240. Perhaps you do not fully grasp the importance of the question I am putting to you. I put it that if the landowners, or, as I prefer to say, the landholders of this country owning all the mineral lands in the country cared to refuse to grant leases they could stop the production of coal in this country on a new venture or on any expiring lease. Is that correct?—No, I think the State would intervene if there was a cabal against the working of coal.

14,241. You think the State would intervene?—I think it would be wise to.

14,242. If the landowners were sufficiently unreasonable you think a time might come when the State would intervene?—I think the State ought to intervene if there is a railway strike or a miners' strike if the rest of the population is suffering thereby.

14,243. I am sure you do. Consequently you think the State has the same right to intervene if landholders unreasonably withhold the power they possess to grant leases?—Yes. The State is all powerful, or ought to be.

14,244. You and your fellow landholders in the country hold perhaps a more important right; you could refuse to lease the surface of your land for cultivation?—Refuse to lease it for cultivation?

14,245. Refuse to let it for cultivation?—I have a perfect right to cultivate my own land.

14,246. I do not think many landowners do cultivate their own land?—Portions of it.

14,247. Your family worked many collieries at one time prior to the sale of the collieries to the Joicey Companies?—Yes.

14,248. I daresay that your company at that time—you held the collieries in your own hands—owned a very considerable number of colliers' houses; I mean houses owned by your Company in which the miners lived?—Yes.

14,249. The miners who worked there resided there?—Yes.

14,250. Have you read in the newspapers any of the evidence given before this Commission as to the state of the houses, the insanitary state and uninhabitable state of the houses in some mining districts?—You do not mean in the mining districts in Durham only?

14,251. I will come to Durham in a moment. I said in some mining districts?—In your own in Lanarkshire.

7 May, 1919.]

JOHN GEORGE JAMITON, EARL OF DURHAM.

[Continued.]

14,252. Are you aware that in Durham and Northumberland there have been very serious complaints about the condition of the houses?—Yes, in both counties housing conditions are not satisfactory. That is not only in connection with the miners, but the general population.

14,253. Would you say that the houses in which the workmen live who worked in the mines or at the mines when you were the proprietor were satisfactory; that is that their housing accommodation was satisfactory?—Yes, some of it is quite good.

14,254. When you say some of it, I take it that some of it was not?—Some of it was not as good as the rest, and since the war it has been impossible to build fresh houses.

14,255. I would like to deal with prior to nine years ago, if you please, Lord Durham. Prior to nine years I put it to you that many of the workmen in your collieries were housed under conditions which they ought not to have been housed?—No, I do not agree with you.

14,256. You say at your own collieries up to the time they were given over to the Joicey firm the housing conditions of the workers at your collieries were satisfactory?—Anybody understanding hygienic matters and the drainage system, if you like, will say they are better than they used to be. I agree the houses which were considered by the miners themselves and everybody else as quite reasonable 50 or 60 years ago would not be suitable now. I approve of good houses; I like the miners to have good houses. I must say I have known cases in which miners have had good houses and they have not made a very good use of them.

14,257. It might be it could truthfully be said that in a very few of the houses in which the miners were living you yourself would like to live in?—I should prefer to live where I am living.

14,258. You say in your *précis* that you give land to the mine owners who lease from you for building purposes at double its agricultural value?—Yes.

14,259. For their outbuildings and everything of that kind, for their tips where they put the rubbish, and also for the houses they may erect for their workpeople?—Yes.

14,260. I suppose you know the County of Durham and its surroundings very well?—Yes.

14,261. Might I take it that in the City of Durham itself there are a very large number of very bad miners' houses in which the people live?—I should think you are right on the whole, although I think the Corporation of Durham denies the fact. I cannot vouch for all the houses in the County of Durham—I am not responsible for them.

14,262. I would not like to hold you responsible. You have sufficient responsibility without that?—I can bear it quite lightly, thank you.

14,263. If it really came to your knowledge that there were very many people in the County of Durham on the estate which you hold, your own ground I mean, very badly housed, and the public authority or the Government made up their minds to improve the housing conditions by building, would you be prepared to give the same terms to them as you give to the colliery people, double the agricultural rent, for housing purposes?—Would it be fair, do you say?

14,264. Would you be prepared to do so?—No. There are land valuations and methods of finding out the value of land. I should be prepared to accept that. The local authority can purchase land now, and District Councils, and so on.

14,265. You give your income from royalties and coal in 1913 and 1918. There is a considerable falling off in 1918 as compared with 1913. I suppose that would be a falling off in output which would cause the falling off of the royalty rents?—Yes, I think the proof says so.

14,266. I think it does. The figures show that?—It gives the number of tons worked in 1918. It is 2,300,000 in 1913 and 1,500,000 in 1918—diminution of output.

14,267. I take it there are none of your royalty rents based on a sliding scale?—No.

14,268. They are all fixed when the lease is granted?—Yes.

14,269. Have you a dead rent in every case in your lease that in the event of the colliery not working the dead rent still stands? Could you give us a case in point?—I do not think I could.

14,270. I think it is fairly general to grant a lease in which there is a dead rent which takes effect as from the beginning of the lease, and if the output does not reach the amount of the fixed royalty the dead rent is charged?—I am afraid I cannot answer that question. My agent is here; I daresay he can tell you.

Colonel Stobart: There are certain rents in all leases. If any of those technical questions were referred to me, I daresay I can answer them.

Chairman: I will have Colonel Stobart sworn, and if any questions like this are put we can ask him.

Colonel HUGH MORTON STOBART, Sworn.

14,271. *Chairman*: Perhaps, Colonel Stobart, you can answer that question?

Colonel Stobart: Lord Durham has certain rents which amount to nearly £10,000 a year. We have practically no short workings at all in any of the collieries.

14,272. *Mr. Robert Smillie*: I take it, under the leases granted, generally speaking, supposing the colliery came under a certain output which would not give the royalty according to the dead rent, the dead rent would be charged?—Yes.

Colonel Stobart: Yes. The dead rents are fairly small and there are very few short workings.

14,273. If for one year the amount is lower and the royalty falls under the dead rent and the dead rent is charged, if the output increases the following year the reduction would have to be secured back?—They would work off their short working in every case.

14,274. I think, Lord Durham, you have not very much faith in the Government taking over and working the mines successfully?—No, I do not think they would do it very economically or successfully.

14,275. You say in your case that you or your agents are constantly there to watch and see that all available coal is worked, but you do not think that anyone employed by the Government, in the event of the Government taking over the minerals and the mines, would be so anxious to look after the working as your agents and yourself?—Not in my own locality in that particular area. I understand from your view of nationalisation, coal mines are to be worked all over the country on a sort of pooled system: where one colliery is not paying well that another colliery is to be worked more strenuously in order to make up the loss. Something of that sort, I understand, is suggested under the nationalisation system. In this case I think they would not be so effectively managed as now. As you know, Lord Joicey is now the coal owner, and the collieries are admirably managed under him and by his agents.

14,276. It is the proposal of those who favour nationalisation that the industry should be worked as a whole?—Yes.

14,277. And that collieries which might be less favourably situated, or the seams less easy to work, that the industry should be worked as a whole and to stand or fall as a whole. You are aware that is not the case at the present time?—Not all worked as a whole; of course I am aware of that.

14,278. You are aware that there are many collieries to-day which are called poor collieries; that is not because of bad management, but because of their situation and the nature of the seam?—Yes.

14,279. That it would be quite impossible that one colliery, however well it might be managed, could compete with another colliery managed just on the same lines. I think you know from experience that is so?—Yes, it would have to be run at a loss.

14,280. Of course at some period, if it were run at a loss, it would have to shut down?—Yes, it has been done.

14,281. You know that that has been the case?—Yes.

14,282. You know the tendency has been to fix the wages of the mine workers on as near as possible an

7 May, 1919.]

JOHN GEORGE LAMBTON, EARL OF DURHAM.

[Continued.]

average all over a county or all over a locality; that is, instead of the wages being fixed by colliery to colliery they have been regulated up or down under the prices shown over a large area?—Yes.

14,283. You know of that system?—Yes.

14,284. I put it to you the tendency under those circumstances is that the wages of the miners generally are likely to tend down to the ability of the worst-conditioned colliery?—Do you mean bad collieries bring down the average of the wages?

14,285. No?—I thought you meant that.

14,286. If the bad collieries are to be kept alive the general rate of wages paid to the men all over the coalfield must tend down to the point at which the bad colliery is able to go on?—I do not think that is an economic proposition. I do not think that would be done. I think the colliery would be let go if it were a very bad one.

14,287. Generally speaking the wages of the mine workers of this country have tended down to the ability of the worst situated collieries to pay or else the worst situated collieries have had to go out of action. Is not that bound to come?—I am not sure I agree to that. I do not think the miners' wages are very bad. I should not mind if they were higher in the least. I do not mind how high wages are if they can be economically paid. I do not think what you state really reduces their wages.

14,288. I am not complaining of the wages at the moment. I put it to you as I thought it was such a clear economic fact when you told me that badly situated collieries could not go on at a loss for a very long time. Badly situated collieries could not pay an increase in wages unless they themselves were ready to meet it, that is to say the collieries at the present time are not worked as a joint concern, as it is proposed to work them by the State, each worked on their own ability to stand. Is not that so?—Yes.

14,289. As a matter of fact, in a given colliery it might be that one district of a mine was not paying and could not pay, but it is not stopped because it is not paying, and it is worked as a whole and is helped by the other mines that are paying. Is not that so in practice?—You mean in a large mine?

14,290. Yes, or even a number of mines in one company. One mine might not pay its way and meet its expenses, but it is kept going and paid from a common fund?—Yes.

14,291. That is so in practice in large companies?—Yes.

14,292. Would there be any harm in extending that principle to nationalisation and working the mines of the nation as a whole under the Government?—You ask so many questions in one. I do not object to the principle you enunciate. I am not at all sure the Government would be the proper authority to carry it out successfully.

14,293. Do you mean you would not object to the principle of all the mine owners getting together, pooling their funds in the collieries and running the whole mining industry as one national concern?—I do not know about any other district than my own. I do not know much about that, I am afraid. In the County of Durham the coal owners are sensible people and do work together as much as possible.

14,294. Not I think you will admit on the lines we were dealing with of helping a poor colliery through. I think it has been said by you that landlords sometimes helped an individual colliery through if in difficulties. Now, it was said this morning by another witness that it was a very common thing for the owners of land to help collieries in difficulties by lending them money to tide them over?—I have not come here to advertise myself; but, as you ask me that question, I have done it myself. I have lent money to a colliery to help it to tide itself over a bad time.

14,295. You would be hopeful that it would get over the bad times and go on?—I should be hopeful of getting my money back.

14,296. Mr. Frank Hodges: Your average royalty works out at something like 6½d. per ton?—I think not; the royalty itself is 5½d.

14,297. The other charges make it up to 6½d.?—No

Mr. R. W. Cooper: The quantities vary. You must take them separately.

14,298. Mr. Frank Hodges: What is the factor that you use in arriving at that figure? Why do you charge that figure?—I suppose for the same reason that the Ecclesiastical Commissioners charge the same figure. You notice at the top of my proof I say the rents paid are the same as those paid to the Ecclesiastical Commissioners. I suppose it is more or less the custom of the county.

14,299. You do not know any fixed principle that determines the amount?—You mean percentage on the value of the coal, or something of that sort?

14,300. Yes?—No, I do not think there is.

14,301. As a matter of fact, the amount is fixed by what the colliery companies in the average are prepared to pay. Is not that the case?—That is hardly so. In my case it would not be so. I do not rush them up. I do not put them up. I remain at the fixed rent. They are very pleased to pay that, and they would not be pleased to have them doubled, I should think. It is a bargain between themselves and myself as to the price.

14,302. You think the Durham owners are pleased to pay this royalty?—Yes; otherwise they would not renew the leases.

14,303. Have you not on record any colliery company in Durham that has made application to you for a concession?

Colonel Stobart: If those technical questions come to me, I can answer them.

14,304. Mr. Frank Hodges: I thought that would be a matter within Lord Durham's own knowledge.

Colonel Stobart: This question relates to me. There are several cases in which Lord Durham has given a reduction. I do mention them to him at the time, but I do not know that he always bears them in mind afterwards. It is my daily business; we have often given a reduction.

14,305. Mr. Frank Hodges: Have you machinery whereby his Lordship was informed by any means that owners were pleased to pay and would be willing to pay double the amount?—(Earl Durham:) I said nothing of the sort. I did not say pay double the amount. I said 5½d. was reasonable, and they did not object to pay it. I said they would object to pay double that amount, and they would call me a bloodsucker, or some other name.

14,306. You went out of business in 1906 as a colliery proprietor?—Yes, I ceased to be a coal merchant.

14,307. If you had not leased your property to Lord Joicey you would have ceased to have drawn any revenue from the coal?—Do you mean from the collieries that have been leased?

14,308. Exactly?—Why?

14,309. You yourself went out of business, and you would not have leased them to anybody else?—I did not go out of business. Lord Joicey did not step in without a little arrangement between ourselves.

14,310. Exactly. I am assuming if you had not leased it you would have lost a valuable economic property?—I should have gone on working them myself if I had not leased them, of course.

14,311. Would you?—Obviously.

14,312. Why would you have gone on working them?—I really do not understand your question.

14,313. I put it to you it was a profitable proposition to go on working them?—Profitable?

14,314. Yes?—It varied very much in the four years previous to 1896. I had had some very bad years, and one reason why I leased my collieries was I had not sufficient money to spend upon them. That was my principal reason for leasing. I should have been very glad if I had had sufficient capital to put down. I wanted several hundred thousand pounds to have everything up to date. If I had had it I should have been glad to have gone on with the collieries. You seem to think I have no pride or interest in the people who live on my property. Mr. Smillie tried to make out I took no interest in them. On the contrary, I am most anxious these people should

7 May, 1919.]

JOHN GEORGE LAMTON, EARL OF DURHAM.

[Continued,

live well. I thought it a good opportunity when I found a very rich man, an eminent authority on coal matters, willing to lease these collieries; I thought it was good for, if I may call them, my people and good for myself.

14,315. Immediately these people's capital touched your property it became of economic value to you. You derived in 1913 £52,000 by that process; other people's capital applied to your property gave you an income?

14,316. *Mr. R. W. Cooper*: That does not include Lord Joicey only?—I call it a rent or deferred payment, really for the use of substance, I prefer to call it royalties on coal that belongs to me.

14,317. If you had found no excellent capitalist such as the one mentioned here you would have been deprived of your income?—I do not quite understand that question.

14,318. Without capital applied to your mineral property you cannot draw a royalty?—No one draws a royalty unless the coal is worked, I believe.

14,319. Exactly. The capitalist who put money into the property cannot get a profit unless he employs labour?—No.

14,320. So that, in short, the labour engaged in working the minerals gave you an income from the minerals and gave the capitalist an income from the minerals?—Yes, it gave, in my case, a return for the money which had been originally spent in buying the land or in starting the collieries. No doubt I and my forefathers spent vast sums of money in developing the collieries in the County of Durham, or that portion where I live, and it is very reasonable I should get some return for it. The bigger the return the better I am pleased, if it does not hurt anybody else.

14,321. It follows from your answer that if there were no workmen, who would exploit your mineral property, it would be economically valueless?—Yes. I believe if there were no people living in England it would be a desert island.

14,322. Who do you think has the prior right to any property, the man who makes it economically valuable or those who live upon its being economically valuable? Who do you think has the prior right, apart from law?—I do not think there is any prior right in the case. There is only one person who has the right to his property, and that is the man who owns it.

14,323. *Mr. Herbert Smith*: Have you a large extent of royalties in the Houghton-Le-Spring Division?—In the Houghton-Le-Spring Parliamentary Division, do you mean?

14,324. Yes?—Yes.

14,325. Did you work the collieries there yourself at one time?—Yes.

14,326. Why did you cease working them there?—I have just said why.

14,327. You have not said so, and that is why I want to know. Was it because they were not profitable?—You mean why did I give up working them?

14,328. Yes?—There were fresh shafts to sink.

14,329. Did you give them up because they were not profitable to work?—No; I do not know what you mean.

14,330. Was the coal in the Houghton-Le-Spring Division unprofitable to work?

Colonel Stobart: They were given up because they wanted a lot of capital spent upon them. There had been four or five bad years, and a rich man came along with capital, willing to spend it upon the collieries, so Lord Durham chose, possibly wrongly, to sell the collieries. It turned out to be a profitable speculation for the other side. That is the fortune of war.

14,331. *Mr. Herbert Smith*: Is it the fact you got royalties from the Hon. the Rev. John Grey?

Colonel Stobart: That was before my time. I believe Lord Durham did own some royalties.

14,332. *Mr. R. W. Cooper*: There was a small portion of glebe in Houghton-Le-Spring.

Earl Durham: You do not suggest I robbed my poor old uncle.

Mr. Herbert Smith: It is always a little unfortunate that Mr. Cooper should anticipate what is coming next.

14,333. Were there some royalties on this glebe land, a very big portion of glebe land at Houghton-Le-Spring?—It was not a big portion.

14,334. Tell me how much?—I do not know.

14,335. *Chairman*: Colonel Stobart, do you know?

Colonel Stobart: No, it was long before my time.

14,336. *Mr. Herbert Smith*: Is it not the fact you acquired the coal under the glebe land?—No doubt it can be discovered.

14,337. Cannot you tell me now?—I have told you I do not know.

14,338. Am I right in assuming or in picturing the Government if it agrees to nationalisation would know as little as you know about your own affairs?—That is not very polite. The glebe land has nothing to do with me in this way.

14,339. It has something to do with it?—I do not know the circumstances of the glebe land.

14,340. Is it a fact that you worked out all the main coal, the best seams, under this glebe land to the detriment of the incoming rector?—No.

14,341. And the futuro rector—you worked out all the best seams under this glebe land?—To the detriment of the incoming rector? To the detriment of the income of the incumbent, do you mean?

14,342. Yes?—No.

14,343. Is it a fact by your working out all those best seams it would reduce the income to the incoming rector in the parish?—No. I think you mentioned the name of the actual clergyman there, did you not?

14,344. You bought him out for the time being?—Did you not mention his name?

14,345. I am talking about the incoming rector that follows him. Let me put it a bit further. Were the Ecclesiastical Commissioners aware of what you were doing under the surface?—I should think quite.

14,346. You think they were?—I should think so.

14,347. That is why the Ecclesiastical Commissioners always know what they are doing?—I cannot answer for them.

14,348. If I told you I knew 32 acres of coal had been got under the Ecclesiastical Commissioners' estate and they did not know it was gotten, what would you say to that?—You tell me that 32 acres of coal had been got? I said if it was got.

14,349. Yes?—Who by?

14,350. I am not saying you got it?—How can I answer about other people?

14,351. I am trying to find out whether you are one of these people who get coal unknown to the Ecclesiastical Commissioners?—You are suggesting that I am a thief. Thank you very much.

14,352. I do not know if you call it thieving. We are thinking somebody lived before you who stole for you this income before you got it. Am I right in saying that colliery owners and you are working jointly on this Commission? I had a letter sent to me, but it was sent to the wrong person and the last paragraph says: "I shall be glad to hear from you in reply the work we have to do and we are working in harmony with the colliery owners committee." It has come to the wrong person. I want to know if you are working in unity with regard to this person who has sent this letter to me?—I am not working with anybody. I had no idea I was to be called until Mr. Smillie made an application. I have had no consultation with anybody except my agent or solicitor.

14,353. *Mr. Robert Smillie*: You made a statement that you had no idea you would be called before this Commission until I raised it?—Yes.

14,354. Is that so?—Yes.

14,355. Is that true?—I beg your pardon. Even if I am not on my oath I object to being asked if a statement is true or not.

14,356. I did not intend to doubt your veracity. Is it not true you got a letter from Mr. McNair and you referred him to your agent long before I raised the matter here?—No.

14,357. I put it to Mr. McNair now?—You may be right possibly.

14,358. I do not think you are willingly trying to mislead any person?—I am not imputing anything to you or anybody else.

Chairman: I think what happened was this. We thought Lord Durham would be able to give valuable evidence upon this. Mr. Cooper then said he thought

7 May, 1919.]

JOHN GEORGE LAMBTON, EARL OF DURHAM.

[Continued.]

that Lord Durham probably did not know so much about it as Colonel Stobart, his agent, and we wrote to Colonel Stobart.

Mr. R. W. Cooper: I can explain it in a moment.

14,359. *Chairman:* We will read the correspondence—Mr. Smillie and I can get at it perhaps. I had a telegram or letter from Mr. McNair the day before Good Friday. I thought you had asked before then. If not, I apologise. It does not make much difference.

14,360. *Mr. Robert Smillie:* I did not ask before that.—I thought you had asked before that.

Chairman: The first letter is dated the 16th April, and is addressed to the Earl of Durham by Mr. McNair. It runs in these terms: "My Lord,—I am directed by Mr. Justice Sankey to inform you that, subject to the acceptance by the Miners' Conference to-day of the Government's offer of the terms contained in his Interim Report, the Commission will proceed immediately after Easter to consider the principle of nationalisation, upon which a report has been promised by the 20th May. In that connection it will be necessary to examine (1) the question of the nationalisation of the mineral rights, and (2) should that be decided on, the method of compensation to be adopted. The Commission would be indebted to you if you would be prepared to attend and give evidence before them on these two points on Thursday, the 24th instant, at a time and place which will be notified to you later. I must apologise for the shortness of this notice and ask you to be good enough to let me have, if at all possible, on Tuesday, the 22nd instant, a *précis* of your evidence, so that it may be printed and circulated to the Commissioners. I enclose for your information the following documents." Those are the documents which are sent to all witnesses. This is the reply: "McNair, c/o Cinduscom"—that is the telegraphic address of this Commission—"Your letter of the 16th instant received. As my agent is much more familiar with the subject in all its details than I am, I prefer that he should give evidence instead of myself. Please submit this to Chairman, and on your

wiring assent I will hand your letter to my agent with the necessary instructions. Impossible on your short notice at this season to let you have any *précis* by Tuesday. My agent absent until Monday.—Durham, Lambton Castle." The reply is: "Your telegram received. Shall be pleased to have your agent as witness. Please ask him to be ready by Thursday, 24th instant, and bring with him 50 copies *précis* of evidence to offices of Commission. Shall telegraph later if we can give him any later date." A further letter was written when the Commission could not meet quite so early. The letter was written to Lord Durham: "My Lord,—Referring to my letter of the 16th instant, your telegram in reply of the 18th, and my telegram of the 19th instant, I am directed by the Chairman to state that after further consideration the Commissioners will be indebted to you if you will be good enough, personally, to come and give evidence before them. I am, therefore, directed to ask you to prepare a short *précis* of evidence upon the following points:—(1) The acreage of your holding of land and of the proved mineral rights; (2) the total output of coal and other minerals to date; (3) the average annual output of coal and other minerals; (4) the royalty paid per ton, whether fixed or on a sliding scale; (5) the average annual income received by you from mineral royalties and wayleaves; and (6) the nature of the root of your title. I am unable to state definitely on what date you will be asked to appear, but it will probably be in the first half of next week." I do not think I need read any more.

14,361. *Mr. Robert Smillie:* That does not clear up the point?—There is no request in any of those letters with regard to my producing the title deeds. I got confused there. I thought he had asked for that before.

Mr. Robert Smillie: Lord Durham said he had no word about coming before this Commission until I had asked for the production of certain Peers. I want Mr. McNair to tell us the date of that; it was subsequent.

Chairman: You are quite right.

(Adjourned for a short time.)

14,362. *Mr. Herbert Smith:* In your evidence you say you are entitled to 1,500 tons of coal free?—Yes.

14,363. You get the best coal, I suppose?—I hope it is the best.

14,364. In addition to £35,000 that you get—that is an extra?—Yes, that is an extra.

14,365. Did I understand you aright, in answer to Mr. Smillie, to say that you were against the State taking the mines, because they would not carry them on as well as it is being done now—that in fact you were opposed to nationalisation?—I do not think it would be a success.

14,366. You finish up by saying that out of the balance you have to bear the expenses of working the mine, of collecting the rents and legal expenses. Supposing the mines were nationalised, could we not pay for supervising the mines and the legal expenses out of that?—Who is "we"—the State?

14,367. The State.—Yes, the State would have to pay a great deal.

14,368. Do you not think we could do it equally as well if we paid as good a salary?—I do not think that we should get the same men to do it.

14,369. I think we should. I daresay we should get your agent?—That is his affair.

14,370. You pay other people to do it?—Certainly—the best I can find.

14,371. And we shall only be paying similarly for people to do it, and the State would get this benefit. Do you not think the law is entirely wrong that you should have this monopoly of getting 5½d. a ton out of every ton of coal that is got?—No, I do not think so.

14,372. Do you not think it would be better applied to the men who have accidents in mines, so that they might have that money, and you might do some useful work like everybody else?—The miners do get compensation now for accidents.

14,373. They do not get enough. They do not get £35,000 a year like you do?—I get that.

14,374. You get yours for doing nothing?—Thank you.

14,375. Do you not?—I was not aware that I did nothing.

14,376. Did you put the coal there?—No, I did not.

14,377. Am I right in saying that you worked all the thick profitable seams out of Houghton-le-Spring while you were working there?—Those collieries have been worked for a long time.

14,378. Had you not practically worked all the good seams out when you finished being colliery owner?—Do you mean that I handed over a pig in a poke?

14,379. I mean you thought you were getting a better bargain by getting royalty rents. Is that not true?—No, I did not take that view of it.

14,380. Does that piece of railway belong to you that goes to Haswell Collieries?—No, not to Haswell.

14,381. *Mr. R. W. Cooper:* Mr. Herbert Smith asked you just now about your doing nothing. I am very unwilling to ask a question that may savour in any way of advertisement, but, as we all know, you are the Lord Lieutenant of the County?—Yes.

14,382. You take an active part in public affairs in the County of Durham?—Yes.

14,383. You have taken, if you will allow me to use the word, a very active part since the war began?—I have tried to do my best.

14,384. You have had a great deal to do with recruiting in the County?—Yes.

14,385. You have been a great deal among the miners?—Yes.

14,386. Who, we know, all responded exceedingly well in the County of Durham?—I think the miners volunteered for the war admirably.

14,387. In all matters of public duty that have been progressing during the last five years, whether from a civilian, military or naval point of view, may I not say that every member of your family, yourself included, has taken an active part?—Yes. They all

7 May, 1919.]

JOHN GEORGE LAMBTON, EARL OF DURHAM.

[Continued.]

offered to do anything that the State would wish to employ them for, and tried to do so.

14,388. As we know, unfortunately, you have in your family suffered losses through the war like other people?—Yes, certainly.

14,389. You are not a member of any association or combination of royalty owners in connection with this enquiry?—No.

14,390. You have had no consultation or communication with them at all?—No, I have not discussed the matter with them.

14,391. I will ask Colonel Stebart this question. You told us that Lord Durham's dead rents amounted to about £10,000 a year?

Colonel Stebart: Yes.

14,392. You also told us that as a matter of fact there were practically no short workings?—Yes.

14,393. Which meant that the lessors worked more than the certain rent?—That is so.

14,394. One of the objects is, is it not, for providing for the payment of a dead rent to promote the working of the coal?—Certainly.

14,395. In Lord Durham's collieries do they or do they not contain in addition to the dead rent a covenant by the lessee to work out all the merchantable

coal that can be worked?—All the recent leases that I have had anything to do with contain that covenant.

14,396. As regards the length of the term, Lord Durham has granted when requested the full leasing term?—Yes.

14,397. Do the leases contain an option for lessees to give up the lease on short notice?—Yes, they all do that.

14,398. In every case?—Yes.

14,399. Mr. Arthur Balfour (To Lord Durham): I think you agree that the State, whether they take over your royalty or take over any property in mines, should pay compensation?—Certainly.

14,400. In other words, if the rights of property are not respected in this country the whole credit of the country would be ruined?—It would lead to a state of chaos.

14,401. People would not trade with this country?—That is so.

14,402. We have had in Russia a very good illustration of what would happen when you do not regard the rights of property?—Yes.

14,403. It has made everybody miserable?—Yes.

(The Witness withdrew.)

WALTER FITZ URYAN, BARON DYNEVOR, Sworn and Examined.

14,404. Chairman: Lord Dynevor says: "The acreage of the Dynevor Estates in Carmarthenshire and Glamorganshire is about 9,300 acres. The acreage of lands under which there is coal is about 8,270 acres. The estate in Carmarthenshire is very scattered, and therefore the lettings to the different collieries are comparatively small. I regret that I am not able to state the total output of coal to date, as coal was being worked in 1541 and there are no available records. The average annual output of coal on my Estates during the years 1916-17-18 was 394,420 tons. The average royalty from coal for the years 1916-17-18 was 4-745d. per ton, being on a fixed basis. There is a small area of 425 acres of one seam only which has been sub-let by one colliery company to another, on which the royalty is 1/12th of the selling price. The average output of this sub-letting for the above three years was 40,000 tons, and the royalty £1,637. In 1912 the royalty payable by Main Colliery Company on the Glamorganshire Estate was reduced from a sliding scale of 1/12th of the selling price to 5d. and 4½d. per ton, which reduced my royalty by about £3,300 a year. In 1915 I foregave the Main Colliery Company £2,500 owing for royalties and wayleaves. I have not gained by the late rise in the price of coal, with the small exception mentioned above. The average wayleave, where one exists, for the above three years was 855d. per ton. The average annual income from royalties for the years 1916-17-18 was £7,543 12s. 3d., and from wayleaves £1,778 0s. 2d., without taking Mineral Rights Duty into account. The fourth Lord Dynevor, who died in 1869, settled the Carmarthenshire Estate by will and a portion of the Glamorganshire Estate, the other portion of that estate being already settled. As to the Carmarthenshire Estate, King Henry VIII. beheaded my ancestor Rice Griffith on Tower Hill in 1531 and seized his lands. My family bought the larger part of the present estate about 1600, and there have been various additions at later dates also by purchase. A small portion was left by Will by a Mr. Keymer to the third Lord Dynevor. My interest in the Glamorganshire Estate came to my family through one of three co-heiresses, Miss Hoby, who married my ancestor Griffith Rice in 1690. That estate was purchased from the Crown in 1541 by Sir Richard Crumwell. From 1541 to 1793 my predecessors worked the minerals and developed the industry, and must have spent considerable sums of money in doing so. I succeeded my late father in 1911."

14,405. The anthracite district is not one of the most prosperous districts in South Wales?—Well, I have not much knowledge of other districts, except my own, so that it is rather difficult for me to answer that question.

14,407. Would it surprise you to hear that it has always been regarded as the poorest mining district in South Wales?—I should be surprised to hear that. I should have thought that the anthracite district was more prosperous than the Glamorganshire district on my property, because the coal on my Glamorganshire property is half way between the anthracite district and the steam coal, and it is not a very good kind of coal.

14,408. It is dry steam coal, as it is described?—That is it.

14,409. In many cases in the dry steam coal district colliery companies have gone to the wall, have they not, just in that area?—I have not heard of one.

14,410. Do you not know that a large number of small colliery companies have tried and failed to carry on collieries there?—Not on my estate.

14,411. In that district?—I could not answer that question.

14,412. Are you aware that that is true of the anthracite district?—All the collieries on my estate are working.

14,413. Both in the anthracite district and in the dry steam coal district?—All, where there is coal let, are working.

14,414. I see your average charge on the royalties is somewhere about in one part 5d. and 4½d. You have abandoned the principle of the sliding scale in royalties, I believe, have you not?—With that one exception that I mention.

14,415. Have you had many collieries come to you to apply for concessions in the royalty?—Only this one that I mentioned.

14,416. Is that the Main Colliery Company?—That is it.

14,417. That is regarded as one of the biggest concerns down there?—I think so.

14,418. You relieved the burden a little bit?—I think rather considerably.

14,419. You reduced the charge by something like £3,300 per annum?—That is so.

14,420. Do you think it right that the Main Colliery Company should have to pay you 5d. and 4½d. a ton when they are struggling against natural difficulties in that colliery?—I am not sure that I know the natural difficulties you refer to.

14,421. First of all, the principal difficulty is the character of the coal, which often has a very poor sale upon the market. That is so, is it not?—At one

14,405. Mr. Frank Hodges: A good deal of your holding is in the anthracite district, is it not?—Yes, a good deal. I think nearly half and half; half in Glamorganshire and half in Carmarthenshire.

7 May, 1919.]

WALTER FITZ URYAN, BARON DYNEVOR.

[Continued.]

time, I think, that was so. I understood that they were in a much better position to-day than they were some little time ago.

14,422. Is that not due to the high demand for any kind of coal at this moment?—No doubt that has been of very great help to them.

14,423. Have you had any objection to the State taking over this mineral property, speaking now as an individual?—That is a very general question. I understand before the State could take it over it would be necessary to legislate, and I should rather like to see the Bill before I pledged myself.

14,424. Do you think that the State is competent to administer properly and scientifically the minerals of this country and get them worked efficiently?—At the present time I understand that the State does not like working its own collieries, and where it owns minerals it lets them and charges a royalty.

14,425. What properties do you refer to?—I had in my mind the Forest of Dean.

14,426. Of course, you are aware that the Forest of Dean is not regarded as a coalfield in the best economic sense of the term?—Yes, but I am rather surprised that the State has not tried its hand at working the collieries there and seeing how it gets on.

14,427. Has the State received any encouragement in that direction from any source, do you think?—I am not sure who you mean should encourage the State.

14,428. Do you think that the experiment in the Forest of Dean would be likely to be encouraged, in order that the State might show whether it could be successful or not, by other mineral owners, for example?—It is difficult to say that until they try.

14,429. You have an agent, have you not?—Yes.

14,430. Is he a mining engineer?—Yes. I ought to say I have two mineral agents.

14,431. You entrust, I suppose, the whole of the work in connection with these minerals to those gentlemen, do you not?—I always like to have a big say in the matter myself.

14,432. Do you, in fact?—Yes, they are always referring matters to me. I take a great interest in the question.

14,433. So that if a colliery comes and says that it is in deep water, you have the matter referred to you, and you give a decision?—Certainly, it would be referred to me.

14,434. But you act on their expert advice, do you not?—Naturally, I take their opinion very largely into consideration.

14,435. And if these gentlemen were the servants of the community or the servants of the State do you

think they would give the State as good an opinion as they give you?—I hope whoever their master was they would serve him properly.

14,436. Do you think they would?—I could not tell you.

14,437. You only hope they would?—I hope they would. I have no reason for thinking that they would not honestly and faithfully serve whoever they worked for.

14,438. Do you think that the anthracite districts of South Wales would be helped if there were no royalty charged upon the output there?—I suppose if you relieve anybody of a certain amount of out-goings it is an assistance to them.

14,439. *Mr. Evan Williams:* You have taken a very active interest in the management of your property yourself?—I do.

14,440. Wherever any company negotiates a lease you interest yourself in the terms of it?—I certainly do.

14,441. In the case of the Main Colliery Company, when they got into difficulties, was it on the advice of your agent or upon your own initiative that you made this reduction to them?—That was brought to my notice by my mineral agent; we discussed the question and decided to take off the sliding scale and have a fixed royalty per ton.

14,442. Is that the only case where a demand has been made upon you for a reduction?—I have only held the property since 1911. I cannot remember another one for the moment.

14,443. Do you remember having refused an application?—No.

14,444. I believe your estates have been held in your family from very early days; you are in fact descended from the Kings of South Wales?—As I put in my *précis*, the family lost the whole of their estates in 1531 when Henry VIII. cut my ancestor's head off.

14,445. So that your property was nationalised in a sense by Henry VIII.?—Yes, and I think the State owes me a great deal in return.

14,446. And you had to buy it back?—That is Carmarthenshire. In Glamorganshire my predecessor bought it from the Crown.

14,447. Except for that little incident, you would have held the property right the way back?—My ancestors before the beheading took place owned, I fancy, the larger part of Carmarthenshire, Pembrokeshire and Cardiganshire, whereas now I only own 9,000 acres.

14,448. The property that was bought back in 1600 was part of what you previously owned?—It was, I believe, a portion.

(The Witness withdrew.)

Mr. THOMAS EMERSON FORSTER, Sworn and Examined.

14,449. *Chairman:* Mr. Forster says:

"I am a Mining Engineer and Mineral Agent to a number of owners of mineral properties in the North of England, and have been in practice upwards of 35 years.

I have been requested by the Commission to give evidence on the following points:—

1. The nationalisation of mineral rights.
2. The method of compensation to be adopted should the nationalisation of the mineral rights be decided upon."

I will ask Mr. McNair, the Secretary, to read his evidence.

The Secretary:

"1. *Nationalisation of Mineral Rights.*

The present system of leasing coal properties in the North of England, so far as my experience goes, is satisfactory, and I do not consider that it is in any way detrimental to the proper working of the mines. Practically the whole of the coal contained in the true coal-measures in this district is now let, and there can be no further development so far as it is concerned.

I do not know of any coal areas which the owners have refused to let to responsible persons, my experience being that they are only too anxious to have their coal worked. I have never found any difficulty in settling fair terms as regards rents or otherwise, and have never had any complaint with respect to the terms of the leases, which are fair. I have never known any difficulty in renewing leases, generally for longer terms than were previously in force, and it is usual in the district for power to be given to the lessee to surrender his lease at the end of any year of the term on 12 months' notice. The leases stipulate that all fairly workable coal is to be worked and raised, and that has been the practice for many years, no coal being left underground. Power is also reserved for the lessor's agent to make inspections and see that the conditions are carried out. As a rule no internal barriers, *i.e.*, barriers between different properties worked to one colliery or undertaking, are now left, but only such as are necessary for the protection of the area attached to the field, and where possible faults are utilised as barriers so as to reduce the amount of workable coal left. I have never known any difficulty raised with respect to any proposal for the alteration or removal of unnecessary barriers. So far as the nationalisation of minerals is concerned I do not consider that it would have

7 May, 1919.]

MR. THOMAS EMERSON FORSTER.

[Continued.]

any material bearing on the district, which is already fully developed and laid out.

In case, however, any questions should at any time arise with regard to the terms of the leases or matters in connection with development or working under them which cannot be settled directly between the lessor and lessee, I think it would be advantageous to establish a tribunal having power to appoint an umpire to decide cases of this description.

2. Method of Compensation.

With regard to the question of the method of compensation to be adopted should nationalisation of the mineral rights be decided upon, I am of opinion that the owners should be paid full and adequate compensation for the loss of their property.

I think that the amounts to be paid should be ascertained by a separate valuation in the case of each property, and that probably the best method of carrying out the valuations would be the appointment of a certain number of representatives on either side in each district with power to appoint an umpire in the event of their being unable to agree in any particular case or cases. I do not think that there should be any difficulty in carrying out the valuations in this way."

14,450. *Mr. Robert Smillie*: You say that you have never known any difficulty raised with respect to any proposal for alteration or removal of necessary barriers. What do you mean by that exactly? Do you mean after the barriers have been left in there was no objection to have them taken out?—If they were buried up they could not be got out, but when in the course of working the barrier has been reserved by the lease, and it has been pointed out either by the lessee or the lessor's agent that arrangements could be made to remove that barrier, perhaps by substituting a fault instead, on going to the lessor I have never known the lessor make any difficulty about it. Naturally, he is going to get his rent on the barrier, so that it is to his interest to have as many barriers worked as can be.

14,451. Do you agree that the private ownership of minerals has led to the leaving of barriers between two estates, and that those are irrecoverably lost to the nation?—That might have been so in days gone past, but it is not the case now. The barriers are now only left between the different fields of coal which are worked by different colliery companies. The country, you might say, is divided up into different areas, and between each area a barrier is left, and that barrier is a necessary barrier.

14,452. Why necessary?—Because you must have the separation between the collieries for the purpose of keeping the ventilation intact. It is dangerous to have your ventilation mixed up together, and you must have certain barriers. That is the practice in every district of every county.

14,453. You say it is necessary to have barriers for the purpose of keeping out water from one colliery to the other?—Yes.

14,454. And those barriers are left in every case for that purpose?—Yes.

14,455. Have you known any barriers left in not for that purpose but merely as a dividing line barrier between two estates?—No, I cannot say I have. Of course, it might be possible that you might leave a barrier—it would be a very small one—for the purpose of ventilation.

14,456. You are a mining engineer?—Yes.

14,457. You have read up, I daresay, the history of mining in this country?—Yes.

14,458. You are pretty well acquainted with the history of mining outside of Northumberland and Durham; do you say now that you do not know and have not read and are not absolutely acquainted with the fact that there have been millions of tons of barriers left, not for the purpose of keeping out water, but for the purpose of dividing the properties of two landlords?—I am speaking about Northumberland and Durham. I cannot speak about anywhere else.

14,459. We are dealing with a national question?—Yes.

14,460. We are dealing with a fact that is well known to you—that there have been millions of tons of coal left underground which will never be recovered, merely because of the fact that the mineral rights are owned by different people?—I could not say that.

14,461. Have you read of such a thing in your mining experience?—No.

14,462. You say there is no objection to taking out barriers between two mineral owners of an estate, provided both are agreeable?—Yes.

14,463. Have you heard of narrow ribs being left in in Northumberland and Durham between two mineral owners' estates, not to keep out water, but merely as a rib between the two estates—barriers 10 yards wide?—I have known a 10 yards barrier.

14,464. Was the purpose of a 10 yards' barrier to prevent the flooding of one mine from another?—That was the original intention. Of course, they were very shallow.

14,465. A 10 yards' barrier would not be surely a safe barrier against flooding from one mine to another?—That 10 yards would be 10 yards on one royalty and 10 yards in another. That would be equivalent to a 20 yards' barrier. I have never known anything less than that.

14,466. That is 10 yards on each side of the line dividing?—Yes, and that, of course, was at a very shallow depth.

14,467. Have you known the loss of coal from other causes than barriers—because of disputes between two neighbouring landlords?—Never.

14,468. You have never known of that?—No.

14,469. *Mr. Herbert Smith*: You say in your evidence: "So far as the nationalisation of minerals is concerned I do not consider that it would have any material bearing on the district." Are you talking there about Northumberland and Durham always?—Yes.

14,470. You are confining your attention to that?—Yes.

14,471. You have no objection to everybody else being nationalised except Northumberland and Durham?—No, I am simply giving my evidence as to Northumberland and Durham.

14,472. You do not object to anybody else being nationalised and leaving Northumberland and Durham out?—Yes, I would not be so unkind to them.

14,473. Do you know Seaton Delaval Colliery in the north?—Yes.

14,474. Do you know that for about 8 years at one of the collieries they paid no dividend, and they paid £23,000 in royalties? Is that not something to complain about?—I do not know that.

14,475. Would it not be wrong if it were so, that the man who did not put the coal there drew £23,000 and the man who went to seek it lost twice as much money?—Probably he got it back afterwards and something more.

14,476. There is no record of his getting it back afterwards?—You put a case to me that I do not understand.

14,477. You tell us you do know about Northumberland and Durham and I am talking about Northumberland and Durham?—I cannot say that I know all about the dividends that are paid by the companies.

14,478. Do you know Axwell Colliery?—Yes.

14,479. Do you know a piece of line that runs over about an acre of land?—No.

14,480. Where there is a wayleave paid of £9,000?—No.

14,481. Do you think that is just?—I do not know about it. One does not know what is paid and what is not paid. I have not gone into such small details as that.

14,482. Have you not known bigger barriers than 10 yards on each side?—Yes.

14,483. Do you know barriers of 40 yards on each side?—Yes, I know the Crown coal reserve 100 yards barriers.

14,484. It is not always necessary to leave a barrier in for ventilation?—In our district it is.

7 May, 1919.]

MR. THOMAS EMERSON FORSTER.

[Continued.]

14,485. Your district must be a separate district from anyone else's?—Probably in the deep mines of Yorkshire it is not, but in Northumberland they are not so deep.

14,486. We work a shallower mine in Yorkshire than in Northumberland and Durham, while, on the other hand, we also work deeper?—We work right up to the outcrop.

14,487. We have mines 50 yards deep with outcropping, and mines over 900 yards deep, and it is not necessary, for the ventilation, to leave barriers in?—That is in Yorkshire.

14,488. I want to put it seriously to you; are there not barriers between Northumberland and Durham to prevent one man going into another man's territory?—I never heard of such a suggestion.

14,489. Suppose I give you some cases?—I never heard of it.

14,490. Do you not know, as a fact, that they do leave them between each other's territory for that reason?—No, I do not.

14,491. *Sir Adam Nimmo*: I think you are an engineer of very large experience in the north?—Yes, I have had very long experience.

14,492. You have a very full knowledge of the general colliery operations over the whole of the district that you are in?—Yes.

14,493. And you are able to speak from a very thorough knowledge of the whole of the detail work?—I have a very good general knowledge of the district.

14,494. Your view in the light of your knowledge and experience is that the present system of working the coal there has been quite satisfactory?—Quite.

14,495. In fact, you go so far as to say that the whole of the coal areas that are known are occupied and are being operated upon just now?—Yes.

14,496. And that by private enterprise?—Yes.

14,497. So that as far as that particular district is concerned you could gain nothing whatever by nationalisation from the point of view of operating more fully over areas that are now disclosed?—It is fully developed now, and nothing more could be done.

14,498. And that has all been brought about by the efforts of individual operators?—Entirely.

14,499. You have been asked a good many questions by Mr. Smillie about barriers. I take it that the desire of the mineral owner will be to have as much of his coal worked out as possible?—Naturally.

14,500. Have you ever found a mineral owner who from mere caprice allowed his coal to be left in?—No, not in our district.

14,501. Has he not, as a rule, very good reason for leaving it in?—Yes.

14,502. Would he leave barriers in unless he had very good reason for believing that they ought to be left in?—Certainly not, because he loses revenue on them.

14,503. He loses the revenue from his property?—Yes.

14,504. I take it that the two main reasons for leaving barriers in are to secure ventilation and to have protection against the encroachment of water?—Yes.

14,505. Do you lay any considerable stress on the question of ventilation?—Yes.

14,506. Vory considerable stress?—Yes, certainly.

14,507. Is it possible to say in an off-hand way in dealing with the question of barriers, what barriers could be extracted and what barriers could be left in?—No, you could not possibly say it in an off-hand way.

14,508. Would you not require to deal with each individual case on its merits?—Yes, entirely.

14,509. Do you think the extent of the problem of coal left in barriers is really known?—Certainly, it is not.

14,510. Is there not to a great extent surmise in connection with that problem?—Yes.

14,511. No doubt you would agree that there is coal being left in in barriers which might be extracted?—I would not like to say that without going thoroughly into it.

14,512. Would you say that you would require to investigate each individual case in the light of the facts surrounding it?—Yes, I would.

14,513. I take it you will agree that it is in the interests of the country that as much coal should be taken out as possible?—Yes, entirely.

14,514. And if a proprietor would not allow his coal to be extracted, I take it that in the interests of the community you would suggest that some pressure should be brought to bear upon him?—Most certainly.

14,515. Do you think it is necessary to nationalise either the coal or the collieries to secure that result?—No, I do not think it is.

14,516. Would it not be possible to set up a very simple form of tribunal under which an application could be made in the event of a situation of that sort developing?—Yes, I can imagine that might be done.

14,517. Do you go so far as to say that that form of machinery might reasonably be adopted in the national interests?—Yes.

14,518. And would meet the situation without creating many of the evils which are bound up with nationalisation?—Quite so.

14,519. Do you think that there has been up to the present any, what I might call, public demand for the release of all this coal that has been referred to. Has the question arisen in any acute form before this Commission was set up?—Not to my knowledge. Speaking for my district I have never heard of any coal being held up.

14,520. Would there not be a suspicion that this kind of argument is being used as so much padding in connection with the question of nationalisation?—That might be.

14,521. Coming to the question of valuation, I take it that your view is that any kind of overhead valuation, either of minerals or of colliery properties, would not be sound?—What do you mean by an overhead valuation?

14,522. A kind of general view of the whole position, and lumping it?—I think that would be quite unfair.

14,523. Your view is, it might require to be dealt with by a detailed investigation, and a valuation following upon that investigation?—Yes, on each property.

14,524. You suggest that a kind of tribunal could be set up which would be, I take it, a tribunal in districts?—Yes.

14,525. Do you think that would be adequate to deal with the position that would arise?—Yes, think that could be done without any great difficulty.

14,526. I take it that your view is that there ought to be a very complete investigation into all the factors surrounding the position in determining the question of valuation?—Yes.

14,527. And that that should be done in light of the facts existing at the time?—Yes.

14,528. *Sir L. Chiozza Money*: *Sir Adam Nimmo* has put a series of propositions to which you assented; have you ever considered them before?—Yes, I think I put it in my *précis* that I propose to have a tribunal.

14,529. I understood you, in your earlier evidence, to say that things were very perfect in Northumberland and Durham?—I said we had had no trouble, as far as my experience went.

14,530. No difficulties?—Yes.

14,531. Does that not mean that it is nearly perfect there?—No, not necessarily.

14,532. If you had heard of no troubles and no difficulties, why do you so readily assent to the setting up of an expensive Mining Department to deal with questions that you say do not exist?—I said: "In case, however, any questions should at any time arise with regard to the terms of the leases or matters in connection with development or working under them which cannot be settled directly between the lessor and lessee, I think it would be advantageous to establish a tribunal having power to appoint an umpire to decide cases of this description."

14,533. You know that *Sir Adam Nimmo* is one of the signatories to a report which makes a recom-

7 May, 1919.]

MR. THOMAS EMERSON FORSTER.

[Continued.]

mendation with regard to the setting up of a Mining Department which would have to employ expensive officials. Do you not think that that would be rather an expensive process?—If you had a department like that, it would be, but I am not advocating anything of that sort.

14,534. You assented to every one of the propositions that Sir Adam Nimmo put to you: you said Yes to every one of them, hardly waiting till he had put the questions. May I ask you whether you have considered those questions before?—Yes.

14,535. Why do you suggest setting up such a tribunal?—I said that personally I did not think it would be necessary at the present moment.

14,536. If this Mining Department and all its officials set to work to find coal, making surveys of coal areas in the United Kingdom, do you think it equitable that the landlords of this country should draw royalties upon work that the State has done through its officials?—Now you are getting rather off my ground. That is hardly a mining question.

14,537. You do not feel competent to assent to that so readily as you assented to Sir Adam Nimmo's question?—No, I have not considered that.

14,538. *Mr. R. H. Tawney*: I understand your argument is that the mineral owner has not obstructed development in any way. That is your argument?—Yes, I think that is a fact. He is always too pleased to get his coal worked.

14,539. Does he take part, *qua* mineral owner, in promoting development? What does he do?—As a rule he does not do anything, except if a man came to him wanting to take a royalty he would let it to him at a low rent to help him out; but he does not explore. I know of one case in Durham where a mine has been given up and the lessor went to a great deal of expense in putting shafts right. That was on Lord Eldon's estate.

14,540. It is the ordinary rule for the lessor to explore the property?—No.

14,541. The assistance that he gives is in letting the land bearing minerals?—Yes.

14,542. That is to say, the assistance which he gives is really doing nothing?—Yes. He allows them to come and put the boreholes down if they like, and everybody is quite ready to do it.

14,543. Allowing them to put their boreholes down does not sound a very strenuous form of work. He is paid a considerable sum every year if the colliery is successful?—Yes, if the colliery is successful.

14,544. *Mr. Evan Williams*: In Northumberland and Durham there is a long stretch of under-sea minerals which belong to the Crown?—Yes.

14,545. So there is a large area of national mineral-let in those two counties?—Yes.

14,546. Is it let to different colliery owners?—Yes.

14,547. Has the Crown in letting these areas stipulated as to a barrier between two properties?—Yes.

14,548. Of what magnitude is that barrier as a rule?—Generally speaking, 100 yards between two takes, as we call them. That is equivalent to 50 yards on each side of the boundary.

14,549. So that with national minerals in that way the practice has been exactly the same as in private ownership?—The Crown barriers are, if anything, rather more; that is in my own experience; certainly they are as much.

14,550. So that the Crown has been as great a sinner as any private owner?—I should not say that they were a sinner. They are acting on advice.

14,551. Do you suggest if there were a large area belonging to the Crown or anyone else that it would be possible to let different areas without leaving in barriers?—No.

14,552. Do you think that anything that can be done in the future will enable the barriers that have been left in the past to be recovered?—Not in my district.

14,553. Is not all this question of the barriers being left in the past crying over spilt milk?—The old barriers are gone.

14,554. *Mr. R. W. Cooper*: You not only act for the owners of mineral properties, but you yourself are interested in working coal, are you not?—Yes.

14,555. In Durham and Northumberland?—Yes.

14,556. You know the Durham and Northumberland coast pretty well, beginning at Amble on the north and going to Hartlepool on the south?—Yes.

14,557. I understand you to say that the whole of the Crown coal between those points is let?—The whole of the Crown coal that is known to be workable is let.

14,558. Do you know what is the royalty per ton charged by the Crown?—Now about 4½d.

14,559. Do you know that the Crown charge an underground wayleave rent on coal belonging to others passing through the Crown coal?—There is as a rule none; the Crown coal being out at sea, there is nothing beyond. I have only known one case where they did that, and it was a little piece of land coal that was brought round, and they just charged the ordinary wayleave.

14,560. What do you call the ordinary wayleave rent?—About ½d. a ton.

(The Witness withdrew.)

WINDHAM THOMAS, EARL DUNRAVEN, K.P., Sworn and Examined.

MR. JOHN MORGAN RANDALL, Sworn and Examined.

"For the management of my estate I employ my agents and solicitors, who furnish me with full details and reports, and on their advice I base my decisions as to its management and development, and give instructions accordingly, and the evidence which I submit to the Commission is based, therefore, on this information and these reports.

My answers to the points on which the Commission requires evidence are as follows:—

(1) The total surface acreage of the Dunraven Estate is 26,443 acres.

The acreage of the coal area is 17,602 acres.

(2) This, I am afraid, it is impossible to answer without further details as to what the Commission require, as the coal on the estate has been worked for many years and it would require considerable research to ascertain the total output of coal that had been worked up to date.

(3) It is impossible to answer this for the same reason, but I have taken the output of coal for the year 1918, which was about an average year and amounted to 2,318,248 tons, and I could, if desired, furnish an average, of three or four years, but it will take some time to get this out

The value of the other minerals on the estate is so infinitesimal that I have not thought it worth while to give particulars.

(4) The average royalty per ton on fixed and sliding scale is 6d.

There is only one colliery where the coal is let on a sliding scale, and there the sliding scale works out at 11d. per ton.

(5) The amount received from coal royalties and wayleaves for the year 1918 was £58,854 from royalties, and £5,516 from wayleaves.

(6) The bulk of the Dunraven Estate was purchased by the Edwin Family in 1684-5.

In 1810 my grandfather, Windham Henry, Second Earl of Dunraven, married Caroline Wyndham, daughter of Thomas Wyndham, who was the son and heir of Charles Edwin, and Thomas Wyndham settled what is practically now the Dunraven Estate on my grandfather and his heirs in tail male, and this settlement specifically mentions the mines and minerals.

Under two subsequent re-settlements of 1836 and 1866 I am now tenant for life of the estates and minerals."

7 May, 1919.] WINDHAM THOMAS, EARL DUNRAVEN, K.P.—MR. JOHN MORGAN RANDALL.

[Continued.]

14,561. *Mr. Frank Hodges (To Lord Dunraven)*: At which colliery is the sliding scale system still in operation?—Glyncorrwg.

14,562. *(To Mr. Randall)*: Did I understand his Lordship to say that at the Glyncorrwg Colliery the sliding scale is still in operation on royalties?—Yes, the Glyncorrwg Colliery working the No. 2 seam.

14,563. No. 2 Rhondda?—The No. 2 Rhondda seam.

14,564. And it works out at 11d. a ton?—It works out at 11d. a ton on the 1918 figures.

14,565. Can you tell me the average amount of profit per ton that colliery earned last year?—I cannot tell you.

14,566. Would it surprise you to learn that it was less than 1s. a ton?—I know nothing about it.

14,567. Do you not ever make comparisons between the amount of royalty you get out of a concern and the amount of profit the proprietor gets out?—I never know what profit the proprietor does get out.

14,568. I put it to you that the amount of royalty there is equivalent if not in excess of the amount of profit?—I do not know that.

14,569. Did you know the Bryncethin Colliery Company?—Yes.

14,570. Did you take royalties from that taking?—There is no Bryncethin Colliery now in existence.

14,571. Did the Bryncethin Colliery Company work a portion of your minerals?—Yes.

14,572. Did that company abandon the take?—Yes.

14,573. But before it abandoned it did it send a deputation of its Secretary and Management to interview you with regard to getting a substantial concession with regard to the amount of royalties they had to pay?—I had various interviews with Mr. Coppo, who was then interested in it, and considerable concessions were made.

14,574. *(To Lord Dunraven)*: Did you know about those things? Were you aware of that?—Yes.

14,575. Do you know the amount of royalty that the Colliery Company was paying at the time they had to abandon the taking?—No.

14,576. *(To Mr. Randall)*: Do you know?—I cannot say for certain, but I think it was 4d. or 5d. There was a reduction made to a very much lower figure than the old royalty. Lord Dunraven also made a contribution towards the installation of the electrical plant at the colliery.

14,577. But it is a fact on record that that company had to abandon the undertaking eventually?—Yes, they did abandon it.

14,578. And no one has ever worked it since?—No, no one has ever worked it since. It was possibly Mr. Coppe being a prisoner of war that led to its abandonment. Mr. Coppo was finding all the money, and there was no one at that time to find any money. He was a Belgian.

14,579. Did it ever occur to Lord Dunraven that the Company might have been helped if he had proposed to forgo his royalties for a certain time and let the colliery be worked?—They never asked for any concession in the royalty.

14,580. You have just admitted that they did?—I mean at the finish.

14,581. They never made an application for the removal of the royalties altogether, you mean?—No.

14,582. Do you know how much the Colliery Company was paying at the time when they had to abandon it?—I do not know at all.

14,583. In fact, you appear to know very little about it?—I do not know anything about the financial arrangements of the lessees or what profit they make.

14,584. All you are concerned about is whether you got your royalties or not, is it not?—That is all I have to look after.

14,585. You do not mind whether the Colliery Company lives or dies, or whether the workmen are thrown out of employment or not?—Does it matter whether I mind or not?

14,586. Perhaps as an agent it does not matter at all; but do you know that during the war 300 men were thrown out of employment because that colliery had to be abandoned, and they never got employment anywhere else for some time?—I do not know that.

14,587. *(To Lord Dunraven)*: Let us see if we can turn to something on which a little more knowledge could be obtained. You are also the Lord of the Manor, I believe?—Of what manor?

14,588. Of the Manor of Coity?—Yes.

14,589. You are aware that there is a large acreage of common land in that manor?—About 1,000 acres.

14,590. And that the whole of the minerals belong to yourself?—Yes.

14,591. Would you mind explaining to me how that 1,000 acres which is known as Bryncethin Common, which belongs presumably to the common people of Coity—how it came about that you became possessed of the minerals underneath that 1,000 acres, and upon which you draw a royalty? Can you explain how you acquired the right to the mineral property under the common lands of Bryncethin?—As Lord of the Manor—ancient manorial rights—I do not know what their origin is.

14,592. Have you ever inquired as to whether you have a title to the mineral rights of Bryncethin?—The same title that I have put in.

14,593. You have not put in a title, my Lord?—You mean I have not brought the title deeds here?

14,594. Have you any?—Yes.

14,595. To the mineral rights under the common?—I cannot tell you.

14,596. *(To Mr. Randall)*: Can you tell us?—I believe they are specially mentioned in the survey of the manor as belonging to the Lord of the Manor.

14,597. Have you ever examined them?—No.

14,598. Have they passed into your possession?—Have what passed into my possession?

14,599. Any title deeds belonging to his Lordship showing his title to the minerals under Bryncethin Common?—No.

14,600. *Mr. Herbert Smith*: May we have the title deeds for this common produced?—The title deeds can be produced.

14,601. *Chairman*: He will give us a *précis* of them. You have an abstract of them somewhere, I suppose?—Lord Dunraven's solicitors would have an abstract of the whole thing. I have not got it myself.

14,602. *Mr. Robert Smillie (To Lord Dunraven)*: The position is that there are 1,000 acres of common land under which the minerals have been worked. We want to know whether you have any right to work the minerals out from underneath the common land. We want to see your title to do so?—What are you referring to?

14,603. There are 1,000 acres of common land, and you work the minerals out from underneath that common land?—Which common land are you referring to?

14,604. *Mr. Frank Hodges*: All the common land in that neighbourhood. It is in the Manor of Coity.

(Mr. Randall): They were certainly formed from part of what was purchased by Lord Dunraven's ancestor. That is referred to in the *précis* of his evidence.

14,605. You are not saying that from your own knowledge, because you have never seen the title?—That is so.

14,606. *Mr. Robert Smillie (To Lord Dunraven)*: It has been stated here by an eminent landowner this morning that under the common law of England the surface and the minerals always go together?—I believe so.

14,607. Lord Durham has said to-day that in some cases they are divided by agreement or arrangement, but under the common law they always go together. We want to know, if 1,000 acres of common land is really in the common ownership of all the people, why you work the minerals from underneath it and whether or not you have a title to do so?—*(Mr. Randall)*: The surface belongs to Lord Dunraven also.

14,608. It is common land?—No.

Mr. Robert Smillie: We shall see if you produce the title whether the surface or any part of the anywhere else for some time?—I do not know that.

(The Witnesses withdrew.)

7 May, 1919.]

MR. JOHN GEMMELL.

[Continued.]

Mr. JOHN GEMMELL, Sworn and Examined.

Chairman: This is a Scottish witness as to the nationalisation of mineral rights and methods of compensation: "Note of evidence proposed to be given by John Gemmell (64), mining engineer, 10, St. Andrew Square, Edinburgh, senior partner of the firm of Laudale, Frew & Gemmell, mining engineers, Edinburgh and Glasgow, and employed in or in connection with mines during the last 50 years."

14,609. I will ask Mr. McNair, the Secretary, to read the evidence.

Secretary:

"1. The Nationalisation of Mineral Rights is probably best approached by considering what would in practice require to be done in order to carry it into effect.

2. In the first place there must be a clear definition of the minerals that are to be taken over by the nation. Are all minerals and mineral substances of every description obtainable by underground working to be acquired, or only coal, ironstone, oil shale, limestone, ganister and freclay, or some or one of them?

3. In the next place, as land and minerals in this country are mostly held and owned together under the same title, the minerals taken over must be severed or dissociated from the surface of the ground and thereafter held under a separate title.

(a) The present proprietors could only dispose of the minerals subject to existing mineral leases. Their whole rights and interests in these, however, could be assigned to the nation except the rights to rents and compensation payable for surface lands occupied by the pits, railways, &c., of the existing mineral lessees, which would be retained by themselves as surface owners.

(b) The proprietors would, of course, reserve to themselves power to sell, feu, or lease the whole or any part or parts of the surface of their lands to the purchasers, feuars, or lessees of which the rents and compensation payable by the present mineral lessees, and after them by the nation, for land damaged or occupied or left unrestored, would pass.

(c) For mineral purposes it would be of the highest importance that the land of each surface proprietor should be burdened, on payment of compensation, with an easement or servitude for sinking pits, making railways, &c., occupying ground and letting down the surface, not only for working and carrying away the minerals within his own boundaries, as is usual, but also for working and carrying away all minerals belonging to the nation lying outside his boundaries.

4. The nation would in this way be in a position to work, or to give right to work, the minerals from any pit on any lands without reference to surface boundaries—the unlet minerals from the date of entry and the let minerals when the existing leases terminated, or sooner if the lessees' rights were acquired.

5. Although the obligation of an owner to give lateral support to his neighbour's land is thus got over on payment of compensation (3 (c)), there are lands, already severed from the minerals, which have a common law right of support (both subjacent and adjacent), so that minerals cannot be so worked as to damage or let down the surface, on pain of interdict or injunction. For the right to lower such land by complete excavation of the mineral (leaving no pillars) the surface owner often receives as compensation 1d. per ton of mineral worked under his property, in addition to having all injury caused by the mineral worker made good by him. The mineral worker usually also pays the compensation, but part of this is occasionally payable by the mineral owner. Where, therefore, such minerals are taken over, the part of the compensation payable by the mineral owner, and ultimately the whole compensation if and when the

lessee's interest is acquired, would be payable by the nation.

6. There still remains the case where the owner of severed lands having no right to subjacent support at all may invoke interdict or injunction to prohibit the working of the adjacent minerals in such manner as to injure his land or buildings. Railway companies, where they do not acquire subjacent support for their own protection within the prescribed distance of their works (usually 40 yards), although empowered to do so, now also claim the same right of common law support outside the prescribed distance.

7. I am of opinion that whatever may be said as to the Nationalisation of Mines, certain advantages should accrue from the Nationalisation of Minerals.

As the boundaries of the several properties need not be taken into account, coal left, or which would have been left, in boundary or other barriers may be worked; coal in several properties likely to be submerged and lost through the stoppage of pumping may be worked or placed in one hand for the purposes of working, drainage being effected at one or more central pumping stations; the working of marketable coal lying above or below any seam in course of extraction likely to be lost unless worked at the same time as such seam, may be arranged to be so worked or otherwise in such manner that it may be afterwards recovered; and the working of the more profitable seams may by arrangement be proportioned to the working of the less profitable to the end that undue profit may not be realised to the prejudice of the future.

8. But the Nationalisation of Minerals could only proceed slowly. The titles and encumbrances of each separate property would have to be examined, the consent of all interested parties obtained and new titles to the minerals prepared. As each title was completed the nation would enter into possession and deal with the minerals and existing mineral leases, drawing as lessors the mineral rents. As the taking over progressed and the existing leases expired it could either work the minerals itself or lease them for working, or work some of the collieries itself and let others for working, as might be considered advisable at the time. In any case, it need not nationalise mines situated on the minerals it had acquired, as these could be taken over at the termination of the leases under the terms thereof.

9. All this taking over of minerals and existing leases and the re-letting of minerals could only be properly done by a Department like the Office of Woods and Forests accustomed to such work.

10. The minerals could be transferred to a National Minerals Company, which would be an owning Company managing the business, and which would draw the rents of the existing lessees. It would also let on lease, for rents and royalties, any unlet minerals, and the minerals in existing leases as these came to an end, to District National Mining Companies, or working Companies, which would take over the plant and works of the outgoing tenants and carry on the collieries.

11. Both the owning Company and the working Companies could issue debentures and preference shares (the owning Company, as far as possible, to the proprietors from whom they purchase, and the working Companies, as far as possible, locally), the ordinary share capital being provided in each case by the Treasury, which would have a controlling interest and nominate directors, some of whom in the working Companies, would be miners or other colliery workmen or men who had been miners and had risen through all the stages to be managers—all to have at least 40 years' experience in mines.

12. Both the owning and working Companies would have to institute proper redemption funds for the re-instatement of their capital—in the case of the owning Company before the minerals are exhausted, and in the case of the working Companies before their leases terminate.

7 May, 1919.]

MR. JOHN GEMMELL.

[Continued.]

13. The method usually adopted in compensating the owners of minerals and mineral rights is to value the revenues derivable from these as annuities for their duration—"immediate" where the minerals are opened and being worked or, where not opened, "deferred" till the period of working begins—the purchaser being allowed a higher rate of interest on his purchase money for mining risk, commensurate with the risk, and over and above an additional sum which would if invested annually in a redemption fund, accumulating at a lower rate of interest, re-instate his purchase money by the time the minerals are exhausted and the annuity ends.

14. In Scotland, before the war, the risk interest I have allowed on revenues or annuities derived from minerals has been from 8 per cent. to as much as 12 per cent. to 15 per cent. where the seams were poor and badly disturbed—the redemption fund accumulating at 3 per cent. To obtain the nett revenue, the output available for royalty is taken at the average lordship rate likely to be realised during the working of the minerals, and all local taxes and mineral rights duty are deducted.

15. At 8 per cent. interest for mining risk and redeeming at 3 per cent., a nett revenue of £5,000 a year for 78 years is worth 12 years' purchase, making the compensation payable £60,000, but as a proprietor might not be able to re-invest this sum at the same risk so as to secure his original revenue, he could not be considered a willing seller.

16. I think the valuations should be settled by the valuator for the proprietor and the Inland Revenue Valuation Department, failing agreement, by a referee, with right of appeal against his decision to the Court."

14,610. *Mr. Robert Smillie*: Might we take it that you are in favour of State ownership of the mines?—No, I cannot say that particularly.

14,611. Are you an opponent of State ownership of the mines?—I am not an opponent. I say, by nationalisation you can get certain results, but you can get them otherwise.

14,612. You are neutral?—Yes, quite neutral.

14,613. You are neither friendly nor opposed to it? Is your opposition to the taking over of the minerals, as apart from taking over the mines, less than it is to taking over the mines?—Taking over the mines is a much more difficult operation. You must proceed to take over the minerals first. I only want to show how they are connected.

14,614. You have opened up a most interesting question here. You show us that there might be certain advantages accruing from nationalisation of minerals?—Yes.

14,615. Then you tabulate a number of advantages that might be derived?—Yes.

14,616. Then you go on to say in any case, supposing the State took over the minerals, they would not require to immediately nationalise the mines, because they would have the minerals, and as the leases ran out they could take over and run the mines?—The nation would be proprietors of the minerals subject to the leases.

14,617. As the leases ran out, they could take over the mines as they stood without compensation?—Yes, under the terms of the leases.

14,618. So that, really, to acquire the coal mines of Great Britain all that the nation has to do is to take over the minerals, either by purchase or conscript them, and then as the leases run out enter into possession?—Yes.

14,619. And nationalise the mines?—That would be competent under their title, but, of course, there are mines that are worked by the owners themselves; that would not apply to them.

14,620. You could hardly deal with them in that way?—No.

14,621. Your evidence is a most valuable contribution because we were afraid they were going to cost us too much.

14,622. I think that you probably have as wide experience as any mining man in Scotland. Have you known of any case where there has been coal lost irrecoverably which might have been saved if

there had been a common ownership of the minerals, or if they had been in the hands of one private person?—Yes, that might be said certainly if there had been State ownership all along.

14,623. Either State ownership or if one person had owned the whole thing?—That is the same thing for the purpose of working the coal.

14,624. You think there has been coal lost for that reason?—Yes, there is no doubt about it because small properties have been worked with customary barriers between them that would not have been lost.

14,625. Have you known cases of a small property where it would not pay to sink a pit because it was in the midst of other properties where the coal was taken out?—No, I cannot say that I know of any property lost.

14,626. You have known of properties in the centre of larger properties where the coal would have been lost unless the mine owner was prepared to pay a wayleave for getting his coal out?—Yes. Sometimes they agree that there should be no wayleaves. They grant free wayleaves and make the whole thing free.

14,627. Have you known a case where within a radius of three or four miles there were three or four pits sunk to exploit three different properties which might well have been exploited in one?—Yes, I have known a small property taking pits itself which might have been worked from another colliery altogether.

14,628. I put it to you that that is an enormous amount of waste?—Waste of capital no doubt.

14,629. If it were possible to work all the minerals from two or three properties in one shaft safely it is a waste of capital?—Yes, that is so.

14,630. I suppose it may be said to be a waste of labour because capital is labour?—I did not know that: labour gets paid always.

14,631. That is waste?—Certainly.

14,632. And it is the result of different ownership?—Yes, it has been caused by different ownership no doubt.

14,633. I think generally speaking now under leases granted by mineral owners the mine owner is held responsible for damage to the surface?—Yes, nearly always.

14,634. Nearly always the mine owner is responsible for surface damage?—The mine owner is responsible for surface damage.

14,635. In a great many cases the mineral owner who owns the surface leases the surface to people for building purposes?—Yes, that is so.

14,636. And for building houses as well as industrial works?—Yes.

14,637. In the case of houses is it a common thing that in the lease the mineral owner is not responsible for any damage which may be done to the property on the surface by extracting mineral from underneath?—The mineral owner himself is not responsible.

14,638. The owner of the mineral where he is owner of the surface grants a lease to a person to build a house or a dozen houses, but in the lease itself it is stipulated that he is entitled to extract the mineral from under the buildings without holding himself responsible for the wrecking of the building?—Without being liable for damage. I would not say wrecking the building. That is a bigger word.

14,639. Do you not know many cases in Lanarkshire where houses have been wrecked and torn to pieces within 15 years of their being built?—I could not say within 15 years, but I know of cases of houses being damaged. Of course, there are regulations now against that in some cases.

14,640. As a matter of fact, is the mine owner who has wrecked a building held responsible for the damage to the houses in any way?—If the mineral owner was responsible he would usually be.

14,641. The mineral owner keeps himself safe by putting a clause in?—Not always.

14,642. But generally speaking there is a clause by which you enable him to extract minerals from underneath the house?—That has been the case in

7 May, 1919.]

MR. JOHN GEMMELL.

[Continued.]

the past, but now leases are much better arranged. In some cases the landlord pays a certain portion of the damage. If he does that then the lessee must pay the remainder. That is the rule in some cases.

14,643. *Sir Adam Nimmo*: I think I am right in saying that there is no one who knows the Scottish coal-field better than you?—I know a good deal of it.

14,644. You have had a very long experience of it?—Yes.

14,645. You act for a very large number of mineral royalty owners, and you are also engaged in colliery operations yourself?—Yes.

14,646. So that you have an intimate knowledge upon all sides of the problem that is involved here?—That is so.

14,647. Is it your view that in the working of minerals in Scotland private enterprise has not been equal to all the development that has been required?—It has been quite equal.

14,648. Your view is that all the coal has been worked that has been required to be worked to meet the national necessity?—That is so. There is no doubt that there has been loss of coal in barriers.

14,649. I am coming to that. What I want to know is that it is your view that private enterprise has supplied the nation with all the coal that is required?—Yes—sometimes more than it needed.

14,650. Do you think that if the collieries had been brought under a national system you would have got any more coal?—You would get no more coal. I think.

14,651. That is to say, all the coal has been produced that could be used for the time being?—That is so.

14,652. I suppose you agree that there has been an enormous amount of energy and enterprise behind the individual efforts that have been put forward?—Yes, a very great deal in Scotland.

14,653. I think you agree that it has not been altogether profitable?—No, it has not been always profitable.

14,654. You have considerable detail knowledge, I believe, of the fact that there have been considerable sums of money lost in Scotland from the working of the collieries?—That is so. Some have never earned anything.

14,655. You know of cases where the collieries have had to be shut up?—Yes.

14,656. I notice that you deal specially with the question of barriers and loss of coal from other causes, and you seem to indicate that the nationalisation of minerals would get over these difficulties?—It should.

14,657. Would it not be possible to suggest some other method of getting over these difficulties?—You could easily get over the whole of them without nationalising them at all. You could set up a department for controlling any person who did not properly deal with his minerals.

14,658. If you could find some such method, would you prefer to maintain the principle of private ownership and private working?—I think so.

14,659. That is if you could find a satisfactory method?—I do not think there would be any difficulty in finding a method.

14,660. I am quite sure from your experience that an easy method would suggest itself without nationalising the minerals?—Yes.

14,661. Would it not be possible to set up some kind of central tribunal or a series of local tribunals to which application could be made for the release of coal that was being held up?—Yes; a central tribunal would be the best, so as to make it quite fair all over the country, with the same rules.

14,662. Making uniform judgments apply from one end of the country to the other?—Yes.

14,663. I take it that if such a central tribunal were set up it would desire to operate through local tribunals?—It would have to do so.

14,664. So as to get the benefit of all the local and expert knowledge it could?—Yes.

14,665. Would you approve of that principle being put into operation?—Yes; it would need to be put into operation unless something else were done.

14,666. Were you not a co-opted member of the Coal Conservation Committee?—Yes.

14,667. You adopted the principles that were adopted by that Committee for dealing with this class of property?—Yes.

14,668. You are aware that what was suggested there as being the supreme authority was a Minister of Mines?—Yes.

14,669. Are you particularly wrapped up in an appointment of a Minister of Mines so long as you can get the property dealt with in some other way?—You would get a good tribunal. I should prefer to have an official tribunal.

14,670. If you could get simple and direct application made to that tribunal?—Yes, an official referee.

14,671. Or some form of sanctioning authority which would have enough power to dispose of these questions?—Yes.

14,672. If I suggested to you that the sanctioning authority that might be best for the purpose would be a sanctioning authority which would be composed of Members of Parliament, what would you say to that form of sanctioning authority, which would be in effect a miniature Parliament?—I am not very much in love with Members of Parliament.

14,673. Would it not secure a thoroughly unbiassed view, as far as it is possible to get it?—I think if you have lawyers and engineers you would get the best tribunal.

14,674. What we want to get at is the setting up of a thoroughly representative and impartial tribunal?—That is so.

14,675. If you secured that, you would be satisfied that this class of problem would be satisfactorily disposed of?—If you can set up any sort of tribunal or Minister which would take into its possession any minerals that are not being properly wrought.

14,676. *Mr. R. H. Tawney*: Take it over, you mean?—No, take it into possession for the purpose of working if anyone refused to let his minerals, or to let minerals that were underneath other people's surface. You can conceive that it could be taken into possession for the purpose of working and actually letting it.

14,677. *Sir Adam Nimmo*: Was it not a feature of the Report by the Coal Conservation Committee that there should be a Mining Advisory Council which would be associated with the Minister of Mines or with the Home Office?—Yes, that is so.

14,678. Would you regard it as very desirable that such a Council should be established?—You must have a Council.

14,679. So as to be able to supply the necessary expert advice and knowledge in order to deal with the problems?—That is so. Everybody should be represented on these things.

14,680. I take it that this Mining Council would be in a position to make application where it was considered necessary to the Central Tribunal?—Yes.

14,681. And would supply the Central Tribunal with such information as was at its disposal?—Yes.

14,682. Upon that information the sanctioning tribunal would give its decision?—Yes.

14,683. Provided the powers that were vested in the sanctioning authority were sufficiently wide, do you see any difficulty in dealing with all this class of problem that is being put before this Commission—that is to say, the setting free of coal in the national interest wherever it was being held up?—No.

14,684. Would you go as far as to say that if coal is being improperly worked, contrary to the national interest, that the Mining Board should be able to take action in cases like that?—That would be quite proper.

14,685. So as ultimately to secure that no coal was lost in the national interest?—That is the real object.

14,686. Would you not prefer that system to what is proposed in the nationalisation of mines?—I would not propose nationalisation of all minerals for that alone.

14,687. If that form of machinery were set up in your view does that get you sufficiently far to deal with all this class of property?—Yes, quite far enough.

14,688. You say that with all the knowledge and experience of a long life-time behind you?—Yes.

14,689. Dealing with the problem both from the position of the mineral royalty owner and from the position of the experienced mining engineer handling the collieries in detail?—Yes, that is so.

7 May, 1919.]

MR. JOHN GEMMELL.

[Continued.]

14,690. May I ask you with regard to the present practice as far as colliery undertakings are concerned, in dealing with the working of minerals is it not the case that coal generally speaking is exhausted by a mineral lessee before he leaves his coalfield?—Not always.

14,691. I take it that it is exhausted in so far as it can profitably be exhausted at the time?—I thought you were referring to mineral leases.

14,692. I am referring to cases where I take it it is suggested that sometimes the best part of a coalfield is worked out and the worst coals are left?—Yes.

14,693. As a matter of detailed practice in the handling of collieries is that the case?—Not nowadays.

14,694. As a matter of fact, is it not the case that before a lessee finishes his leasehold he has exhausted every ton of workable coal at the time?—That is right enough, but you must not talk about his leasehold, because it may be a 30 years' lease. His lease is continued, and continued in a general way.

14,695. I was assuming that there would be a continuity of tenure, because I take it that, generally speaking, there is no difficulty with a lessor only having a lease extended if a colliery lessee has worked it for a considerable period?—If he has worked it fairly there is no difficulty in getting it extended.

14,696. In the terms of the leases themselves I suppose every practical provision is made for the exhaustion of the coal?—Yes.

14,697. That is to say, that you put in conditions that protect the proprietor against loss or waste of coal as much as possible?—Yes, sometimes make them pay for it if they leave it.

14,698. I was asking if provision was not usually made in leases so as to secure there was no waste of coal or as little waste as is practicable?—That is so, and sometimes it is so stringent that they actually pay for the coal if they leave it.

14,699. That is to say, that the proprietor may take the alternative of charging on the tonnage put out or base it on measurement?—Yes.

14,700. So that the tenant has always a certain amount of compulsion behind him to make him work all the coal he can?—Sometimes if he is a poor worker he has that put on him.

14,701. Is it not a matter of general experience with the lessee that even if he starts with the thick coal in his leasehold so as to get a thoroughly good foothold in connection with his operations before he has finished he traverses every workable seam there is, and generally speaking he exhausts the coal before he gives up the lease?—He takes out everything he can work at a profit. I have no objection to a tenant or lessee making money if he spends it on the coalfield.

14,702. With regard to the question of valuation I take it that your view is that there would need to be a detailed valuation in each case?—Yes, that is the only fair way. You could not make an overhead valuation because some would be too big and some too small.

14,703. You cannot deal with the valuation on the average in a matter of this kind?—No.

14,704. You cannot base it on so many years' purchase?—No.

14,705. You have to come up against the facts bearing on each individual case?—Yes.

14,706. You suggest a form of machinery for carrying out valuations, but I take it you are not tied to that particular kind of machinery?—No, that is the form that is in existence at present.

14,707. That is to say, that what you are making for at present is that there should be an entirely fair valuation by a competent tribunal in the light of all the facts?—Yes, you must have a competent tribunal to deal with every case on its own merits.

14,708. *Mr. R. W. Cooper*: When you come here are you speaking for Scotland only?—Yes; I do not know much about England.

14,709. With regard to your leases in Scotland, what is the longest lease which you grant to a lessee in Scotland?—The longest leases are 40 to 60 years, but they have been granted up to 99 years and I think 999 years.

14,710. Did I understand you suggested as a workable proposition that the Crown should take over what you call the lordship interest or royalty interest and then should wait until the end of the 999 years before they took possession of the working interest?—999 years would be practically a permanency.

14,711. Then let me take 60 years?—Yes. A great lot of the minerals would fall in in 20 or 30 years.

14,712. Let me take the case of a lease with a short term. Is there no such thing in Scotland as in England of the expectation of a renewal of the lease?—They often apply for a new lease six or seven years before the old one has run out.

14,713. Do you therefore seriously suggest that in the case of these short leases the State should buy up the reversion and then calmly wait for the expiration of the lease and turn out the lessee when desired?—No, I do not say that at all. I think that is what they are entitled to do under the leases.

14,714. Do you suggest that is a reasonable proposition?—No, I do not say that is a reasonable proposition.

14,715. Why do you suggest it at all?—I said that that is something they could do.

14,716. You can commit highway robbery if you like?—But it is not robbery.

14,717. *Mr. R. H. Tawney (To the Witness)*: Did you not mean that it is at any rate a legal proposition?—It is something you are entitled to do.

14,718. *Mr. R. W. Cooper*: In Scotland do landlords ever do that?—Oh, yes, they sometimes take over another colliery.

14,719. Have you acted for the landlord who has turned out a lessee?—Yes.

14,720. Was there any reason for that?—No, except he wished to work it himself.

14,721. What did he pay the lessee by way of compensation?—He paid him what he was entitled to under his lease.

14,722. What was that?—He was entitled to the going value of his machinery and plant.

14,723. Beyond the plant and the machinery, this lessor simply took possession and deprived the lessee of his property?—No, he had no property in it.

14,724. Legally he had not, I know?—He took possession of the shafts and mines.

14,725. Apparently, in Scotland you attach no value to what I may call the equitable expectation?—No, I do not think we do attach much.

14,726. *Mr. Evan Williams*: You suggest there are certain benefits that would accrue from the nationalisation of the minerals?—Yes.

14,727. Then you propose, after acquiring the minerals, that the Crown should allow the leases to lapse before entering into possession?—Yes, that is what it could do.

14,728. In the meantime, I suppose, all the rights of the lessee under the lease would continue?—Yes.

14,729. There would be no more right of interference on the part of the Crown than there is at present on the part of the lessor?—That is perfectly clear.

14,730. So that the first serious result of the buying of the minerals would be that the mine itself would become the property of the Crown?—Yes.

14,731. I understand from you that you are not in favour of the nationalisation of mines?—No, I am not.

14,732. So that the first result is something which you yourself consider undesirable?—Yes.

14,733. That being so, do you still think that a nationalisation of minerals upon the lines which you suggest is the proper thing?—No; I say that the same advantages could be secured otherwise.

14,734. Can anything accrue until the expiration of the present leases under your scheme except what you consider undesirable, namely, the ownership of the mine by the State?—The ownership of the mine would be simply transferred to the State which could lease or work any unlet minerals.

14,735. So that the result of your scheme is something which you consider undesirable?—Yes. It is not a scheme, exactly. I am only pointing out that the proper way to approach the problem is to see what it leads to in practice.

7 May, 1919.]

MR. JOHN GEMMELL.

[Continued.]

14,736. It is a *reductio ad absurdum*?—I do not think it is a *reductio ad absurdum*. It is a real consideration of what it leads to in practice and what it will lead to.

14,737. You want to point out that nationalisation of minerals under this scheme leads to something which is very undesirable?—Yes. It cannot be done immediately, it can only be done very slowly, and you must be in a position to stop at any time.

14,738. *Sir Leo Chiozza Money*: Sir Adam Nimmo mentioned to you a proposal to form a Government Mining Department to remedy the evils which you point out in your *précis*?—Yes.

14,739. Are you aware that in the Report signed by Sir Adam Nimmo in which this is recommended to His Majesty's Government the duties of this Mining Department are described under no less than 16 headings?—Yes.

14,740. Have you seen the Report? (*Handing Report to Witness*).—No, I was not a member of that committee.

14,741. Perhaps you are not aware that the duties of this Mining Department are described under no less than 16 headings in this report. This is on page 5 under section "d" of the description of duties: "Before fresh mines are opened up such information"—that is general information—"should be furnished to the Mining Department as will enable it to consider the proposed area boundaries and general method of development in relation to other works existing or proposed in the same mineral field, and thus obviate the risk of production as a whole being impaired by initial mistakes." Do you think that that can be done without very diligent work on the part of the Mining Department?—Yes.

14,742. Would it not mean a Department of very considerable size if such duties as that were put upon it?—I do not know that the size would be very great. You would want very competent men.

14,743. I put it if this Mining Department is to see no mistakes are made in the mining industry of this country would it not require a very large staff indeed?—It would require a commensurate staff of course.

14,744. Do you think the present small inspectorate which cannot even inspect one mine a year could deal with such duties?—That department could not deal with it.

14,745. Would it mean the erection of a Department by the Home Office of very different size?—It would be a different class of persons altogether, considering questions not of safety but of actual working.

14,746. It would need its inspectors to see that these things were so?—Yes. I do not know what the report all means because I have not read it.

14,747. Are you aware the duties are put upon it of seeing that there is an adequate survey of the coal of this country and do you not think that that is a very serious thing?—What does that mean?

14,748. A survey of the whole of the coal of the country with a view to finding sufficient coal if it exists and for exploring untested fields and so on?—A great deal of that has been done already.

14,749. Do you agree with the conclusion of this committee that not enough has been done?—I do not think enough has been done.

14,750. Do you agree with the eminent geologists who think a great deal more ought to be done, and on a national scale?—Yes, I think a great deal more might be done, and done satisfactorily.

14,751. I put it that if such duties were put upon the Mining Department as are suggested by Sir Adam Nimmo it would have to be a department of very considerable size?—Yes. I think, however, Sir Adam Nimmo was not putting to me this Department, but a Mining Ministry suggested by a Reconstruction Committee of which I was a member, which is another thing altogether.

14,752. Will you take it that these things are so described in this report and will you agree that at any rate it would have to be a Department undertaking, as is forecasted, very great duties and responsibilities and would have to be adequately staffed?—Yes, it would have to be adequately staffed.

14,753. Do you think it would be an advantage to superimpose upon this present mining industry as it now exists an army of officials to see that the coal of this country is properly worked and that the lessors behave properly to the lessees?—I would not suggest that a great army should be put upon it, but, for the purpose of saving the coal, as I suggested in my evidence, it requires a very small staff.

14,754. But I have suggested to you that this Mining Department which is suggested as an alternative to nationalisation would really demand a very large number of officials?—Well, I should like to read the Report before I say what it means.

14,755. I rather thought, as a man of business, you had not considered the whole of the proposal which was being put to you by Sir Adam Nimmo before you consented to his proposals?—Yes. I did not understand he was putting that report, but another report of the Reconstruction Committee in which certain suggestions were made.

14,756. If we had such a Mining Department, and if, at great expense, it explored the coalfields of this country, known and unknown, and discovered fresh coalfields, and was able to show that some coal could be worked and that led to more coal being worked, do you think it right and proper that the State should spend money on that in order to put more royalties into the pockets of the landlords of the country?—No, I do not think the State should spend money on putting money into other people's pockets.

14,757. Would you describe it as the very reverse of a business proposition?—Yes. The landlords themselves, of course, do a great deal of boring.

14,758. I am aware of that. May I put another proposition to you? The royalties in this country at the present time amount to about £6,000,000 a year, or something like that, with reduced output. I do not know exactly what it is. But, even if the output is not increased, that will mean in the course of the next century a payment of £600,000,000 to the landlords of this country for royalties?—Yes.

14,759. Merely as a matter of business would it not be a good thing to extinguish that perpetual payment even at the cost of reasonable compensation?—No, I think that would be a mistake.

14,760. On what business ground do you base that, seeing that this country will probably last for more than a hundred years?—Even supposing you carried out nationalisation completely, you would have to keep the royalties apart for taxation and other purposes.

14,761. I am thinking of the recipients of the royalties. We have a separate class of men doing no service to the State except letting us work coal, and who are receiving this £6,000,000 a year. From a business point of view, would it not be well to extinguish that system in order to prevent this perpetual payment?—But you would have to pay them to begin with.

14,762. Of course, but the State has the advantage of superior credit and it could establish a sinking fund. Would that not wipe out the burden in a small number of years?—You would have to redeem the whole of the capital which you spent on it yourselves.

14,763. And that could be done by a sinking fund and in less than one century, could it not?—You would have to pay more into the sinking fund.

14,764. But at the same time is it not obvious that even if you paid compensation, and good compensation, that would be a better business proposition for the nation, seeing that it lives longer than the royalty owners, rather than that the nation should go on paying successive generations of royalty owners?—I do not see that you make much advantage of it.

14,765. May I put it to you that even on Professor Sir William Ramsay's estimate the coal of this country would be exhausted in 175 years—and some say more—it is not good for this country to go on paying £6,000,000 a year during that period?—Not if you can avoid it.

14,766. Cannot it be avoided by nationalisation?—No, you simply capitalise the money value of the royalties.

14,767. But if you provide a proper sinking fund, does not that extinguish the whole duty within a reasonable period?—But you must find the money

7 May, 1919.]

MR. JOHN GEMMELL.

[Continued.]

14,768. Yes, but is not the State in a better position with regard to credit than the present possessors of royalties, and cannot it therefore extinguish those royalties in such a way as to make a good business transaction for itself, looking at it merely from the business point of view?—I do not see how you make a saving on it.

Mr. Herbert Smith: When Sir Adam Nimmo put a question to you, do you not think you answered it before you realised what you were being asked? He asked you if the nationalisation theory of mines was not put in as a kind of pad.

Sir Adam Nimmo: That was a question I put to the previous witness.

Mr. Herbert Smith: Then I will leave it.

14,769. I think you signed this report of the Coal Commission Committee of 1918?—Yes.

14,770. Was there not a Minority Report there?—Yes, I think there was.

14,771. By Mr. Smillie?—Yes, I think so.

14,772. As a matter of fact there were two Minority Reports?—Yes. I thought each man was going to have a report of his own.

14,773. In the first instance, there were eleven who signed the Report. Then there was a Minority Report signed by three—Sir Adam Nimmo was one of the three—and there is a further Minority Report signed by one?—Who is the one?

14,774. Mr. Smillie. Do you remember that?—Yes.

14,775. So that they did not agree altogether. One of the things you enquired into was the amount of coal lost by barriers?—Yes.

14,776. And you put that down at a figure of 9,500,000 tons?—That is taken out of some other report.

14,777. But that is in the Report?—No, that is taken out of some other report.

14,778. But it is embodied in this report?—Yes.

14,779. You appear in the report and you deal with it?—Yes. It was taken out of the Coal Supply Report.

14,780. So that what Sir Adam Nimmo wants to impress upon you is that it is not only a loss to the colliery owner, but a loss to the nation?—Yes. Any coal not brought to the surface must be a national loss.

14,781. In that report you also deal with the flooding of mines in South Staffordshire?—Yes.

14,782. And this would be a waste unless a policy were adopted to get the water out?—Yes.

14,783. Is it expected that the nation ought to get the water out, ought not the nation to get the coal? Surely it ought not to be expected that the nation should pump the water out for other people to get the coal?—What I suggested was that the coal should be taken into possession by this Ministry of Mines which was proposed: that they should take it into possession themselves for the purpose of putting it into one hand, and one hand would do the whole work.

14,784. So that, as I understand, you are in favour of nationalisation there?—Yes, so far as that was concerned, if you call that nationalisation.

14,785. If the country attempted to get the water out so as to get the coal, the country would nationalise it?—Yes, if they could not agree themselves to recover the coalfield. The suggestion was that the Ministry of Mines, or whatever the Department was, should take the whole of this coal into possession and lease it to some company capable of doing the whole work.

14,786. Seeing they have already failed to agree, and South Staffordshire has been flooded by someone's neglect, does not that prove that they cannot agree and that it ought to be nationalised?—Whether you call it nationalisation or specialisation, it is the same thing so far as I am concerned. You do not need to nationalise all the mines in the country for the purpose of saving some small thing in South Staffordshire or Scotland.

14,787. No, but am I right in saying that the coal in the South Staffordshire coalfield ought not to have been wasted as it has been through flooding by water?—Of course, the first thing is to ascertain whether it could be worked at a profit at all.

14,788. That has been already proved, and they have worked largely profitable coal. Do you suggest now we should start and take that which is not profitable?—If you are satisfied the whole coal can be worked and the water pumped out. What we suggested was in that case it should form one field and be taken in charge by the Ministry of Mines.

14,798. Do I understand the point you make now is that unless it will pay plus a profit we ought to lose it for all time?—No, not for all time, because it might become profitable in later times.

14,790. Is it your policy to work out all the best by private enterprise, and then when it is worked out work the rest by the State?—No.

14,791. Will you tell us what you mean? You either mean one thing or the other?—What I mean is you can do it either by nationalisation or do it separately.

14,792. By nationalisation. They failed to do it in Staffordshire under private enterprise?—Taking this as a separate thing altogether and apart from nationalisation, it is a small unit.

14,793. Now turning to your paper, I am rather interested in this paper. Why should these men who have to serve have 40 years' experience? Should that not apply to colliery owners as well as men selected for the boards?—What I thought in connection with mines is that mining is an art. You are far better off with men of long experience. I say it applies to all people connected with mines—to mining engineers, miners and everyone.

14,794. And to directors too?—Yes. If you do not have men of long experience.

14,795. There would be a lot of people out of work now?—Yes, there might be, but that is my view of the general position.

14,796. You do know plenty of directors who have practically never been seen at the pit head?—Oh yes, but they have other qualifications of course. I always understood what you wanted was that some people should be represented upon these boards with regard to the direction of the mine. That is the only way in which you can direct a mine. You cannot very well interfere with the manager himself. The directors even cannot do that.

14,797. If I should have 40 years' experience as a workman's representative, should not the director have 40 years' experience equally?—No, I do not think so.

14,798. What would be his special qualification—that he has money, and I have not?—He will be a financial man.

14,799. I may have a brain and he may have money, but I am not qualified?—That is not the point; it is qualification by experience.

14,800. I want to put it to you that if I have to have 40 years' experience before I come to the board, he ought to have 40 years' experience?—I do not attach so much to your age as to the fact that you are a really experienced man. I do not think a young fellow coming on as a workman to a board would be very much help.

14,801. Of course directors make recommendations to be done, and managers have sometimes to talk to directors who know nothing about their pits and who tell the manager what to do?—No, they cannot interfere in the technical management of the mine.

14,802. Do not tell me that. I have stood at the door watching?—No. Sir Richard Redmayne will tell you that.

14,803. I have not had the pleasure of being on the directorate, but I have stood at the door and watched them. Do you not know financiers come down, and if the manager wants to put down any scheme of working he has to put it to the directors for approval?—We do not do that in Scotland.

7 May, 1919.]

MR. JOHN GEMMELL.

[Continued.]

14,804. You are an exception?—It may be.

14,805. But you know it happens with scores of financiers who came and put money in coal mines

before a manager can move?—It may happen in England, but I have no experience of that in Scotland.

(The Witness withdrew.)

MR. JOHN TRYON, Sworn and Examined.

14,806. *Chairman*: Are you a trustee of the Earl of Dudley's Settled Estates, a director of the Earl of Dudley's Baggeridge Colliery, Ltd., and a director of the Earl of Dudley's Round Oak Works, Ltd.?—Yes.

14,807. Will you kindly read your proof?—Yes. I shall ask your leave to add one or two passages at the end because of what I have heard since I have been here.

14,808. Certainly?—"The Earl of Dudley is, like several other peers, both a lessor of mines at royalties and also a large colliery proprietor. His estates of about 12,000 acres lie in South Staffordshire and East Worcestershire. The estates have been held by the family for many centuries, and coal and iron were worked on them in the early part of the 17th century. In the year 1620 the then Earl of Dudley procured from King James a patent for an invention by his son for smelting iron ore with fuel made from coal, and furnaces were erected on the estate. Smelting had previously been carried on by charcoal as fuel. In the year 1690 mineral property in the district was valued at £150 an acre, and the price of coal was 2s. 4d. a ton, while in 1790 it averaged 4s. 6d. a ton. In 1817 about 2,000 persons were employed in the district, and steam gins for winding had supplanted horse gins, and the weekly output was about 46,000 tons over the district. Before 1874 there were 200 shafts at work on the estate producing one and a half million tons of coal a year, with 50 miles of private railways connecting the collieries and works on the estate with the Great Western Railway and canals. The total output of the district was then about 10,500,000 tons yearly.

"I and my predecessors in business as solicitors have acted as solicitors in connection with the estate for over 100 years.

"At the present time the owner carries on the following businesses: Colliery proprietor (one colliery known as Baggeridge Colliery of about 3,500 acres being leased to the Earl of Dudley's Baggeridge Colliery Limited, Lord Dudley being practically the sole shareholder). Blast furnace proprietor. Foundries for casting iron and aluminium. Engineering works chiefly in connection with construction of locomotives, railway wagons, and other plant required on the estate. Brick works, limestone works, and as practically sole shareholder in the Earl of Dudley's Round Oak Works, Limited, the manufacture of joists, steel sections, iron bars, chain, chain cable, etc., and during the War shell steel, with the private railways and a private canal connecting collieries and his and other works with the Great Western Railway and Canal Basins. The old coalfield was worked for about 200 years, and the mines were shallow, and at the end of the last century had to a great extent been worked out, and with the view of ascertaining whether coal existed on the Western side of the Western Boundary Fault, which had then always been considered the Western boundary of the coalfield, his Lordship bored for coal. Notwithstanding that the borings to a depth of 1,600 feet showed different results and were not entirely satisfactory, a shaft was sunk to a depth of about 550 yards, and a seam of good coal 22 feet thick was found with a seam of excellent coal about three feet thick above it, and below the thick seam a valuable seam of ironstone, and doubtless there are lower measures. Since the colliery has been developed at a total cost of over £400,000."

14,809. Is that seam called the 10-Yard Seam?—It is the same seam, only it is not so thick. Probably it is to a certain extent compressed with weight.

"Having regard to the depth of the coal, the thickness of the seam, and the great superincumbent

weight, all the roads from the pit bottom were driven in the rock under the coal and arched with brickwork for a distance of 400 yards from the pit bottom. This involved great cost, but was in the nature of insurance premium against spontaneous fires which might injure the shafts. The pit bottom is entirely encased with brickwork like a part of the Tubo railways, only of very much greater dimensions. Moreover, owing to the fact that in thick coal-mining the roads must be driven to the boundary of the colliery and the workings are from the circumference towards the shafts, great initial expenditure in roads was needed far beyond what is necessary in thin coal-mining.

"Up to the present time the whole of the profits (including Royalties) of the colliery have been expended in developments.

"In order to provide the £400,000, Lord Dudley pledged his personal credit for £200,000, besides finding other £200,000. In doing this his Lordship followed on in the course of his predecessors in developing trade and industry in his estates and giving large employment to labour.

"If, instead of expending this large amount of capital, Lord Dudley had given the unopened mines to the colliers in the district, they could have done nothing with them, and they would have remained unopened so far as their ability is concerned. Now that he has expended his capital and developed the colliery successfully, the miners who have the benefit of employment in it seem anxious to deprive him of the whole or part of the fruit of his enterprise before he has derived any profit. This, if so, to put it mildly, indicates a disregard of elementary justice.

"His Lordship also still works collieries on the old estate himself, and lets others to lessees. The terms of the leases are, in my belief, fair and reasonable, but it has been the invariable practice during the forty years during which I have been connected with the estates, and as to which I can speak from my own knowledge, for the mining agent for the time being to treat lessees fairly, entirely regardless of the strict rights of the lessor. For example, during the minority of the present owner, it was discovered that by reason of water in an adjacent colliery it would be dangerous to work a colliery then recently let to a lessee who had become liable for a large sum for minimum royalties while he was developing the pit, and on the recommendation of the then agent application was made by the Earl's guardians to the court to authorise the forgiveness of the debt, which application was granted—and all liability under the lease was cancelled.

"The coal under the old area consisted of the following seams:—Brooch coal from 3 to 4 feet thick. Thick coal from about 18 to 34 feet thick. Heathen coal and Gubbing ironstone from 5 to 7 feet. New mine coal from 6 to 10 feet. Bottom coal in places about 10 feet. The seams were generally at a depth of from 100 to 200 yards, and some coal has been worked by open workings from the surface. Owing to numerous faults and dislocations, and the shallowness of the mines, there are great numbers of pits from which small areas are worked as being the most economical method. The thick coal is worked by successive workings on the rib and pillar system, ribs and pillars being left for support of the roof, and these are got in second, third, and sometimes fourth workings after due intervals have elapsed.

"Value of Royalties and Wayleaves.—In olden days royalties were very much higher than now—e.g., I have in my possession a lease granted in 1835 where the royalty amounted to over 2s. a ton, and in 1842 the accounts show royalties of 1s. 7d. a ton. At the present time the royalties work out at less than 4d.

7 May, 1919.]

MR. JOHN TRYON.

[Continued.]

a ton, or about 2 per cent. of the value of the product to-day. They are as regards thick coal based on the area of the coal leased (usually a few acres) at the rate of a fixed sum per acre, the price varying with the thickness of the seam and in the case of ribs and pillars the estimated quantity of coal left unworked to be gotten—and the minimum rent is the estimated total royalty on the coal that can be gotten in the area divided by the number of years for which the lease is granted, after payment of which liability under the lease terminates. The usual basis of royalties is not on the sliding scale, though in the case of the Baggoridge Colliery the Court directed for the protection of the successor that a large royalty should be paid on a sliding scale basis to cover interest on £99,000 settled capital money expended on developments, but the owner being entitled to both royalties and dividends during his life this arrangement was not prejudicial to any one. All leases provide for shorts.

“Practically the entire output of the district is consumed within a 20 mile radius.”

14,810. What is the station for Baggoridge?—We have a private railway which comes down into Dudley and goes to Ashwood Basin on the Staffordshire and Worcestershire Canal. That deals with the Kidderminster traffic, and a good deal of our coal goes by the Birmingham Canal to wharves on the Birmingham Canal for the Birmingham trade, such as the Electric Light Works, and Chances, and all that class of people.

“During the course of my practice I, on behalf of another owner, prepared leases of collieries in Warwickshire and have also advised lessees on taking leases of collieries in the Midlands. The payment of royalties on a sliding scale is in my experience exceptional, and then for good reason. In one case the late Mr. C. N. Newdegate, M.P., had himself opened a colliery at his own expense. He afterwards let it with the plant at a nominal rent of £1 a year for the plant and shafts and reserved a royalty of 1/20th of selling value to cover not only the value of the coal but also interest and sinking fund on his expenditure. It has been a successful concern. Another landowner spent nearly £250,000 in acquisition and development of a large mineral area and sold the colliery for about £200,000, taking a large part of the purchase money in debentures which he still holds, getting the remaining £50,000 out of a royalty of 4d. a ton. This effort greatly increased the trade and prosperity of the neighbouring town of Nuneaton. The net benefit which an owner derived last year through increased royalties on a sliding scale on the basis of an excess of £1,000 is £93. These are only illustrations of the effect of private enterprise.

“In a case where a lessor has expended capital to be repaid by increased royalties the sliding scale is desirable because in times of bad trade and low prices the lessee is not encumbered with a high royalty, while in times of good trade and high prices the higher royalty can be paid without inconvenience.

“In my experience a charge for underground wayleaves is comparatively rare. The Warwickshire Coal Company acquired the mining rights over a large area belonging to many owners, some of whom I advised as to the terms of the leases. No charge was made for any wayleaves through the coal of the various owners. On the other hand, in cases where shafts have been let to a lessee to enable him to get coal not belonging to the owners of the shafts

rent has been charged for their use by way of interest on their cost. I am fully in accord with the principle of leaving it to a Statutory Authority to settle what are fair terms for wayleaves whether the subject of existing contracts or not—and also any other matters such as the grant of wayleaves, the right to a grant of a lease to work mines (especially those necessary to enable adjacent mines to be gotten when the owner does not require them himself for the purpose of working them) which will contribute to the national welfare.

“In my opinion the absolute right of the owner of the surface to support where the ownership of the surface and the right to work the minerals have been severed has been carried too far. In the national interest the relative values of the surface and minerals ought to be considered, and it is not in my opinion reasonable that minerals of the value when raised of perhaps £10,000 an acre, of which a very large part goes to labour and which are essential to the trade of the country, should be bound by injunction to be left ungotten because of the possible damage which may not amount to more than a trifling sum to the surface and buildings.

“I am opposed to the compulsory acquisition of mines as a whole by the State—though if in the case of any individual mine it was required for the public benefit it is conceded that the public interest must prevail.”

14,811. Is it your view that a sliding scale royalty is only justifiable where the lessor has expended capital?—I do not go so far as that, but I say it is a peculiarly useful thing. My experience is that sliding scales are not common, though I can perfectly understand a lessee asking for it, if he gets a low proportion, because it will average itself out, and it is easy for him to pay a low royalty when trade is bad, and a higher royalty when trade is good. It is merely a choice of the lessee as to what suits him best. I do not think there is anything immoral in a sliding scale, and I do not want to suggest that, but in my experience it does not often happen. It is the only case I know of.

14,812. You say: “I am opposed to the compulsory acquisition of mines as a whole by the State—though if in the case of any individual mine it was required for the public benefit, it is considered that public interest must prevail.” What cases had you in mind?—I am only stating that in the same way that I should be opposed to nationalisation of land. If land is wanted for the purpose of a Railway, it is perfectly necessary. Supposing the Government were to say they were going to work Admiralty coal and to exclude other people from a particular form of coal, then I should say the national interest must prevail. That is what was in my mind. If there was any special reason for wanting for any special purpose any particular colliery, the State ought to have an absolute control of the industry in respect of that particular thing, as in a particular place like Cardiff, for instance. That is all that is in my mind.

“Reasons against Nationalisation.—I base my objections on the following grounds:—

1. That minerals (except royal minerals) have always been recognised as private property and as such have been the basis of legal transactions between Vendor and Purchase, Lessor and Lessee, Mortgagor and Mortgagee, and the financial security of the community is based on the sanctity of private ownership.”

(Adjourned to to-morrow morning, at 10.30.)

8 May, 1919.]

MR. TIMOTHY WARREN.

[Continued.]

SECOND STAGE—NINTH DAY.

THURSDAY, 8TH MAY, 1919.

PRESENT :

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. ROBERT SMILLIE.

MR. R. W. COOPER.

SIR ALLAN M. SMITH.

SIR ARTHUR DUCKHAM.

MR. HERBERT SMITH.

MR. FRANK HODGES.

MR. R. H. TAWNEY.

SIR LEO CHIOZZA MONEY.

MR. SIDNEY WEBB.

SIR ADAM NIMMO.

MR. EVAN WILLIAMS.

SIR RICHARD A. S. REDMAYNE (*Assessor*).MR. ARNOLD D. McNAIR (*Secretary*).MR. GILBERT STONE (*Assistant Secretary*).

Sir Leo Chiozza Money: May I have permission to make an application?

Chairman: Certainly.

Sir Leo Chiozza Money: A Committee appointed by the Reconstruction Ministry has presented a very valuable report with regard to trusts and combinations, and I ask that copies of that may be circulated.

Chairman: Yes, I will do what I can with regard to that.

Mr. R. W. Cooper: Sir, may I, with your permission, make a request to the Press on behalf of

Lord Durham to correct a statement in their report of yesterday's proceedings? In answer to a question by Mr. Smillie addressed to Colonel Stobart the answer as it appears in the "Times" and the "Evening Standard" and probably other papers was that Lord Durham's surface rents amounted to about £10,000 a year. The answer really was that certain rents amounting to dead or minimum mining rents were about £10,000 a year. The answer had nothing to do with Lord Durham's land or surface rents.

Chairman: Thank you.

MR. TIMOTHY WARREN, Sworn and Examined.

14,813. *Chairman*: Are you a solicitor in Glasgow and a partner of the firm of Moncrieff, Warren, Paterson & Co., Solicitors, there?—Yes.

14,814. Do you act as Law Agent for the Duke of Hamilton in relation to any Scotch real property he possesses?—Yes.

14,815. You say in your proof that that consists of the two properties, Pardovan and Riecarton, in the county of Linlithgow, extending together to about 1,450 acres. In neither of these is coal found. It is possible there may be some oil shale, but it has only been worked in Pardovan, though unsuccessfully, on account of the poor quality?—Yes.

14,816. Do you also act as Law Agent for the Hamilton Estate Trustees, a body constituted by the Hamilton Estate Act, 1918?—Yes.

14,817. *Chairman*: Those are Mr. Warren's qualifications, and I will now ask the Secretary to read his proof.

The Secretary:

"That Act was passed for the purpose of dividing the administration of the last Duke of Hamilton's Trust into two separate sections—the one relating to the Island of Arrau, and the other properties in which the late Duke's only child the Marchioness of Graham and her children are interested, and the other (the Hamilton Estates Trust) relating to the properties, chiefly real properties in Lanarkshire,

Stirlingshire, and Linlithgowshire, in which the present Duke and his children are interested.

I assume that the request for information which has been addressed to the Duke, relates to the lands held by the Hamilton Estate Trustees.

Under the Act of Parliament, special provision is made that both bodies of Trustees are to continue to administer the estate respectively coming under their control under the Act, subject to the same duties, obligations, etc., as are imposed under the late Duke's testamentary writings.

The whole purposes of the Duke's Will continue operative as before, excepting only that there are separate bodies of Trustees to administer the two sections of the trust properties into which these have been divided.

Under the Duke's Will the debts affecting the estates having all been paid off, the present Duke is now beneficially entitled to the net annual income which these estates produce.

The estates in Lanarkshire, Stirlingshire and Linlithgowshire which the Trustees own, extend in all to about 56,500 acres.

There are portions of the estates in which, while the Trustees own the coal, they do not own the surface, but with a trifling exception (some 30 acres) wherever they own the surface they own the coal. Their entire

8 May, 1919.]

MR. TIMOTHY WARREN.

[Continued.]

ownership of surface and/or coal extends to	Acres.	56,000
Of this area the coal actually on lease amounts to	20,500	
Coal believed to be available but unlet	6,500	
Coal which probably exists but has not yet been proved as workable	7,000	
Areas wherein geological conditions preclude the existence of coal	22,000	

The area wherein the coal belongs to the Trustees and the surface to other proprietors is somewhere about 2,900 to 3,000 acres. This is mainly in the Redding district, Stirlingshire.

To furnish particulars of the total output of coal and other minerals to date from the commencement of the collieries in each case is a wholly impossible task in the time allowed—if indeed the material is available—but calculations have been made showing the output of coal and other minerals for the last 10 years.

There are 41 coal leaseholds, and the output of coal, including 8 per cent. for colliery free fuel and workmen's free coal, since the term of Whit Sunday, 1908, has been as follows:—

Year.	Tons.
1908-09	4,394,210
1909-10	4,668,229
1910-11	4,692,039
1911-12	4,240,839
1912-13	4,733,456
1913-14	4,478,297
1914-15	4,033,138
1915-16	3,913,522
1916-17	3,877,559
1917-18	3,696,083
Total	42,727,372

10 years' average, 4,272,737.

The lordships on these outputs were as follows, viz.:—

Year.	Lordships.
	£
1908-09	121,802
1909-10	127,644
1910-11	127,460
1911-12	116,109
1912-13	125,511
1913-14	117,558
1914-15	106,003
1915-16	102,510
1916-17	100,056
1917-18	93,278
Total	£1,137,931

10 years' average, £113,793.

These lordships average on the output for the 10 years 6-391d. per ton of coal.

The lordships received from the working of limestone, ganister, fireclay, brick and tile works, quarries and sandpits are as follows:—

Year.	Lordships.
	£
1908-09	1,916
1909-10	1,853
1910-11	1,610
1911-12	1,338
1912-13	1,480
1913-14	1,479
1914-15	1,292
1915-16	1,334
1916-17	1,738
1917-18	1,528
Total lordships	£15,568
Average for 10 years	£1,556

As regards the respective contributions to the above—

Limestone represents ...	£	2,102
Tilo and Brick works ...		2,417
Sandpits		5,429

the remainder being for quarries, etc.

No distinction is drawn in these figures as to what are or are not minerals properly so called.

The lordships on coal range from 4d. per ton fixed or 4d. to 5d. per ton in the lowest rated collieries—the figures varying for the different seams—to 10d. to 1s. per ton in the highest rated collieries—varying as before for the different seams. In every case but one the royalties are fixed—in that one case the royalty is 3d. to 8d. per ton of a minimum, or one-twelfth of the selling price under deduction of 4d. per ton.

The tonnage upon which wayleaves have been received for the 10 years ending Whit Sunday, 1918, and the amounts of the wayleaves are as follows, viz.:—

Year.	Tons.	Wayleaves Lordship.
		£
1908-09	248,694	1,190
1909-10	337,337	1,547
1910-11	395,948	1,793
1911-12	410,804	1,865
1912-13	472,231	2,116
1913-14	418,480	1,915
1914-15	362,722	1,584
1915-16	308,600	1,275
1916-17	340,990	1,486
1917-18	361,867	1,622
Gross	3,657,673	£16,393
Average	365,767	£1,639

The total rates paid during the same ten years ending Whit Sunday, 1918, including mineral rights duty since its imposition in 1910, amount to £200,358 or an average over the ten years of £20,035. Property tax is not of course included in that figure.

The origin of the titles of the ducal lands is in each case a Crown grant—the earliest being a charter by King Robert the Bruce to Walter, the son of Gilbert, and to the heirs by his wife, at that time Mary de Gourdown, of the lands of Machan in Clydesdale, granted at Dunbretan (Dumbarton), March 3rd, ninth year of his reign, 1315. There are an enormous number of other charters, and the titles in all are counted by hundreds. There are, in addition, a few properties which have been bought and paid for in the market in the ordinary way for the purpose of consolidating existing holdings."

14,818. Mr. Robert Smilie: How long has your firm been agents for the Duke of Hamilton?—Since the passage of the Hamilton Estate Act, 1918.

14,819. Who were the agents prior to that?—Messrs. Tods, Murray & Jamieson.

14,820. They were agents up to 1918. Who are the mineral agents for the Duke?—Mr. James Hamilton.

14,821. At Glasgow?—Yes.

14,822. Has he been mineral agent for a long period?—Yes, a considerable period—a good many years.

14,823. Do you remember who were the agents prior to James Hamilton?—I cannot tell you that.

14,824. Do you know anything really about the history of the Hamilton Estate, going back over a period of 40 or 50 years?—No, I certainly do not over a period of 40 or 50 years.

14,825. May we take it you can only speak with authority on the affairs of the Hamilton Estate since 1918, when your firm became law agents for it?—That and what I am creditably informed by responsible officials.

8 May, 1919.]

MR. TIMOTHY WARREN.

[Continued.]

14,826. Who are the responsible officials?—Mr. Hamilton, to whom we have already referred, and Mr. Storer, the late Estate Factor, and Mr. Webster, the present Estate Factor.

14,827. Have you consulted the previous agents in Edinburgh, who for many years were the agents of the Duke?—Yes.

14,828. Is your information based on your consultation with them?—Partly.

14,829. Do you know of any reason why they were replaced by your firm?—That is not for me to answer.

14,830. Do you know of any reason why they were replaced by your firm?—I say, that is no. for me to answer.

Mr. Robert Smillie: Sir, can the question be answered?

14,831. *The Chairman:* (To the Witness). Do you know the reason?—I was simply appointed; that is all I know.

The Chairman: Thou say so.

14,832. *Mr. Robert Smillie:* (To the Witness). Then you do not know the reason?—I do not.

14,833. You say the origin of the titles of the ducal lands is in each case a Crown grant?—Yes, under old charters.

14,834. Do you know a charter which conferred upon an early representative of the family the parishes of Hamilton and Glassford?—There is a charter which presented the barony of Cadzow which is now Hamilton.

14,835. Do you know whether there is one that specifically gives the parishes of Hamilton, Dalziel, Strathaven and Glassford?—I have seen some such charter, but the time in which I have had to investigate this has been very limited.

14,836. I understood you were really sent here to represent the Duke and with the knowledge which the Duke would possess?—I beg your pardon. I am sent here largely to represent the Estate Trustees.

14,837. It was the Duke who was really cited to come here but, because of his infirmity, it was decided to call you?—I am aware of that.

14,838. He appointed you to represent him, did he not?—Yes.

14,839. And you do not, of your own knowledge, know anything about the charter to which I refer which conferred four parishes?—I cannot speak of that particular charter.

14,840. Could you produce that charter?—I think we may be able to do so in time.

14,841. You say, "in time"?—Yes.

14,842. How long would it take?—You have to examine several hundred writs.

14,843. But surely that charter will be a document by itself?—No doubt. But you cannot put your finger upon it at once.

14,844. Would it take you a month, or a year, or ten years?—I think it could be done in less than that with an effort.

14,845. Could it be produced by to-morrow?—No, it could not be produced by to-morrow morning.

14,846. As a matter of fact you do not know anything about it?—I do not.

14,847. Do you know whether the parish of Dalziel was conferred also at the same time by that charter?—I cannot tell you that.

14,848. Do you know anything really about the matter which you came here for?—Yes.

14,849. It is the possessions of the Duke. You do know something about them?—Yes.

14,850. I want to put it to you that some of us on this Commission challenge the Duke's right to possess these mines and you have been sent here to speak for the Duke and represent the Duke?—Yes.

14,851. We want to challenge it, and I ask you if you knew anything about the legality of his position?—Yes, I think I know about that.

14,852. Will you undertake to produce the charter?—If the Chairman so orders me I shall endeavour to do so.

14,853. *The Chairman:* Yes. What is the date of it?—I cannot tell you off-hand. It is four to five hundred years old.

14,854. Will you send me personally some information about it and what is the date and so on?—Yes.

Mr. Robert Smillie: Perhaps, Sir, I may make an application at this stage. You may remember I made a request that certain dukes and earls might be called to give evidence here, and that they might produce the charters justifying their possession of certain lands. We waived that for the moment, because it was said that it would take a van to carry one gentleman's charters, and it might require a special train to carry the rest of the other charters. What we should like is to express our desire that while recognising that it may not be possible to produce those charters and deeds to this Commission in this room, yet we would ask you to allow us to put this matter into the hands of Counsel, and that those concerned might be asked to produce the charters which we would desire to counsel on both sides, one representing the owners and one representing ourselves, to examine.

Chairman: Yes. Is there any particular charter you want? You want the earliest charter to see the root of the title, I suppose.

Mr. Robert Smillie: Yes. We would give you, so far as we could, an account of the charters we wanted.

Chairman: Very well. If you will let me have that, I will communicate with these gentlemen.

Sir Allan Smith: Before that is departed from, I should like to know whether we are going into questions of title. I submit that we have not a right to go into questions of title, because the Act does not provide for it. All the Act refers to with regard to the matter of royalties is the incidence of the royalties and not the creation of royalties or the title to the land. Before we decide on this subject, I think the point ought to be discussed.

Chairman: We will discuss it. We shall have a private meeting either this afternoon or to-morrow, and Mr. Smillie will no doubt let me have an opportunity of considering the things he wants, and we will look into it.

Mr. Robert Smillie: Of course, it will be difficult in a few hours to do that.

Chairman: Yes.

Mr. Robert Smillie: I quite recognise that this application, which I thought it right to make in public, might be opposed, and it might be necessary for the Commission itself to discuss the matter.

Chairman: Yes. I may say that I hope to have a private discussion upon matters so far as they have gone, either to-morrow or Tuesday, just to compare notes and opinions as to our views of the evidence, and it might be convenient to discuss this question at the same time. I hope it will be to-morrow, but I am afraid it may not be until Tuesday.

Sir L. Chiozza Money: Will it not be this afternoon, as we thought?

Chairman: The trouble about this afternoon is that there are several gentlemen who—to use a colloquial expression—are hanging about while they are waiting to give evidence.

Sir L. Chiozza Money: With all respect to them, we are hanging about week after week and day after day. I think the convenience of the Commissioners ought to come before the witnesses, with all respect to the witnesses.

Chairman: Yes; we will endeavour to consult our convenience, but we will also endeavour to consult theirs.

The Witness: On this subject of title, it might assist the Commission to know that a large number of the Hamilton charters are described in the

8 May, 1919.]

MR. TIMOTHY WARREN.

[Continued.]

Historical Manuscripts Commission Report, published by Eyre & Spottiswoode in 1887.

Chairman: That would be a Government publication.

The Witness: Yes, it is a Parliamentary Commission.

Chairman: We will have it circulated.

14,855. *Mr. Robert Smillie (to the Witness):* Are you aware that it is also pretty fully gone into in a book entitled, "Our Old Nobility"?—Yes.

14,856. You are aware of that?—Yes, but not so fully.

14,857. I think it goes fairly fully into the methods by which the dukes and earls and other landlords got possession of the land of this country and of Scotland.

Mr. R. W. Cooper: Who is that published by?

Mr. Robert Smillie: I do not remember at the moment, but I will let you see a copy to-morrow.

14,858. I understand that at the time of the death of the late Duke a considerable amount of debt had hung over the estate?—That is quite right.

14,859. Could you tell us how much debt was paid off?—I have not been asked to furnish that information, and I cannot.

14,860. Do you say you cannot, or do not wish to?—I cannot; I do not know.

14,861. Then that is the answer—you do not know?—I do not know.

14,862. If you say you do not know, that is all right. But you do say that the debts were paid off?—Yes.

14,863. What was the allowance of the present Duke on his appointment?—£10,000 a year.

14,864. Then, I understand, it was raised at a date a few years afterwards?—I do not think so.

14,865. Is it not a fact that it was raised to £20,000 a year?—There may have been some payments made on account of the estate.

14,866. Not on account of increased cost of living, but on account of the estate?—Yes.

14,867. Is he now in possession of the total income of the estate?—Yes, as from a few years before the war.

14,868. Do you know the average income of the late Duke of Hamilton?—I do not know.

14,869. Should I be putting it too high if I said £240,000 a year?—I cannot tell you, because I do not know.

Mr. Robert Smillie: I do not know whether it is any use putting these questions to this witness, but I submit they are really relevant. I asked him the income of the late Duke of Hamilton, and he said he did not know; I asked the amount of the debt cleared off, and he does not know—and yet he comes here as representing the Duke of Hamilton.

Witness: I beg your pardon! I came here to answer certain specific questions addressed to me by the Chairman. I have the intimation here.

Mr. Robert Smillie: Is that so, sir?

Chairman: I think what was done was that a number of questions were sent round, and I think on Mr. Smillie's suggestion, but I can find out in a moment. Mr. Smillie was good enough to say that he wanted these gentlemen to attend for certain purposes, and we indicated to them those purposes. I suppose in cross-examination a witness must tell us anything he can.

Mr. Robert Smillie: The enormous importance of this question is that on the Hamilton Estate there is a very large number of workers who, with their families, for over 30, 40 or 50 years have been kept on the verge of starvation and living under miserable conditions. We are now asking for the taking over, either by confiscation or payment for the royalty rents, in order to nationalise the mines. We desire really to get information as to whether there is any justification for them, and I want to put these questions. As a matter of fact, we represent an enormous number of people in this country who are absolutely landless for miles and miles around where the Duke's palace is. Surely we are entitled to know something about that!

Sir L. Chiozza Money: The witness says he came here to give evidence on specific points, and he has

taken an oath to tell the truth, the whole truth and nothing but the truth. If he says he knows nothing about these things, of course, we at once accept his word; but can we have someone who does know something about it? This is extraordinary, if I may say so.

Chairman: I quite agree with you; I am not at all differing. At the present moment all this witness says is that he does not know. Then we must consider later on, if we want to ask those questions, who will know; but it is no use asking this gentleman questions that he does not know.

Sir L. Chiozza Money: I do not want to make comments in public, but it shows the whole irresponsibility of the royalty system. The Duke is infirm and the agent knows nothing.

Chairman: Had we not better get on with the cross-examination? Mr. Smillie asks a question, and the witness says he does not know, and we cannot get more than that at present.

14,870. *Mr. Robert Smillie (to the Witness):* I think the late Duke's family consisted of one girl?—That is right.

14,871. When the Duke died the Marchioness of Graham was said to be the richest heiress in Great Britain, was she not?—I do not know.

14,872. Do you know whether or not he left her poor?—"Poor" is a very elastic word.

14,873. It is, as I can assure you. As between the workmen and miners and a duke it is very elastic?—I should not have thought he left her poor.

14,874. He left the Island of Arran to her, did he not?—Yes.

14,875. Were there any burdens upon it?—That I cannot say; I do not know.

14,876. You do not know whether his income was about £240,000 a year?—I believe it was a very large income.

14,877. I suppose it may be taken that it was a reasonable living wage for an ordinary family?—I have no objection to your putting it in that way.

14,878. Do you happen to remember that at one time the Duke had to sell his racehorses to keep going?—I do not remember that.

14,879. Do you remember how many mansion houses the Duke of Hamilton's family possess?—They have Hamilton Palace, Brodick Castle, Chatelherault, Dungavel and Easton Park.

14,880. Dungavel is a shooting lodge, is it not?—Yes.

14,881. Do you know if they possess any mansion houses in England?—I have spoken of one, Easton Park.

14,882. Do you know Hamilton?—Oh yes.

14,883. Do you know the Palace?—Yes.

14,884. You know it well, I suppose?—Yes, pretty well.

14,885. It is a fairly large building, is it not?—Yes, it is a very large building.

14,886. And it has a good many apartments in it, has it not?—A large number.

14,887. I understand—or at least I know—that it stands in a very large enclosure surrounded by a pretty high wall?—Yes, that is right.

14,888. I suppose you know that just outside that wall on the western side of the Palace are some of the most miserable homes in Great Britain of working people, miners and others?—I cannot use comparative terms; there are very indifferent houses there.

14,889. A whole lot of slummy dwellings?—Yes, hundreds of years old, I should think.

14,890. Are you aware that in the town of Hamilton the miners' families—the families of the men who are producing coal from the Duke of Hamilton's mines—are living 4, 5 and 6 per apartment?—I cannot say that I am aware of that.

14,891. Have you read the evidence before this Commission to that effect?—I have not.

14,892. Have you any reason to doubt my statement?—I do not doubt it, if you say so.

14,893. I suppose the Duke of Hamilton's income from royalties would be remarkably small if the miners working at the collieries on the Hamilton Estate were not working?—I should not think it would be existent,

8 May, 1919.]

MR. TIMOTHY WARREN.

[Continued.]

14,894. There would be no royalty rents?—I should think not.

14,895. Consequently the present Duke himself and the other dukes that went before him never contributed personally anything at all to their income from the royalty rent?—They contributed their property.

14,896. They contributed their property to the production of coal from the pits?—The coal is their property.

14,897. You say the coal is their property?—Yes.

14,898. Are you aware that we have not yet seen the titles?—I am quite aware of that.

14,899. Are you aware that there is an old Scotch law of 1592 which confers all the metals and minerals found in the land of Scotland on the Crown?—All metals and minerals *inter regalia*.

14,900. All metals and minerals in the ground?—Gold and silver—not coal.

14,901. And coal: are you sure of that?—Yes.

14,902. Have you read the Act?—I have.

14,903. Does it say gold and silver?—No, it does not. I am aware it says "mines and minerals," but it has been subject to legal interpretation.

14,904. Does it say mines and minerals of all kinds whatsoever?—I cannot give you the exact language of the Act.

14,905. I have it here: it says mines and minerals of all kinds?—I knew the Act.

14,906. Do you know there are very old charters granted which specifically mention coal?—Yes.

14,907. Are you aware that it was laid down in that Act, which is still the law of Scotland, that 10 per cent. of the value of all minerals and metals worked from the ground must be taken into the Crown?—I am aware of that provision of the Act.

14,908. Could you tell us how much the Duke of Hamilton or the trustees of the estate have paid into the Crown under that law?—Nothing, because the Act does not apply.

14,909. You may, if you please, express your opinion that it does not apply.—Well, it has been the subject of legal interpretation.

14,910. When?—In two cases.

14,911. Will you give us the cases?—I am afraid I shall have to find the references, because I do not carry these things in my head. One case is Ochterlong and the other is an action in which Lord Breadalbane was concerned about 40 years ago. (*The reference to Lord Breadalbane's case is 1875, Court of Session, 2 Rettie Reports, p. 826: the Ochterlong case is referred to therein.*)

14,912. Do you remember, or has your attention been called, to the fact that away back in 1846 a question was asked in the House of Lords about this old Act?—I am afraid I do not remember much in 1846.

14,913. I asked if your attention had been called to the fact. I do not remember 1846, for I was not born then?—I have never had my attention called to that fact.

14,914. Are you aware that Lord Merpeth, replying to Lord Lincoln in the House of Lords, with regard to a case in which an action was raised against a person who had opened up mines to produce Black Band ironstone, said: "That the law of Scotland and England was different on the point, and that all the metals were reserved in Scotland to the Crown, but that he expected and proposed to bring in a Bill to simulate the laws of the two countries, but he could not do so until the next session of Parliament"?—I am not aware of that.

14,915. Are you aware that down to the present time that has not been done?—I am aware it has not been done.

14,916. You know it has not been done, and you are aware the law of 1592 is still the law of Scotland?—Subject to the legal interpretation which it has received.

14,917. Would you please supply us, when you get time to do so, with the two cases which you refer to as giving that interpretation?—I will supply you, if I may, with these cases, and with quotations from text books.

14,918. *Chairman*: Will you tell us where they are reported? I read one the other day in the

Scottish Law Reporter of 1875.—I will supply a note of them to you or to your Secretary.

14,919. *Mr. Robert Smillie*: One question I think you will be able to grasp is this: I was trying to make out that if the Duke of Hamilton has been illegally working or allowing to be worked by lease minerals on the Hamilton Estate including coal, and if he has been doing that wrongfully—which for the moment I will not suggest he has been—then I want to ask you whether that is just to the nation itself?—Of course, if he is not entitled to the property, it is obviously unjust.

14,920. If the miners are risking their lives underground in producing coal, and the Duke of Hamilton claimed a shilling a ton royalty rent on that coal while they were only paid a shilling a ton for cutting coal, would not that be most unfair?—I have said if the Duke or Duke's trustees do not own the coal, it is obviously unjust that they should take the royalties.

14,921. That is to say, if he is in wrongful possession of the coal, it would be unjust.—Manifestly.

14,922. Now I want to put this to you. Do you think it would be unjust supposing he owned the coal, that he, living in Hamilton Palace, and being very often on the Riviera and at racecourses and other things, should be getting one shilling a ton from every ton produced by a miner who risks his life, and that the miner should be getting less than a shilling a ton and going down and cutting the coal? Would that be manifestly unfair?—No.

14,923. It would not be?—No.

14,924. Is it manifestly unfair that the Duke of Hamilton or any other duke should draw £120,000 a year from royalty rents while nearly all the miners working at the collieries on his estate were drawing less than that in wages to keep their families? Is that not unfair, do you think?—I do not think so.

14,925. I think you said you do not think so?—I do not think so.

14,926. We have been at war for four or five years, have we not? I think you will not deny that. I think you will agree there has been a war going on on the Continent for some time?—Oh yes.

14,927. I think you will agree that within a radius of 10 or 15 miles of Hamilton Palace a very considerable number of men left the Duke's coal pits—men and boys—and went abroad in His Majesty's Service, either in the navy or army?—I hope they did from all parts of the country. I myself had four sons who went to the war.

14,928. And I had two sons who went too. I am dealing for the moment with the Hamilton Estate, and we might confine ourselves to that. They went from all parts of the country, but I want to confine ourselves to the Hamilton Estate and see how they fared there. A very large number went from collieries from which the Duke of Hamilton is claiming coal royalties?—No doubt.

14,929. In many cases their families were not too well off when the father or sons were away. Should I be right in saying that?—I think that was a common experience.

14,930. Was it not to defend their country that they went abroad?—Doubtless.

14,930. "Their country," in what sense. Did any of them possess any of their country?—They were citizens.

14,932. And that conferred on them, I suppose, the right to join the army, or at least it conferred on them the responsibility?—Yes, the duty.

14,933. The duty or responsibility to join the army to defend their country?—I think so.

14,934. Is it not a remarkable thing to ask people to defend their country if they really do not own a single acre of their country, but it is owned by some one else?—I do not think possession of acreage is necessarily a corollary to the rights or duties of citizenship.

14,935. The duty of citizenship ought to carry with it in the case of a Duke, ought it not, that where his citizenship and his estates and his royalty rents are being defended, he should endeavour to look after the families of those who go to defend his royalties and his land? Would not that be a duty of citizen-

8 May, 1919.]

MR. TIMOTHY WARREN.

[Continued.]

ship?—From a philanthropic point of view, I should think it would be quite a fair thing to do.

14,936. Do you mean the charitable point of view?—I do not see any legal obligation to do it.

14,937. No, unfortunately there is no legal obligation, but I think there is something much higher than the legal obligation?—I am afraid that is rather outside my province.

14,938. Was not there a very serious danger that if the boys had not gone, his Grace might not have had royalties or land at the present time?—I think that applies not only to his Grace, but to the whole country.

14,939. I want you to confine it for the moment to the Duke?—But I do not think you can set up the Duke as a subject of special remark in that regard.

14,940. Just for a moment I will, because I will deal with the others when they come. I have no more personal feeling against the Duke than any other person in the world. I am only using him as an example. He is not a bad man at all, so far as I know, but I want to confine myself and yourself to the facts about the Duke on whose behalf you are here to give evidence. I think it may be taken that is so. You say he possesses the Palace and you say he possesses the shooting lodge, which might be taken to be a shooting lodge of about 14 feet square; but it is a great big house, as you know. He possesses two or three other mansion houses. I think the Palace has about 365 windows, has it not?—I have never counted the windows.

14,941. I have heard it said they ought to be 366, but they bricked up one window to escape the Window Duty at the time.

Sir Allan Smith: Sir, I have no desire to interfere with the proceedings, or to restrict free cross-examination by any of my colleagues, but we are not interested in the Duke of Hamilton alone or in his relatives. We are not interested in his establishment, and I submit to you that the time which has been occupied—I will not say wasted—within the last fortnight makes some of us rather apprehensive as to the progress we are expected to make by June 20th. Therefore I submit to you that it would be wise if you were to exercise your discretion a little more on the points which are relevant to the issue.

Chairman: I am much obliged to Sir Allan Smith. Of course one has to look at the Act of Parliament in order to see what is our mandate, and the mandate is this: "His Majesty shall have power to appoint Commissioners, consisting of a chairman, who shall be a Judge of the Supreme Court, a vice-chairman, and such other persons as His Majesty may think fit, for the purpose of enquiring into the position of, and conditions prevailing in, the coal industry, and in particular as to . . . (e) the social conditions under which colliery workers carry on their industry." That is a very wide sentence—"the social conditions under which colliery workers carry on their industry." I quite agree with your remarks that we want to finish in time, but I think Mr. Smillie is in order. No doubt he will confine himself as briefly as possible, because he, just as much as we, is interested in getting the report by the 20th June. Clause (e) "the social conditions under which colliery workers carry on their industry" is so very wide that I think Mr. Smillie is not out of order.

Mr. Robert Smillie: I am sorry to be wasting so much time.

Chairman: I did not say you were wasting time.

Mr. Robert Smillie: No, but it is hinted at. If Sir Allan Smith were as deeply interested in the conditions of the workmen of Lanarkshire as I am, he would be as anxious as I to protest against an income of £200,000 being paid to one man when there are starvation conditions for those producing that income, and I believe I am quite in order in endeavouring to bring that out here. I was coming to this point, that the mine workers who are producing the income of the Duke of Hamilton are herded together under conditions which cannot be justified, and in Hamilton they are living two or three families in one house within a few hundred yards of a palace where the Duke of Hamilton and

his family are living in a house of more than one hundred apartments.

Witness: That is a heritage from past generations which I think ought to be corrected.

14,942. Could it be corrected at the moment unless we got more houses built?—No, it could not be.

14,943. Would there not be room in the Palace for a number of miners' families who produce the Duke's wealth to go there and stay until the houses are produced, and would it not be better that they should take a little portion of the Duke's palace rather than be sent to a sanatorium from time to time owing to illness arising from their surroundings?—I am afraid the Palace will very soon cease to exist.

14,944. Will they carry it away?—No, but the underground workings are affecting it.

14,945. As a matter of fact you know they are going to leave it on an island in the midst of a surrounding sea?—You must not say that I know; I do not know anything of the kind.

14,946. If you used your eyes and were there from year to year, you would see that it is left on an island?—If I may say so your information is wrong.

14,947. I was looking at it a few weeks ago. However, in the meantime it is still there, and we might get some of our people lodged in it until we get houses so as to prevent the sickness in their families which is caused by overcrowding. I should like to put it to you as a man, and not as a lawyer or the agent of the Duke: Do you think it is a natural fair condition of things that the workmen risking their lives every day in producing mineral wealth from which the Duke gets his income should be living under those conditions, and where the person who does not do anything for that income is living in a palace with other palaces to shift to from time to time—ought that to continue?—I say the conditions of the miners' houses ought to be remedied; I have said so.

14,948. Would you suggest some method by which they might be remedied?—I am afraid I cannot do that.

14,949. Are you aware that it will take perhaps two or three years before it can be done?—I should think it will take longer than that, if I may say so.

14,950. Could you tell us what the nature of your lease is, generally speaking, which is given to people who take a small portion of the surface from the Duke so as to build a house? Do you protect their houses against the extraction of the minerals from underneath it?—Do you mean leases or feus?

14,951. Feus?—A feu contract is a long document. Will you tell me the particular point you want information on?

14,952. Do you reserve the right, after you grant the feu, to extract the minerals from underneath the house without compensation?—Every feu contract on the Hamilton Estate, so far as I know, contains a standard clause which reserves, as is the common experience in Scotland, to the superior (the landlord) the mines and minerals in the lands feued, and in the case of the Hamilton Estates there is that right to work them without providing compensation for the damage by subsidence.

14,953. Is it the fact that the late Duke and the present Duke or, rather, their representatives, have granted in hundreds of cases a feu to working men who have put their life savings into the erection of houses, and then that the houses were wrecked by the taking out of the minerals underneath?—I should hesitate to say that they have granted hundreds of feus to working men. I think they have granted a large number of feus to different people, but I do not think they have granted hundreds of feus to working men.

14,954. Would you be surprised to know that in the little village in which I live they have granted feus to a working men's society for over 100 houses?—That is one society.

14,955. Yes, but do they not claim the right to take the minerals from under all the houses?—Yes; but I am answering your question. You said hundreds of working men. I do not think they have granted feus to hundreds of working men.

14,956. I am speaking of a case where a society of working men come together and decide to build

8 May, 1919.]

MR. TIMOTHY WARREN.

[Continued.]

100 houses. Each holds a feu individually. Do you not know that that is the case?—I see your implication.

14,957. The Duke claims the right, in the first instance, to an income from the royalty rents on the coal which the miners produce at the risk of their own lives. Then he claims something further if he gives them a feu to build a house. You know working men are being encouraged to build their own houses, and the Duke claims the right to take out the minerals from under the house and wreck the house without compensation?—"Claims the right" is hardly the right way to put it; it is a matter of bargain.

14,958. "It is so nominated in the bond"?—Yes.

14,959. Do you justify a position of that kind?—I do not see any reason why people should not be left free to use their own judgment in a matter of that description under advice.

14,960. No. Do you say that a person should not be interfered with from doing what he likes with his own?—I agree.

14,961. That is your position?—Yes.

14,962. *Sir Allan Smith*: There is only one point I should like to ask you about. Does the Hamilton Estate Act of 1918 narrate the title?—No.

14,963. Does it grant a conveyance in favour of the trustees?—It directs conveyances shall be granted in favour of the trustees.

14,964. So that it admits that the ancestor held the land and admits the right of the ancestor, or someone on his behalf, to give a title to the trustees under the Act?—That is so.

14,965. *Sir Adam Nimmo*: We have heard a great deal about the question of title. I take it you have no doubt whatever about the validity of the titles of the Duke?—None whatever. If I may explain, the law of Scotland is perfectly clear on the subject. Forty years prescription following upon an *ex facie* valid title makes a title invulnerable against all the world.

14,966. That is the point I was coming to. I am very glad you have dealt with it in that way. You have been in possession of these lands and minerals here for practically an indefinite time?—Yes, time immemorial.

14,967. And you have constantly acted upon the rights which you believed you had?—Absolutely.

14,968. We have heard a good deal about the housing question this morning and a good many questions have been put to you with regard to that. I do not want to go into that question at all except to ask you this question, as to whether you would agree with me when I put it in this way, that after all the question of housing is a national question?—I do agree.

14,969. Mr. Smillie has referred to certain houses on the Duke of Hamilton's lands. I take it that these houses may or may not be occupied by miners?—My impression is that they are very largely occupied by people who are not miners.

14,970. *Mr. Robert Smillie*: What houses are they?—They are in the Old Town. I think there are a good many people who are not miners there.

14,971. "A good many," but you said "largely"?

14,972. *Sir Adam Nimmo*: That is to say, they are being occupied by the working classes generally, whether those workmen are employed in the mines or otherwise?—Yes. Speaking on that subject, as there has been so much said against the Duke of Hamilton, I should like to say this: before the war the Duke's trustees were in negotiation with the town of Hamilton with reference to a renovation of these houses and I have a letter in my pocket from the Provost of Hamilton setting out the circumstances, and if Mr. Smillie would like me to read it I will do so.

14,973. *Mr. Robert Smillie*: Does that deal with the £500 per acre he wanted?—No, it is quite a different thing.

Mr. Robert Smillie: I should like to see the letter.

14,974. *Sir Adam Nimmo*: I think we all desire to see the working classes of the country housed as comfortably as possible?—I hope so.

Sir Leo Chiozza Money: On a point of order, Sir Adam Nimmo raised a question as to the relevance of certain questions and now he asks the question, do we desire to see the working classes housed properly? I ask, Sir, what relevance that has to our enquiry?

The Chairman: I must rule, as I did five minutes ago, that Sir Adam is in order.

Sir Leo Chiozza Money: He used the word "we" but we want the witness's evidence and not Sir Adam's.

The Chairman: That is his way of putting it. We quite understand it.

14,975. *Sir Adam Nimmo*: My point is that this is not a question which belongs solely to the mining industry?—Quite so.

14,976. Nor does it affect particularly any mineral royalty owner?—I think that is obvious.

14,977. It is one which is really a national question which will have to be dealt with from a national point of view?—I agree.

14,978. And when it is dealt with the Duke of Hamilton or other dukes will have no doubt to bear their share of the burden which has to fall upon the nation to provide that housing accommodation?—No doubt.

14,979. Now I am more concerned about certain practical questions in regard to royalties which concern us more here to-day. I take it from your *précis* that the Duke of Hamilton owns very large mineral areas?—Very large areas.

14,980. And also I gather that these areas are very largely occupied by mineral operations?—20,500 of them.

14,981. I notice in your *précis* you suggest certain areas remain unlet?—Yes.

14,982. I have a considerable knowledge of the Scottish coalfield. May I put it to you that the coal in these areas which you refer to may be regarded as very problematical?—There are two areas and, if I may say so, on the authority of the Estate mineral engineer, the area which is stated to contain 6,500 acres of coal, believed to be available but unlet, is an area where it is believed the upper coal seams are off and only the lower seams are available. The second area is very doubtful indeed.

14,983. Do you hold the view that if coal owners in Scotland knew that areas of coal that were so far unwrought were available and likely to produce coal, they would not be readily taken up?—I have no doubt whatever about it.

14,984. The point I want to make is this: is it not your experience in connection with the development of the mineral areas which you are concerned with that private enterprise has been entirely adequate fully to develop these areas?—That has been my experience, acting for a large number of owners of mineral properties.

14,985. And that these areas have been developed as rapidly as the general industrial situation of the country would permit?—Yes, quite satisfactorily in my opinion.

14,986. Coal has been produced to the fullest extent possible to meet the whole development that was taking place in other directions?—That is my view.

14,987. Have you had any considerable exploration for minerals in the Duke of Hamilton's lands which has been unfruitful?—I am afraid I do not know.

14,988. But I think we may assume that, dealing with large areas like these, there has been a good deal of exploration work which has been undertaken by private enterprise which has been unfruitful?—I know of some cases where that is so.

14,989. I know of some cases myself?—I had one under notice recently.

14,990. Where private enterprise endeavours to discover minerals have not been successful?—Yes.

14,991. And considerable sums of money have been expended in the effort?—Yes.

14,992. Now coming to the question of efficiency of working, in dealing with the leases that you are concerned with I know that you will have an intimate knowledge of the terms and conditions of these leases:—Do you know whether they provide for the efficient working of the coal?—In every case.

8 May, 1919.]

MR. TIMOTHY WARREN.

[Continued.]

14,993. Are the clauses which are put in the leases inserted upon the advice of expert mining engineers?—They are.

14,994. Who understand the whole conditions?—That is right.

14,995. And whose knowledge is not confined to one particular coalfield?—That is so.

14,996. And do these clauses ensure that so far as practicable all the coal which is let is taken out?—That is the obligation of the lease.

14,997. And, further, is there not a great obligation upon the lessee to take out the coal, because if he does not take out the coal he may be compelled to pay for it?—It is manifestly to his interest to take out such coal as is possible.

14,998. Now it has been suggested that the mining industry is not handled as scientifically as it might be. Are there certain clauses in the leases that you have to deal with which insist upon the whole of the workings being carried on in a scientific manner?—That is quite right.

14,999. Have your mining engineers a right of intervention at any time when they think the coalfield is not being handled properly?—That is quite right.

15,000. Do they make regular surveys of the workings and regular examinations in the interests of the proprietors?—They do, and, I have no doubt, from an expert point of view.

15,001. They are doing everything in their power to see that the coal is fully worked and properly worked?—They are sometimes, speaking from the other point of view, rather difficult to satisfy.

15,002. I have no doubt in reading the papers you have seen that certain questions have been raised here as to the removal of barriers which are supposed unnecessarily to exist in connection with the coalfields?—I have seen that.

15,003. I want to put this question to you: I take it in connection with the coalfields that you are responsible for that your engineer considers in every case whether a barrier should be left or not?—He does.

15,004. His interest will be to leave as few barriers and as small barriers as possible?—Naturally.

15,005. And he will only leave barriers where he thinks it is necessary from a practical point of view to have them left in?—I am sure of that.

Mr. Herbert Smith: Sir, is this a proper kind of evidence? The witness is being asked what another man does. Should we not have the engineer and ask him? I think it is improper to ask a man what another man thinks, and what is only what the witness is told.

Sir Arthur Duckham: It has been done so often.

Sir Adam Nimmo: Sir, I am obliged to put it in this way. Mr. Warren is one of the most experienced legal gentlemen in Scotland, and I am sure he has a very large intimate knowledge of leases, and he is very fully informed of the terms of the leases and is bound to know the effect of practical application in working these leases. I submit it is quite proper I should put the questions which I have put.

Mr. Herbert Smith: I want to suggest that this witness knows nothing about whether a mine is scientifically carried on.

15,006. *Chairman:* What is the name of the gentleman who gave this information? *Sir Adam Nimmo:* Has asked you the question whether an eminent engineer is not of a certain opinion. Who is he?—I said that earlier in my evidence. It is Mr. James Hamilton.

Chairman: Very well, we will subpoena him and get it from him.

Sir Adam Nimmo: Sir, may I put the position to you which I have put to the witness? I know he has experience of these mineral leases. I am merely asking whether what I suggested is contained in the mineral lease, and he says yes.

Mr. Robert Smillie: Do you mean with regard to the Hamilton Estate?

Sir Adam Nimmo: Yes.

Mr. Robert Smillie: And he has been less than a twelvemonth connected with it. I put it to you that we cannot have had much experience of the mineral leases on the Hamilton Estate.

Sir Adam Nimmo: I asked Mr. Warren whether it is not within his knowledge that these things are within the leases of the Hamilton Estate.

Witness: There are 41 leaseholds, and I have dealt with 15 to 20 of them.

Chairman: Very well.

15,007. *Sir Adam Nimmo (to the Witness):* I assume there is a national problem that exists in connection with barriers of, let us say, waterlogged areas, or, let us say, the holding up of coal contrary to the national interest, arising in one way or other. Would you agree that it was desirable that we should remove these difficulties, and so free the whole of the coal possible in the national interest?—I would.

15,008. As a general proposition?—Yes.

15,009. You would consent to that?—Yes.

15,010. As a person interested in the Hamilton Trustee Estates, you would advise that that position should be accepted?—I would.

15,011. May I put another general position to you, because I think it right to get it from you as a man of very large experience. Do you think it is necessary or desirable to nationalise the minerals in order to deal with a problem of that kind?—I see myself no necessity for it. My experience, dealing with mineral owners, has been eminently satisfactory as evidencing a very strong desire to get out of the coal areas as much coal as it is possible to extract.

15,012. And on the whole I suppose you would say that the mineral royalty owners desired to be reasonable towards the coal owners who are working their minerals?—They would not let the minerals otherwise.

15,013. No doubt there are exceptions to every case, but we have to deal with the position in the main. Would you agree that it would be quite possible in order to deal with difficulties of that kind to set up some kind of simple and direct form of machinery which would enable us to dispose of that?—I think it might be a matter of reference to some kind of tribunal.

15,014. Some kind of tribunal which would have full power given to it to dispose of all these questions?—I see no difficulty about that.

15,015. And to whom some application could be made either by the individuals concerned or, say, through some central mining board established in connection with the Mining Department?—Quite so.

15,016. May I put this question to you: It has been suggested that the form of machinery would be very cumbersome and very expensive, and I ask if it occurs to you whether that form of machinery would be more cumbersome and more expensive than machinery under nationalisation?—I should think it would be a very simple method of dealing with matters.

15,017. *Sir L. Chiozza Money:* What would be simple?—A simple tribunal to consider these applications as they come in.

Sir L. Chiozza Money: I am under the disadvantage of not being able to distinguish between the questions put to the witness and what the witness's answers are.

Sir Adam Nimmo: May I understand the reason of *Sir Leo Money's* interposition? He rather imputes certain comments to myself, I think, in dealing with these questions.

Sir L. Chiozza Money: No; it is most interesting, but it appears to be *Sir Adam's* evidence and not the evidence of the witness.

Sir Adam Nimmo: I protest against that, sir.

Chairman: You are quite in order.

Sir Adam Nimmo: I think these interruptions should be stopped once and for all. If it is done for the purpose of making an impression against myself, I can understand it, but I think I am entitled to your protection in a matter of this sort.

Chairman: You have it that I think you are in order, and that you are entitled to go on.

Sir L. Chiozza Money: May I ask on a point of order whether I am entitled to re-examine on these questions?

8 May, 1919.]

MR. TIMOTHY WARREN.

* [Continued.]

Chairman: No, no one can re-examine; you may cross-examine. The only person who can re-examine is myself.

Sir L. Chiozza Money: Yes, I meant cross-examine.

15,018. *Sir Adam Nimmo (to the Witness):* Assuming such a tribunal existed, would you say that many applications would be likely to be made to it?—Do you mean by mine owners or landowners?

15,019. Yes, or oven by, say, the Central Mining Council, to which I have referred. Would not the parties, knowing that such a tribunal existed to deal with any difference between them, be more likely to settle between themselves without coming to a tribunal at all?—It is very difficult to say; they might prefer the tribunal.

15,020. But on the whole would not the setting up of the tribunal have the effect of inducing them to settle in many cases?—It ought to have that effect.

15,021. I take it, as representing the large interests that you speak for, you do not want nationalisation of minerals?—We do not. We see no necessity for it.

15,022. You do not think it would be in the national interest?—I do not.

15,023. But I take it that you look upon the rights that you have as being private rights?—Yes, private rights of property; that is quite right.

15,024. And if the State proposes to take away these rights from you, I take it that you will desire to have a fair price for what is taken away?—I hope so.

15,025. Would it not be right even to suggest that the State in a matter of that sort should be a somewhat generous dealer with the men whose property it proposes to interfere with?—I think if the landowners' rights are to be purchased, they ought to be purchased on a fair basis.

15,026. Do you think if any suggested depreciation of these rights could be made out on the ground either of the findings, let us say, of this Commission, or in any other way, that that would be a justifiable reason for cutting down the price to be paid?—I do not.

15,027. It ought to be a fair price having regard to what is taken away?—I should say so.

15,028. I suppose you would agree that the price to be paid in the event of the nationalisation of the mineral rights would be better fixed by quite an independent outside tribunal?—I really have not considered that. I should like to consider that before I gave a reply to it.

15,029. But what you would desire, I take it, would be to see that the whole of the circumstances were carefully investigated?—Absolutely.

15,030. And that the price was based upon the facts in each individual case?—I agree.

15,031. *Chairman:* Will you let us see the letter which you were good enough to refer to with regard to housing in Hamilton?—I will read an extract from it, if I may, because it is a private letter.

15,032. Will you kindly read an extract? What is the date of the letter?—The date is the 30th April, 1919, and it is from the Provost of Hamilton to Her Grace the Duchess of Hamilton:—"The position of matters is that previous to the outbreak of war in 1914, we" (that is the local authority) "were engaged in negotiation with the Hamilton Estates with a view to getting the older part of the town entirely renovated and all buildings of a slum character removed. In particular, I, along with some of my colleagues, had several interviews with the late Major Poore and Mr. Wallace" (they were the Duke of Hamilton's representatives) "and Mr. Lochhead, of Callen, Lochhead and Brown, was called in to assist, and he made a rough plan showing the suggestions that had up to that point been made, although nothing definite was settled. As your Grace indicates, one suggestion was that part of the adjoining ground within the present wall should be made available for the erection of new houses for the displaced population. It is only proper to state that Major Poore and Mr. Wallace were most sympathetic and helpful in their suggestions, and I have no doubt whatever that had the war not super-vened the work of renovation would by this time at least have been in process."

Sir L. Chiozza Money: May I put a question?

Chairman: No. I think we must finish with this witness now. I called upon you before.

(The Witness withdrew.)

ALAN IAN PERCY, DUKE OF NORTHUMBERLAND, SWORN and Examined.

15,033. *Chairman:* This is the evidence of the Most Noble Alan Ian, Eighth Duke of Northumberland:—

"Witness will state:—

1. That he succeeded to the title and estates of the Dukedom of Northumberland on the 15th May, 1918.

2. That he is in attendance in response to a request received from the Commissioners and embodied in a letter of which the following is a copy:—

Coal Industry Commission,
2, Queen Anne's Gate Buildings,
Westminster, S.W. 1.
30th April, 1919.

MY LORD DUKE,

I am directed by the Chairman to inform you that the Commissioners having entered upon the second stage of their enquiry are proceeding to consider and report upon the principle of Nationalisation of Mines and Minerals.

They have had under consideration the evidence to be taken at this stage of the enquiry, and they will be indebted to you if you will be good enough personally to come and give evidence.

I am, therefore, directed to ask you to prepare a short *précis* of the evidence upon the following points:—

1. The acreage of your holding of land and of the proved mineral rights.
2. The total output of coal and other minerals to date.
3. The average annual output of coal and other minerals.

4. The royalty payable per ton, whether fixed or on a sliding scale.

5. The average annual income received by you from mineral royalties and wayleaves, and

6. The nature of the root of your title or titles.

I am unable at present to state definitely on what day you will be asked to appear, but it will probably be in the first half of next week.

I must, therefore, ask you to be good enough to let me have at this office on Monday morning, the 5th May, a short *précis* of your evidence to be printed and circulated to the Commissioners, and at the earliest possible moment I shall inform you more precisely as to the day on which your evidence is likely to be reached.

Will you kindly acknowledge receipt of this letter?

I remain, etc.,

(Sgd.) ARNOLD D. McNAIR.

In reply to the several questions raised by the above letter, the witness will state as follows:—

I. The acreage of his holding of surface land is approximately 169,000 acres. The acreage of the proved mineral rights is approximately 244,500 acres. In this latter area is included about 168,500 acres of the lands comprising the 169,000 as both surface and mineral rights of these form part of the estates of witness.

II. It is impossible to say what has been the total output of coal and other minerals to date upon witness' own property. There is evidence that coal

8 May, 1919.]

ALAN IAN PERCY, DUKE OF NORTHUMBERLAND.

[Continued.]

was worked from part of the property as long ago as the 13th century, and probably it has been worked more or less continuously from portions of the estate ever since.

No records exist as far as witness is aware of the output in the 13th century or for some hundreds of years afterwards.

Moreover, it has been quite impossible in the time suggested by the letter (less than a week) to compile from the records in the possession or under the control of witness the total output of coal and other minerals of which there are records. These date back for a considerable period, and it would involve a long research in order to compile any reasonably complete return.

III. Witness supposes that this question is intended to be supplemental to question 2, and therefore, like No. 2, cannot be answered.

Witness has, however, given directions for the preparation of a return relating to his property extending over the past six years, viz., 1913-1918 inclusive. As the result of so doing, he is able to state that for that period there was approximately an average annual output of 1,950,044 tons.

IV. The average royalty payable per ton, whether fixed or on a sliding scale, for these six years would be about 6·77d. If taken only for the last year it would be 9·25d. Both these figures are gross, and before deducting Excess Mineral Rights Duty, Mineral Rights Duty, Income Tax or Super Tax. If all these were deducted the 9·25d. would be reduced to 3·4d.

V. As Witness has only been in possession of the Estates for less than a year, this question if dealt with literally would only apply to a broken period of a year. The Witness has, therefore, had a return made for the last six years, 1913-1918 inclusive, in order to arrive at the average annual income of his predecessor and himself from mineral royalties and wayleaves. After providing for Excess Mineral Rights Duty, but not Mineral Rights Duty, Income Tax or Super Tax, this shows an average annual sum of £69,194 7s. 8d.

If the latter duties were deducted, the average annual income over the whole period would approximately be £55,391. Taken only for the last year, the following figures show the approximate results:—

	£
Gross Income	82,450
Excess Mineral Rights Duty	16,407
	<hr/>
	66,043
Income Tax	} 42,153
Mineral Rights Duty	
Super Tax	
	<hr/>
	£23,890

VI. Witness has assumed that what is meant by this question is how the property was originally acquired by himself or some member of his family.

The following classifications will give the main particulars required, but it must not be taken as exhaustive:—

- (a) Grants from the Crown.
- (b) Re-grants from the Crown either with or without Parliament's sanction.
- (c) Purchases.
- (d) Settlements on marriage.
- (e) Escheat.
- (f) Exchange.

As an example of (a) Witness will mention the Warkworth Estate.

As an example of (b) he will mention re-grants of 1414 and 1461.

As an example of (c) Alnwick in 1309 and Redesdale in 1750, besides a very large number from that date. Over £1,100,000 has been so invested in the last 100 years.

As an example of (d) Prudhoe.

As an example of (e) Lucker in 1365.

And as an example of (f) Shilbottle in 1395."

15,034. *Mr. Robert Smillie*: I think this Commission is primarily concerned with regard to whether or not it is possible for any individual to own land under the law of England. Several authorities have been quoted who state that private ownership of land is against the principle of the law of England. Do you know whether that is so?—No, I do not. That is a question which only an expert property lawyer can possibly answer. I should suggest, if you wish to get at the truth of all these titles to land, that you should call for an expert lawyer to attend and ask him that question.

15,035. That is the question as to whether or not it is against the principles of the law of England for a private person to own land?—I believe it is not contrary to the principles.

15,036. You do not agree with the authorities which have been quoted here?—I do not say that. I do not know the interpretation of those authorities. I cannot interpret the law; I am not an expert.

15,037. It has been laid down by experts that private ownership of land in this country is impossible as against the law.—I am afraid I know as little about law as you do.

15,038. If that is so, you are ignorant of the law. I know nothing about it?—I am.

15,039. (A) is: "Grants from the Crown." Do you know whether or not the Crown held the land of England on behalf of the nation and not in their own personal right?—I am only giving you my opinion; it is not worth much, because my opinion of law is worth nothing. I believe the Crown held it in its own personal right.

15,040. You believe the land of England belongs to the ruling King for the time being?—Yes, I believe so.

15,041. And he has a right to grant that land to any individual subject?—I believe so.

15,042. That is your opinion?—That is my opinion.

15,043. Would it be possible for you to put in—not here to-day—but to send for examination your charters; that is to say, the Crown grants or the titles which give you the Crown grants?—I think it would, certainly.

15,044. Are the grants from the Crown extensive; I mean extensive as compared with the total acreage you own, 224,500 acres, almost a quarter of a million acres?—Yes, they are. I could not say exactly what proportion, but they are extensive, certainly; only I should add, perhaps, to that, that in a great many cases these lands which were originally granted by the Crown were forfeited and have been regranted and in some cases purchased. In many cases where these lands were originally granted they have been subsequently purchased back.

15,045. They have been lost and repurchased?—Yes, and sometimes regranted.

15,046. In a case of repurchase, I suppose the persons who sold would produce a short title to show they were entitled to sell?—Yes.

15,047. You think so?—Yes.

15,048. The title would be in the repurchase agreement?—I think so.

15,049. Are you aware that grants given by the King of land to subjects away back in the early periods when those grants were given to your ancestors carried with them the responsibility of providing soldiers for the defence of the country?—I think not in all cases; in some cases they did.

15,050. If that is so, it would be stipulated in the charter or title?—Sometimes it is.

15,051. If a Crown grant was made it would be understood that the receiver of that Crown grant would be bound to provide soldiers, or else it would be stipulated otherwise?—That is certainly the case in some of the earlier grants; but a very considerable part of my property was regranted finally by Phillip and Mary about 1554. I do not think that any conditions such as that were anywhere inserted, and that grant was confirmed by Act of Parliament.

15,052. Are you aware it was an Act of George II. that took the responsibility of providing soldiers off the holders of land?—I think I have heard that.

Mr. R. W. Cooper: Do you not mean Charles II.? If you have Williams on Real Property before you,

5 May, 1919.]

ALAN IAN PERCY, DUKE OF NORTHUMBERLAND.

[Continued.]

you had better look at page 26. You may take it from me it was Charles II.

Mr. Robert Smillie: My information is it was George II, Chapter 50, which freed the lands of the burden of military service.

Mr. R. W. Cooper: No, it was Charles II.

Mr. Robert Smillie: Then I am wrongly informed on that point.

15,053. It was presumed that the holders of land had the burden and responsibility of providing an army for the defence of the country and the King. Do you know whether or not that Barons who held land by grant from the Crown, on an understanding that they would raise an army, granted, in turn, charters to the owners?—Yes, I suppose they did. I do not know really; I have not studied this subject; I do not deny it; it may be so; I expect it is so.

15,054. I suppose as part of the bargain the yeomen would hold themselves in readiness with their families to form the army when called upon to do so?—I should imagine so.

15,055. In return they held land from the Baron. Are you aware that the Barons confiscated the yeomen's land after they had been freed from military service and made them pay a rent in future for it?—I am not aware of that; I doubt that very much.

15,056. You do not know in the history of your own estate that that took place?—No, I do not.

15,057. You do not work any collieries yourself at the present time?—No.

15,058. Do you know very much about the conditions of the miners employed at the collieries on the estate who are working the minerals?—A certain amount. I meet a good many miners in the course of my daily life.

15,059. Do you know it has been alleged that in a good many cases on your estate the housing condition is very bad—there are back-to-back houses which are very bad?—What do you call my estate? Do you refer to houses for which I am responsible or for which the colliery owners are responsible?

15,060. I am not referring to houses at the moment for which you are held responsible?—I am aware it was stated, and in some cases possibly truly, that the houses for which the colliery owners are responsible were not as good as they ought to be.

15,061. The colliery owners lease from you?—Yes.

15,062. And have the right from you to work the minerals?—Yes.

15,063. You think, whether legally responsible or not, as a citizen and holder of the land you would be entitled to take a deep interest in a matter of that kind?—I do take an interest in it.

15,064. Have you done anything at all to secure that the mine owners who work the minerals would improve the housing conditions of the miners who produce the minerals?—I insert in every lease that the colliery owner is bound to keep the houses in a proper state of repair, and any new cottages they may build shall be submitted to me for approval.

15,065. Do you know whether that has been carried out?—It has been carried out.

15,066. It has been carried out?—Ono moment. You are asking me to say whether the colliery owners do always keep the houses in a proper state of repair?

15,067. You cannot possibly apply your attention to these things. I wondered if your agents took care to see if what was stipulated in the lease was carried out with regard to workmen's houses; do you know if they take an active part?—It is for the local authority to give notice to the colliery owners if the cottages are not in a proper state of repair.

15,068. Is it not a fact you have a clause in your leases which makes it imperative that the colliery owners must build proper cottages and keep them in order?—I have said so; there is a clause in the lease.

15,069. Is it for the Local Authority or your agents to make sure that the terms of your own lease are carried out?—I do not think it is the business of my agents. I think the colliery owners ought to see to it and the Local Authority ought to see to it.

15,070. The colliery owners would see they carried out their share of the bargain, but suppose the colliery owners neglected to pay you the royalty rent

stipulated in your lease would you leave it to the Local Authority to decide whether they should pay it or not?—No, certainly not.

15,071. Certainly your agents would make sure your lessee paid the royalty rent?—Certainly.

15,072. I put it now as man to man: Is it not of far more importance that you should look after the carrying out of that part of the lease which says the people who produce your wealth at the risk of their lives should be well housed rather than the carrying out of the portion that gives you the royalty rents?—I think the conditions I insert in my lease are all I ought to see to.

15,073. And you ought not to see those conditions are carried out?—No.

15,074. You are not prepared to undertake any responsibility for the state of the miners who produce the coal?—I have told you the extent of the responsibility I ought to undertake, and I do undertake that.

15,075. That clause in your lease might not be carried out. Is it not for yourself or your agents to make sure it is carried out?—It is impossible for my agents to get all round the colliery districts and supervise the cottages which the colliery owners ought to maintain in a proper state of repair.

15,076. I must say you must be very proud of the great effort made in Durham and Northumberland among the mining community to swell the ranks of His Majesty's Forces at the beginning of this war?—Yes.

15,077. Justly proud of it?—Yes.

15,078. I understand the Northumberland Fusiliers raised an enormous number of men?—Yes.

15,079. Many of the miners?—Yes.

15,080. A great many of them have made the great sacrifice?—Yes.

15,081. Would it not be your desire that those men who are spared to return should return to decent houses after having defended their country?—Certainly.

15,082. Do you still say you do not feel you have not any personal responsibility for seeing to it?—I have told you I do, and I insert in my leases those conditions.

15,083. *Mr. Frank Hodges:* I gather from your *précis* that you are one of the largest mineral owners in the country?—Possibly, I do not know.

15,084. Have you ever made a comparison?—No, never.

15,085. The acreage of the proved mineral rents is approximately 244,500 acres. Have you any acreage where mineral property has not been proved?—Not so far as I am aware, no.

15,086. Am I right in saying the whole of your property includes minerals?—I do not quite understand what you mean. You mean there are minerals under the whole of the 160,000 acres? I do not say that—I do not know quite what you mean.

15,087. I want to know whether you have any other property in addition to the 244,000 acres mentioned here, where the presence of minerals is suspected by your mining engineers?—No, that is the total property I possess.

15,088. You derive the gross income of £82,450 from that?—Yes.

15,089. Roughly speaking, then, you only attain a net profit of a quarter of that amount if your total is correct?—That is right, from the mineral property—the mineral royalties.

15,090. I am confining myself to that. Out of a gross income of £82,000 you have a net income, roughly, of £24,000?—Yes.

15,091. So that under taxation the State has gradually expropriated your rights to the extent of three-fourths of the monetary mineral value?—I do not think that is a correct way to state it. The State has taxed me so much on the amount, about three-fourths. I do not think that amounts to expropriation.

15,092. It does not in fact?—It is not the correct term, I think.

15,093. It has taken three-fourths of the monetary value of those minerals from you year by year?—It has not year by year; only for the last year it has taken that proportion.

8 May, 1919.]

ALAN IAN PERCY, DUKE OF NORTHUMBERLAND.

[Continued.]

15,094. It took a less proportion before. Some of this is new taxation. Did you raise any objection to the imposition of these taxes?—No, not that I am aware of—I certainly did not.

15,095. Do you think it was just taxation?—In time of war, yes.

15,096. It is not war now; it is peace?—Peace has not been signed yet.

15,097. Do you contemplate raising any opposition to the taxation when peace is formally signed?—I should think it is very likely.

15,098. You will raise objection?—I do not say I shall; I do not know; I will consider it.

15,099. You think you are not having enough of the £82,000?—It seems rather a small proportion, do not you think so?

15,100. By comparison, you mean?—Yes, everything is relative.

15,101. Yes, of course, in this world; we do not know about the next. With regard to the movement of nationalisation which is to take the remaining one-fourth that you have, do you think you could successfully raise opposition to Parliament taking legislative measures to take that one-fourth?—I hope so; I shall do my utmost.

15,102. How would you influence Parliament not to take that quarter?—Well, I should do my utmost in the House of Lords and in trying to organise opposition in the country to any scheme of nationalisation.

15,103. Would you do more than the ordinary enfranchised citizen? Would you do more than cast your vote against a candidate who was proposing to take the other quarter from you?—I should certainly do more than cast my vote; I should speak and use any effort I could possibly make in order to prevent it.

15,104. That is to say, in the House of Lords you would oppose any such measure?—Certainly, and in the country, too.

15,105. Would you oppose with equal force further nationalisation?—Certainly. I thought you were including the two things.

15,106. No.—I should oppose both; with regard to the latter with even more—

15,107. More deadly opposition, I suppose?—Certainly.

15,108. Why would you oppose nationalisation with such deadliness?—There are several reasons.

15,109. Give me one?—The main reason is this: the Miners' Federation do not want it.

15,110. Do not want what?—Do not want it.

15,111. And because the Miners' Federation do not want it, that is one of the reasons why you oppose it?—I did not say that.

15,112. I asked you for a reason why you were going to oppose with such deadliness nationalisation, and you say because the Miners' Federation do not want it?—I mean to say they are only going in for this scheme of nationalisation as a step to something far more drastic and for measures more revolutionary.

15,113. What is that?—Confiscation of all land. I think—I do not know, it is only an expression of opinion—that probably the control of all the resources of production of all the industries in the country; I think—it is only an expression of opinion—that they want the complete control of the coal industry for themselves. I do not think the State is going to have much control in the matter.

15,114. Therefore it is out of regard for the national interests that you oppose nationalisation?—Certainly.

15,115. You do not think the Miners' Federation has any scientific reason for asking that the mineral properties in the country shall be nationalised?—I do not know what you mean by "scientific."

15,116. I will explain if you do not know what the word means. You do not think the Miners' Federation have any ideas that the properties ought to be worked on a more up-to-date and approved plan?—I daresay they do; I do not deny that.

15,117. If they had that idea, do you think they would be justified in putting it forward?—Certainly, they can put forward any scheme they like.

15,118. Would it bear any relation to the confiscation of land if it were put forward for that purpose?—That depends upon whether they are going to confiscate land or not.

15,119. Who told you they were? The Miners' Federation, I imagine, has a sufficiently large job to get mineral nationalisation, do not you think, if you are going to oppose it with such deadliness?—I see Mr. Smillie, in addressing an audience on Sunday, May 4th, is reported to have said, I do not know if he actually said it, that he was not out for 15,000 acres of land for the co-operative movement; he was out for the whole of the land of the country. In a question to the previous witness before me he said he was out for the confiscation, or nationalisation, I think he put in, but he used the word confiscation.

15,120. Mr. Robert Smillie: Of mineral royalties.—I thought you said land.

15,121. I am out for the taking of the land?—A most interesting admission.

15,122. Mr. Herbert Smith: Do you say you will oppose any such question as nationalisation in the House of Lords?—Certainly.

15,123. You are doing exactly what the report says we should do if we nationalised, use our influence in the House of Commons?—You are using your influence in the House of Lords.

15,124. The position is this; that there is no election for you to the House of Lords?—No.

15,125. You are there by hereditary procedure?—Some people; others get appointed.

15,126. You are one that has gone through lightly?—Yes.

15,127. We have to get elected?—Yes.

15,128. Other people are saying that we should use our political endeavours to get our ends met in the House of Commons?—Yes.

15,129. That would be exactly what you do in the House of Lords?—Use our influence against legislation that we thought was bad for the country.

15,130. Yes?—Certainly.

15,131. Even if the Commission recommended nationalisation you would use your influence in the House of Lords to defeat it?—Certainly. What has the Commission to do with me?

15,132. As a matter of fact, the House of Lords has never passed a reform freely?—It is a matter of opinion; I do not agree with you there.

15,133. Any reform they have voted for that has been brought about by the conditions in the House of Lords I have been trying to seek?—There have been many.

15,134. Tell me one?—I really cannot tell you at this moment. You seem to be getting off the point a little.

15,135. Why are you opposed to nationalisation?—I have told you the reason.

15,136. Why?—Because I think it is only a blind, or, perhaps it would be more correct to say, only a step to something very much more drastic and revolutionary; it is a step towards the confiscation of other forms of property, and I do not believe the State will have any control at all, really.

15,137. Do you not go further and say we wanted it for our own ends?—I suppose you do want it for your own ends.

15,138. To control it as we think fit?—I know you always object to a monopoly. It seems to me in this case the Miners' Federation are trying to get a monopoly of the coal for themselves.

15,139. Will you give an instance where the Miners' Federation said they wanted the sole control of the trade for their own ends?—No, they would not say that, would they? That would be giving the whole show away.

15,140. Why should you imply a statement like that to the Miners' Federation if you have no authority for it?—I did not say I could prove it. You asked for an expression of opinion, and I am giving you an expression of my opinion. I judge by various evidence which has been given before this Commission, by various speeches which I have read; and, if you ask me to mention one, there are some very interesting remarks made by Mr. Straker. I

8 May, 1919.]

ALAN IAN PERCY, DUKE OF NORTHUMBERLAND.

[Continued.]

do not know if he speaks with the authority of the Miners' Federation on this subject: "Nationalisation," says Mr. Straker, "with bureaucratic administration will not prevent labour unrest." He does not seem to like bureaucratic administration. I do not know where the State is coming in. He proposes to have mining councils on which the miners are always to be predominant.

15,141. He does not say that?—No, it is very clever.

15,142. If you read Mr. Straker, read Mr. Straker, and do not put in what you think?—I am giving you an expression of my opinion.

15,143. Do not misquote Mr. Straker?—I am not misquoting.

15,144. I say Mr. Straker has not said anything of the sort or made any statement such as you are quoting?—I say he did.

15,145. Then read it?—I am not giving you the exact words. I am giving you the words I have taken down from his evidence.

15,146. Is that fair?—I will send you his evidence.

15,147. We have his evidence here where he asked for joint control. Is that asking for the Miners' Federation?—He calls it joint control—that is what it means.

15,148. The Miners' Federation are not asking for nationalisation of the mines for their own benefit. If you will take it from me they are asking it for the benefit of the community and not individual private enterprise. Your money is being made at the expense of poor people in this country?—That is a matter of opinion.

15,149. Is Bearpark Colliery Company in your premises?—I do not think so; I do not remember that name.

Mr. R. W. Cooper: That colliery is near the City of Durham. It is not on the Duke's property at all.

15,150. Mr. Herbert Smith: For six years up to 1915, and I am leaving out during the war, they declared a dividend of 17 per cent.?—I daresay they did.

15,151. You think that is justified?—I did not say so. It is no use giving me an isolated case like that.

15,152. The Miners' Federation do not think it is justified. They do not want to work for profit. They want people to have the coal at the lowest possible cost taking you out of it. We say you are getting what you are not justified in getting. Is the Belkow Vaughan on your estate?—No.

15,153. Mr. R. W. Cooper: It is a long way from the Duke's property. It is in the south-west of Durham, near Bishop Auckland.

15,154. Mr. Herbert Smith: Is the Harden Colliery on your estate?—No.

15,155. Is the Pease and Partners Colliery on your estate?—No.

15,156. All these are colliery companies averaging, roughly, any way from 14 per cent. to 20 per cent., and the miners are living in hovels like they are on your estate and on other estates in Durham and Northumberland?—That is an assertion which is not true. The miners on my estate are not living in hovels.

15,157. Do you deny the death-rate in Durham and Northumberland?—I do not know anything about the death-rate.

15,158. You have read Mr. Smillie's speech and misread Mr. Straker?—I did not read this particular thing about the death-rate.

15,159. Do you know it is about the highest death-rate we have in Durham and Northumberland amongst infants?—It may be.

15,160. Is it not worth your while to see how these people live, to see what causes these deaths?—You think landowners have nothing to do but examine statistics. I am a hard-worked man. I am not a privileged man like you. I cannot afford to waste time sitting upon a Commission like this.

15,161. I think you do nothing at all?—That is where you are wrong.

15,162. The workmen go down, and there are 177,000 accidents, and there are about 1,500 killed a year to let you live in luxury; that is what I think?—I dare say you do, but that is wrong.

15,163. If you will read some of my speeches you will see I said that?—I am sorry, but I really cannot.

15,164. With regard to the clause in your agreement, which you say there is, that the houses must be kept in good repair, how long have you been carrying out this agreement? Was this agreement in before you took possession?—Certainly.

15,165. Have you been round to see if they are kept in a proper state of repair?—No, I have not had the chance yet; I have been too hard-worked.

15,166. I suggest you would go round and see what form your hunters wore in if you kept hunters?—I do not keep hunters.

15,167. Or your motor-car, to see what condition it was in; but you do not think it is so useful as to the workmen earning your living to go and see what condition they live in?—I do not follow your train of reasoning.

15,168. Have you built any new houses in your time of occupation?—Seeing that I succeeded less than twelve months ago, and, as you know, no houses have been built in that time, I do not see how I could.

15,169. You took the estate as you found it and nothing done?—What do you mean, "nothing done"?

15,170. Improving the miners' houses?—The miners are not the only people in the world. I have a lot of other people to look after besides miners.

15,171. You specially tax the miners' industry, a tax on something you never paid for—coal?—That is the way you put it. That is an appeal to ignorance and prejudice.

15,172. Is that a question of ignorance and prejudice? Do not you think you are equally prejudiced?—I do not think so; I may be.

15,173. Do you not think you might be as equally ignorant as I am?—I am not accusing you of ignorance.

15,174. You are putting it so?—I say you are making an appeal to ignorance and prejudice. I did not say you are ignorant and prejudiced.

15,175. I make this statement on behalf of humanity?—I do not agree with you; I do not think you are.

15,176. Mr. R. W. Cooper: You have been asked some questions about the County of Durham. Have you any property in the County of Durham?—No, none at all; all my mineral property is in Northumberland.

15,177. With regard to your mining leases in Northumberland, you have upon your staff, I assume, a highly skilled mining engineer?—Certainly.

15,178. To advise you?—Yes, certainly.

15,179. He, of course, is responsible jointly with your solicitor for the insertion in your mining leases of all the conditions usual in the district?—Yes.

15,180. I hardly like to ask you the question, but to everybody who lives in the North is it well known that you have taken an active part in public affairs both in Newcastle and Northumberland?—I have done my best.

15,181. Sir L. Chiozza Money: I understand you come here very frankly to defend your interests?—Certainly.

15,182. Would you kindly tell us what particular service it is you perform to the community qua coal owner?—I really do not quite know what you mean, qua coal owner.

15,183. Exactly what I say?—I do not know what you mean.

15,184. As a coal owner what service do you perform to the community?—As the owner of the coal I do not think I perform any service to the community—not as the owner of the coal.

15,185. I see. As the manager of the leases what service do you perform?—I look after my property to the best of my ability. I do not know if you call that a service or not.

15,186. Do you have anybody to help you do that?—Certainly, a lot of people.

15,187. Will you tell me how many people are engaged by you to look after your property?—I cannot tell you offhand.

15,188. It is interesting. There are so many officials concerned in the efficient management that you

8 May, 1919.]

ALAN IAN PERCY, DUKE OF NORTHUMBERLAND.

[Continued.]

cannot tell me how many officials you employ to manage your mines both from a legal point of view and a technical point of view?—I have a solicitor, a mineral agent, and estate agents. There are two estate agents who have more or less to do with it.

15,189. At these various estates to look after these matters for you?—Certainly.

15,190. I may take it really that the personal service you perform in this connection is very slight?—The service which a land owner performs on a large estate is in generally managing the whole estate. He does not attend to the little details of the fixing of the rents. He leaves that to his officials. He has general control over the policy, and all questions of policy are brought to him.

15,191. If I were a capitalist and came and said I wanted to bore for coal or lease the coal area would you do the work yourself?—No.

15,192. Would you refer me to someone?—Certainly.

15,193. That is what I thought. Then I ask you again what particular service it is you perform to the State which enables you to draw this £82,000 gross and £24,000 net from the work of the community?—The fact that I own the minerals.

15,194. Tell me quite literally what it is you own?—I have told you what I own. I own about 160,000 acres of surface land and minerals plus 70,000 acres of minerals.

15,195. Is it your theory you own everything underneath those acres?—All except in the case of about 500 acres where I own the surface and not the minerals.

15,196. If science made it possible to-morrow to mine to 20,000 feet you would still own what was found?—Certainly.

15,197. Even if it went to the centre of the earth?—I understand that is the law. That is a legal point.

15,198. Do you think that is a good law?—Few things in this world are ideal. I think it works all right.

15,199. Do you think it is good law?—I think under the conditions in which we live in the world it is the best law to meet those conditions.

15,200. Do you think it is good law?—Considering all things as they are, I say I think the practice as it is works well.

15,201. Do you realise that the output from your mines is about equal to the entire output of the rather important Dominion of New Zealand?—No, I did not—it may be.

15,202. I think you told us—do not think I blame you for saying so—you consider you are doing your duty in the estate to which God has called you?—I would not like to say that. I am doing my best—I hope I am.

15,203. Is it not conceivable that one of your successors might be a rather irresponsible person who did not do his duty as well as you do?—Everything is possible in this world.

15,204. Do you think it is good for the nation that the properties should come into the possession of a man who is irresponsible?—I do not think he could do any harm.

15,205. I thought you said you object to the miners having a monopoly of coal, is that so?—I object to anybody having a monopoly of anything.

15,206. Did you not give it as your chief reason in opposing nationalisation that you objected to the miners having a monopoly of coal?—Yes.

15,207. And all they say is a blind—that is what they are really aiming at?—Yes.

15,208. You think it is a bad thing for 1,100,000 miners and their children, representing one-tenth of the population of this country, to have the monopoly of coal?—You have to assume they want these things.

15,209. I do not assume. You say you think it is a bad thing for the miners to have such a monopoly. So convinced were you of that, that that was your chief reason for opposing nationalisation?—Yes.

15,210. You are going to use your power and influence to fight in that place over there against it?—Yes.

15,211. You think it is a bad thing for the one-tenth of the population of the whole of the country if they want it?—Yes.

15,212. Then do you not think it is a bad thing for a man to own as much as you do?—No, I think it is an excellent thing in every way.

15,213. Is it not possible, under the system which you think good, for a few thousand people who own the coal of this country to hold it up under the law?—It may be under the law. As a matter of fact, it never happens. If they are allowed to do it by the law, why do you not change the law?

15,214. You are one of the reasons why we cannot change the law?—Not at all. I should be delighted to change the law.

15,215. Have not these few thousand people the power to hold up the coal in this country and abuse it?—As a matter of fact, they do not exercise their power, and if they did exercise the power it would be perfectly possible to pass legislation to stop it. That is obviously a manufactured grievance.

15,216. Is it not the fact in the past it has been grossly abused?—No, I do not think it has. I read the evidence given in the 1893 Commission, on which working miners were represented, and they said it had not been abused. I think they are right.

15,217. Have you looked at the thing from a scientific point of view?—It depends upon what you mean by a scientific point of view.

15,218. From the geological point of view?—Yes, I have considered geology in connection with coal; one is bound to.

15,219. Do you not know it is the opinion of geologists that an enormous amount of coal has been wasted?—It may be the opinion of some geologists.

15,220. Is it not the opinion of them all?—I do not know. You assert it. I do not know. It may be.

15,221. To come to the present. Are you aware that a member of this Commission has signed a report in which no less than 14 categories of disabilities under the existing system are named?—I did not know it.

15,222. Do you know that these 14 categories of disabilities have so struck this Committee that they present in 16 paragraphs a method of dealing with them?—What is that?

15,223. The interim report of the Acquisition of Land Committee for the acquisition for public purposes of rights and powers in connection with mines and minerals. The Chairman was Mr. Leslie Scott, K.C., M.P.?—I know.

Mr. Arthur Balfour: That document has not been published.

Chairman: The only question asked his Grace is whether he knows. He has not seen it.

Sir L. Chiozza Money: I think I am entitled to ask him if he has seen it.

Chairman: We shall not report this century if we go on like this. The witness says he does not know and has not seen it. You need not discuss the matter further.

Witness: I should not like there to be a misunderstanding. I have seen that report.

15,224. *Sir L. Chiozza Money*: Then it seems rather a pity the interruption was made. You have seen the report?—Yes.

15,225. Have you read it?—Not carefully. I did glance through it.

15,226. Did you see there were 16 paragraphs of recommendations to deal with 14 categories?—Did they not recommend to set up tribunals to deal with these difficulties?

15,227. Did it not advise there should be a strong advisory council?—Yes.

15,228. And a local sub-committee reporting to it?—I daresay.

15,229. Do not you think the mining industry is of such a size that it would be necessary for those bodies to be in general session to deal with the questions that would arise?—I do not know.

15,230. Do not you think they would require a large number of officials to deal with the matters?—Perhaps.

15,231. Are you aware they point out there is no organisation for the experimenting and testing of undeveloped fields?—I will take your word for it.

15,232. You have read the report?—Yes.

8 May, 1919.]

ALAN IAN PERCY, DUKE OF NORTHUMBERLAND.

[Continued.]

15,233. Do you think it right that a large sum of public money should be spent in boring for more coal, so that when the coal is found and worked there should be fresh royalties for the owners?—Why not? The State is collaring much more than half of the interests they get.

15,234. It is not a question of collaring. Do you think the State ought to provide public money to provide more income for the landlords of this country?—That is a ridiculous way to put it, I think. The State does the boring, it develops the industry, and gets money for itself.

15,235. Would it not put unearned increment into the pockets of the landlords?—A very good thing for the landowner.

15,236. Do you think it perfectly just and right?—Perfectly just.

15,237. Supposing it cost £250,000 within a few years, do you think it right that money should be spent to provide fresh incomes for landowners?—I do

not agree with that way of putting it. The landowners would benefit, the rest of the community would benefit, and the Government would benefit, too.

15,238. You think it would be right that public money should be spent to provide this fresh income?—I say that is not the way to put it. If you put it my way I do agree.

15,239. Have you any serious objection to nationalisation besides the one you gave, the projected monopoly of the Miners' Federation?—I have. I would rather not say it; it might give offence to one member of this Commission.

15,240. I will not press it?—I am quite willing to give it.

15,241. I do not think anybody on this Commission is so thin-skinned as to mind?—As the result of reading Mr. Sidney Webb's evidence I came to the conclusion nationalisation would be absolutely disastrous to the interests of this country.

(The Witness withdrew.)

CHARLES STEWART HENRY VANE-TEMPEST STEWART,
15,242. *Chairman:*

“PRECIS OF EVIDENCE BY CHARLES STEWART HENRY VANE-TEMPEST STEWART, 7TH MARQUIS OF LONDONDERRY.

I am the owner of minerals already proved to exist under about 5,808 acres in the County of Durham.

I also carry on business as a colliery owner in that County, being the owner of three collieries situated near Seaham Harbour called Dawdon Colliery, Seaham Colliery and Silksworth Colliery.

The Dawdon and Seaham Collieries are upon my own freehold estate of Seaham.

The Silksworth Colliery is held by me under lease from other owners together with the coal mines which are worked to that colliery.

I carry on my business as The Londonderry Collieries, Ltd., all the shares in that company (except four of £100 each) belonging to me. As between that company and my estate the coal mines are let to the company, the amount of the rents, which average 4½d. per ton, being credited and paid to me by the company.

One of the pits at Seaham Colliery was formerly called Seaton Colliery and was sunk by a company of that name and afterwards purchased by my great-grandmother, Frances Anne Marchioness of Londonderry, who sank a second pit in 1849.

Silksworth Colliery was sunk by my grandfather, the 5th Marquis of Londonderry, in 1872.

Dawdon Colliery was sunk by my father between 1900 and 1906. The sinking and completion of this colliery occupied about six years. Great difficulty was experienced in sinking the pits through the strata owing to the enormous quantities of water met with, and the system of freezing the strata by chemical means had to be adopted to enable the shafts to be sunk. There is attached to Dawdon Colliery a large area of submarine coal which is held by me as a lessee of the Crown upon which I pay a tonnage rent of 4½d. per ton.

The whole of the coal at Silksworth Colliery is held under lease and is sublet at varying tonnage rents.

The number of men and boys employed at each of these collieries is as follows:—

Seaham	2,850
Silksworth	2,250
Dawdon	1,900

or a total of 7,000 men and boys.

The town and harbour of Seaham Harbour were established by my great-grandmother, Frances Anne Marchioness of Londonderry, and the coals worked by my collieries are shipped either at Seaham Harbour or at Sunderland, there being direct railway communication with both of these ports, the railway communication between Seaham and Sunderland, which was formerly the Londonderry Railway, having been constructed by Frances Anne Marchioness of Londonderry.

Marquis of Londonderry, Sworn and Examined.

Seaham Harbour Dock was originally constructed by Frances Anne Marchioness of Londonderry and is now the property of the Seaham Harbour Dock Company, of which I am Chairman and in which I am a large shareholder.

I and my ancestors have been colliery owners in the County of Durham for more than 100 years.

At one period my predecessors held collieries in other parts of the County of Durham, but those collieries were either sold or given up and are now worked by others.

The following are the answers to the questions put to me in the letter of the Secretary of the Coal Industry Commission of the 30th April:—

1. The total acreage of land in the County of Durham belonging to me under which coal has been proved to exist is 5,808 acres. The coal in the upper seams under 834 acres of this area is, I believe, exhausted. The coal in the remaining seams under these 834 acres has been proved by boring made from the bottom of the shaft from which the upper seams have been worked, but none of such coal is at present let.
2. The total output of coal from all the freehold properties belonging to me in the years 1913 to 1918 inclusive was 3,280,321 tons, of which 1,569,296 tons were worked by the Londonderry Collieries, Limited, leaving a balance of 1,711,025 tons worked by other lessees.
3. The average annual output during this period of six years was 546,720 tons, of which 261,549 tons were worked by the Londonderry Collieries, Limited, and the balance of 285,171 tons were worked by other lessees.
4. The royalties payable to me are fixed tonnage royalties. They vary slightly with the different coal seams, the average highest of any one mining property being 5½d. per ton, and the lowest 3½d. per ton. Of the total average annual output of 546,720 tons 378,124 tons are worked at an average of about 4½d. per ton.
5. The average annual income received by my late father and myself from mineral royalties and wayleaves during the six years referred to was as follows:—

	£
Mineral royalties	9,608
Underground shaft and surface mining wayleaves	5,076
Independent surface wayleaves	650

Of the mineral royalties £4,364 represented the tonnage rates charged in respect of my own coal at Seaham worked by the Londonderry Collieries, Ltd. Of the

8 May, 1919.] CHARLES STEWART HENRY VANE-TEMPEST STEWART, MARQUIS OF LONDONDERRY. [Continued.

underground shaft and mining wayleaves £4,867 represented the rent charged in respect of the carriage of coal belonging to the Crown and other parties carried through my freehold property and up my freehold shafts.

The independent surface wayleaves are charged in respect of a railway used by another colliery company, the South Hetton Colliery Company, on my Seaham Estate for a distance of about $1\frac{1}{2}$ miles and the rent covers the right to convey 500,000 tons of coal and represents a charge of $\cdot 32d.$ per ton.

6. As regards the nature of the root of my title I have in consequence of the request of the Commission had my title deeds examined,

except as regards the title deeds relating to the 834 acres of land situate near the City of Durham, forming two properties called Old Durham and The Grange, under which as I have explained the coal in the upper seams is exhausted and which belonged to my ancestor John Tempest. The result of this examination is that I find that all my properties were acquired by purchase and that the minerals are expressly included in the Conveyances:—

The following statement gives:—

- (a) The name of each property.
- (b) Its estimated surface area.
- (c) The name of the vendor.
- (d) The name of the purchaser.
- (e) The date of the purchase.

Name of Property.	Surface Area.	Name of Vendor.	Name of Purchaser.	Date of Purchase.
	Acres.			
Seaham	2,300	Sir Ralph Noel ...	The Third Marquis of Londonderry...	28th Aug., 1823
Kelloe	1,348	John Forcer	John Tempest	14th Mar., 1707
Kinley Hill ...	214	Thomas Anderson ...	The Trustees of Frances Anne, Marchioness of Londonderry.	18th Oct., 1872
Barmston... ..	920	Lord Orwell	John Tempest	20th May, 1775
South Biddiek ...	192	Representatives of John Dawson Lambton.	The Third Marquis of Londonderry...	27th Apr., 1821

I am opposed to the nationalisation of Coal Mines.

I do not believe that my collieries will be carried on more efficiently or that the conditions of the workmen will be better under State ownership than they have been whilst the collieries have been worked by myself and my ancestors.

I am the Chairman of the Londonderry Collieries, Ltd., and I have no desire to sever my association with my colliery property in which I wish to take a personal interest.

My father died in February, 1915, and owing to the War and to my military service in Franco, I have not been able to take the close interest in my business which I otherwise would have done; but as soon as my duties as a member of the Air Ministry have terminated it is my intention to devote more of my time to my business and to my interests in the County of Durham, in which my principal English residence of Wynyard is situated."

15,243. *Mr. Frank Hodges:* Did you hear the evidence of the last witness?—Yes.

15,244. Do you hold the view that if this Commission reported in favour of the nationalisation of minerals, after having considered all the facts that could possibly be brought before this Commission, that you would oppose any legislation for the nationalisation of minerals?—Yes, I should certainly oppose legislation for the nationalisation of minerals. I take the report of a Commission as advising the community, myself included; no more than that.

15,245. You know the purpose for which this Commission was set up?—For ascertaining all the facts.

15,246. For ascertaining all the facts, therefore, if upon the facts so ascertained, they reported in favour of nationalisation, would it be a fair assumption that they would have been made cognisant of all the facts they could be made aware of?—No; I should say my opinion is as good as the individual members of the Commission.

15,247. If it were the decision of the Government to accept the report of the Commission, would you still use your influence in the House of Lords to turn down the decision of the Government?—Most certainly I should. The authority which affects me is the Houses of Parliament, not the Government.

15,248. If the Government proposed to put its decision into law, you would oppose it?—The Government would put its proposal into law by a vote of the Houses of Parliament.

15,249. Obviously?—I do not anticipate that.

15,250. Does your opposition proceed upon the assumption that you believe in the inalienability of the right of a property owner to his property?—The rights of nationalisation.

15,251. No; do you believe that whatever happens, whatever is suggested in law for a variation of the rights of the property owner, if it clashed with your interest, it would be your duty to oppose it?—I am not considering my own interest at all. I am opposed to nationalisation. I believe in the ownership of private property.

15,252. You believe more particularly in your holding your own property?—I believe in holding my own property like the coat on my back, or the coat on your back.

15,253. That is not your private property?—My coat is my private property and your coat is your private property. That is how I regard it. I may be wrong.

15,254. Your property consists, according to your theory, of so many acres of minerals?—Yes.

15,255. You have air over your property too, have you not?—Yes.

15,256. Do you say that the air over your property is yours?—That is being decided now. I have just come back from Paris where there is being discussed the question of air.

15,257. Were they discussing your air or somebody else's?—I am not at liberty really to divulge that report. I hope to do so at no distant date.

15,258. You say you own the minerals. Would you put forward the same proposition, if the air over your property had an economic value, that that belonged to you too?—I have not considered that point.

15,259. You have considered the other?—I have considered minerals, certainly, because the minerals have been purchased for that purpose. I think you will see in my statement I have tried to put it as plainly as I can.

15,260. I see in your statement certain moneys have been expended on transfers. You have put forward clearly, if I may say so, on page 3, and you have done more than any of the other previous witnesses have done—you have set forth the names of the vendors of each particular property. Suppose it could be proved to you that the holding of your property, whether it be in the air or under the grass, was not conducive to national interests, that it caused

8 May, 1919.] CHARLES STEWART HENRY VANE-TEMPEST STEWART, MARQUIS OF LONDONDERRY. [Continued.

a serious national disturbance, would you consider that that would warrant you in changing your view as to the rights of property?—I do not think it would matter what I considered. If the community became anarchic they would take everybody's property. If the majority of the community thought it was a good thing they would probably do it. I do not think that time will come.

15,261. Apart from the question of anarchy, supposing this Commission and the country generally came to the conclusion because of the private ownership in property the nation was not getting the best out of the property, would you still oppose any proposition for a change?—I would hold my own opinion. My opposition would not be very potent, I think.

15,262. It would not be very potent against the declared wishes of the community?—We have often seen that question brought forward before, and lots of things have been decided against the wishes of individuals. If they protest forcibly they are put in gaol, otherwise they give in.

15,263. With interest to the nation?—I do not think so. I do not think the individual prosperity is of any interest.

15,264. That is not my point?—Then I am afraid I do not follow you.

15,265. Have not individual interests been set aside by the nation in the past and such setting aside has proved to be a great benefit to the nation?—In what respect do you refer?

15,266. Take the war. Has not the fact that individual interests have been set aside compulsorily by legislation resulted in some good for the community at large?—In those particular circumstances it has. In a great many cases it has not.

15,267. In normal circumstances?—I am afraid I am an individualist, and I think that as soon as we get back to individuality the better for the country.

15,268. It pays you to be an individualist?—You may put it that way, certainly.

15,269. It is because the State would pay you less that you oppose this proposition?—The State pays me less do you say?

15,270. Yes?—The State pays me nothing. I pay the State a certain amount.

15,271. You do not consider the great national asset puts you in the same form of relation to the State?—I am prepared to go into that. The fact of my holding it is of far more benefit to the State than in any other circumstances.

15,272. Have you gone into that? Suppose it is proved scientifically that the way you hold your royalties has meant a profit to you, if you like, which the State ought to have had, would you be prepared to accept the scientific change?—You talk vaguely about it being a profit to me. Who is going to prove that?

15,273. This Commission may prove it?—That does not mean much to me. I think I have studied this question as much as the individual members of this Commission.

15,274. Mr. Arthur Balfour: Would you agree if it was proved, or decided rather, that nationalisation should take place that proper compensation should be paid?—Yes, most certainly.

15,275. And in arriving at such compensation it might be necessary to set up an impartial tribunal to consider the whole facts of the case before settling the exact compensation?—I take it that is what the practice would be.

15,276. No overhead compensation or general calculation would be possible?—I suppose not.

15,277. Each case would have to be considered upon its own merits?—Yes.

15,278. According to the length of the lease and the general details?—Yes.

15,279. Sir Arthur Duckham: These properties you have at Seaham and Dawdon you run yourself?—Yes.

15,280. Can you give us any idea of the profits you are making from these collieries?—I have not the figures with me.

15,281. Do you know what profits you make per ton?—It is not a high profit per ton. In Dawdon, which is the newest mine, the profit per ton is higher than in the others, which are old mines.

15,282. The old mines, I suppose, are old workings?—They are old workings.

15,283. You have not the figures before you?—I have not the figures before me at this moment.

(The Witness withdrew.)

(Adjourned for a short time.)

Dr. EDGAR LEIGH COLLIS, Sworn and Examined.

15,284. Chairman: This is a witness whose evidence is being interpolated, speaking as to the question of health in various Government employments. He says that his professional experience has been that he was in general practice from 1897 to 1908 in an industrial area. From 1908 to 1917 he was one of His Majesty's Inspectors of Factories, and from 1917 to 1919 he was a Director of Welfare and Health at the Ministry of Munitions. Dr. Collis has to go away either this morning or to-morrow, and, therefore, we are taking his evidence now so that he may be free. I will ask Mr. McNair to read his evidence.

The Secretary: "My experience of the mining industry is slight, and is confined to some knowledge of the miner's home conditions in North Worcestershire and South Staffordshire, and to the inspection of a few coal mines in Somerset, the Forest of Dean and South Lancashire, of ganister mines in Yorkshire and Scotland, of getting iron ore in Westmorland, lead ore in Cumberland, and tin ore in Cornwall. I hold the opinion that supervision of the health and safety of workers cannot be left entirely to the workers themselves, but must be undertaken for them, both for their immediate benefit and in the interests of industrial efficiency. No one is a good judge of his own health; and few persons, owing to innate conservatism, are prepared to press for conditions necessary to their safety and welfare; yet a contented and healthy worker is a more efficient industrial unit than a discontented and unhealthy one; and discontent and lack of health are frequently interdependent. Supervision, to be effective,

must be personal, and come directly in touch with the worker as an individual. For this reason the basis of industrial safety and health work must be local organisations in each establishment employing labour: these organisations should be part of the management of every industrial establishment. All establishments, however, do not have equally effective managements, and, even when the desire to be effective is present, knowledge of how to act may be lacking. Special advice, therefore, which can only be given by expert inspectors is required to stimulate those who are behindhand and to advise and to help those who are ready to act. The duty of making inspections and giving advice should not be under the control of those who are responsible for administrative and executive action. If it is, there is danger of criticism and advice being disregarded. The ideal combination would be an independent staff of trained experts visiting place after place, gathering information as they go, and advising willing managers how to improve conditions, this staff being able to carry out with the co-operation of managers and workers special investigations and being assisted by colleagues who devote their whole time to research work.

My experience as a factory inspector is that advice as to improving conditions of employment was more readily adopted in establishments under Government control, such as Woolwich Arsenal or the Admiralty Dockyards, than in the majority of privately owned factories and workshops. Government industrial establishments come under the Factory Acts and so

8 May, 1919.]

DR. EDGAR LEIGH COLLIS.

[Continued.]

are inspected; but, as no prosecutions can be instituted by one Government Department against another, attention was drawn to any infringement of the Acts by means of recommendations, which were accepted and acted upon. The standard of health and safety adopted was that laid down in the Factory Acts. In the case of privately-owned establishments, it was often necessary to prosecute before a magistrate in order to obtain compliance with the requirements of the Acts. In the Ministry of Munitions, the relation was close between the Welfare and Health Section and National Factories; but, still, inspection was kept entirely distinct from management. We found little difficulty in getting managers to accept our advice, and we obtained much valuable help and assistance from many of them in the initiation and development of our work. The standard adopted was not limited by the legal requirements of the Acts, but depended upon what experience had taught us to be advantageous for maintaining and increasing the output of munitions. Officers of the Welfare and Health Section visited not only National Factories, but also other places, *i.e.*, Controlled Establishments where munition workers were employed. I found during the war a greater inclination on the part of employers in these Controlled Establishments to adopt the advice given than I was accustomed to in pre-war days; and attributed this partially to the fact that the cost of structural alterations and the salaries of welfare superintendents, nurses, and medical officers could be charged in whole or in part against working expenses when calculating profits for Excess Profits Duty. Nevertheless, when points of difference arose as to the adoption of recommendations made, I found it easier to obtain the improvements desired in National Factories than in Controlled Establishments. A few special establishments, such as those of Bourneville, Port Sunlight and Rowntree's at York, had always in pre-war days been far ahead in health and safety matters of any Government factory, and the suggestion might be made that under Government control such initiative would be lost. "I have, however, always considered that Government factories were somewhat behind, because inspectors only insisted upon compliance with the minimum requirements of the Acts and asked for no higher standard. Certainly, I have found that when this minimum standard was deserted the managers of National Factories were some of our most enthusiastic supporters, and that they showed great initiative and individuality in developing schemes of health and safety.

15,285. *Mr. Frank Hodges*: I should like to ask you whether you have considered any scheme that might be applicable to coal mines, in dealing with health and the general welfare of the workmen?—I cannot say that I have.

15,286. Do you think such a scheme could be brought into being?—Yes, I think one could.

15,287. You are aware I feel sure that there are a large number of miners who from year to year suffer from what is known as miners' nystagmus?—I am aware of that.

15,288. It renders them in many cases unfit to continue their work in the mine?—Yes.

15,289. Would you suggest that some useful purpose might be served if a scheme were developed by which lads entering into a mine might periodically have their eyes examined to see whether they were fit subjects to work in a mine?—In those mines where the disease is prevalent I think that would be advantageous.

15,290. Would you suggest that periodically after the first examination such lads and youths should be subject to examination with a view to seeing in their earlier life whether some other occupation might not be more useful to them than mining?—Yes, if the disease cannot be eliminated from the mining industry.

15,291. You are aware I believe that once a man has contracted nystagmus he has to come to the surface into the light to work and if he has to return to the darkness, his disability as it were breaks out again?—That is so. Personally I would rather pay

my attention to trying to eliminate the disease entirely.

15,292. You know there is no such scheme of welfare in existence in the mining industry at the present moment?—Yes, it is so.

15,293. Have you ever approached any individual colliery employers with the view to their, as employers, initiating any such scheme?—No; but I have not been very closely in contact with the mining industry. I was in the factory department; and then under the Ministry of Munitions. My work was more in the factories.

15,294. Would you go so far as to suggest that the Home Office should appoint, apart from the question of nationalisation altogether, medical experts to look after the health of the men engaged in the industry?—I think that would be advantageous.

15,295. And should make what might be described as a Health Department—a permanent department?—Probably it would work in that way.

15,296. You say in your *précis* that more attention has been given to your propositions for welfare and health where the factories are either controlled establishments or national establishments than in the individual employers' concerns?—Yes.

15,297. How do you account for that?—For two reasons. One instance in the paragraph you have referred to, namely: that employers were allowed during war-time to charge as working expenses in calculating the Excess Profits Duty those monies spent on welfare provision. That is one reason, and the other is that I consider the employers of England during the war were earnestly wishing to do more than had been done in the past, quite apart from any monetary consideration.

15,298. I do not want to draw an unfair inference, but I would be right in saying that the added interest of the employers during the war has been largely due to the fact that they did not have to pay for it?—Yes, I have put those two inferences that I have mentioned, but I do not think it is fair, from my experience during the war, to ascribe it entirely to financial considerations.

15,299. I daresay you have been acquainted with the proposal for the establishment of pithead baths at the collieries?—Yes.

15,300. Do you regard that, as a professional man, as a proposition that would be likely to be beneficial to the health of the miners?—I do; I am strongly in favour of it.

15,301. Have you ever seen pithead baths at work?—I have not.

15,302. Unfortunately there are not many in the country, but there are some?—I know that is so.

15,303. *Mr. Herbert Smith*: Am I right in saying that you took part in the Gannister mines' enquiry in Yorkshire?—Yes.

15,304. Do you remember that for years, as an Association, we had been asking the employers to deal with these cases of silica disease?—That is so.

15,305. And that we have been agitating for years?—I understand that that is so.

15,306. Did you see the six men who were brought up to London suffering from it?—Yes, I saw those men.

15,307. Would you be surprised to know that all those six men are dead?—I am shocked to hear it; I did not know it.

15,308. Did you approve of the statement that we made that one out of every three was suffering from that disease after being 6 years in the pit?—I think that is probably a true estimate.

15,309. I find that we had to enforce during the war active regulations when Government was responsible because we could not get it out of private employers?—I think that is so.

15,310. You know that the Government during the war did carry a Bill to prevent these men dying every year or men being struck down by this disease without compensation being paid?—Yes, the Act was passed in 1918.

15,311. You remember there was a Commission held in 1905 to deal with that, and a Bill was attempted to be brought before the House of Commons and that the employers opposed it for all they were worth?—

8 May, 1919.]

DR. EDGAR LEIGH COLLIS.

[Continued.]

Are you referring to the Workmen's Compensation Act?

15,312. No, I am referring to the Silica Poison Bill dealing with compensation for Gannister miners. I did not know there was a Bill before the 1918 Act.

15,313. Are you aware that in that Act it is provided for these men to be examined at certain periods?—Yes.

15,314. And if they are found to be suffering from it it is wise to take them away from the Gannister mines and put them to some other industry, that a certain liability falls on the employer?—Yes, that is so.

15,315. You think that is a step in the right direction?—I do.

15,316. Have you spent any time in Yorkshire in milling districts and factories?—Yes, at some Yorkshire factories.

15,317. How do you account for the infantile death-rate being fairly large in the textile industries?—The latest evidence we have on the point ascribes it mainly to atmospheric conditions.

15,318. You find that at Meltham you get it as high as 176?—That is very high.

15,319. In colliery districts, too, it is fairly large?—Very high.

15,320. You get as high as 161 in colliery districts. Would you go a step further and say you believe there ought to be baths in every house, apart from baths at collieries?—I would.

15,321. You would insist on that?—I think everyone ought to have a bath in every house.

15,322. Coming back again to the question of miners' nystagmus, has there been any searching enquiry into this to see what causes it?—I think the causation now is quite accepted to be due to insufficiency of light in those pits when the safety lamps are used. It does not exist to the best of my knowledge in any of these pits where naked lights are in use.

15,323. The figures go rather to prove that, do they not?—They do.

15,324. If you make comparisons between Scotland and Yorkshire, you find that our percentage in Yorkshire is twice as big as in Scotland?—Yes, I think in Somerset and the Forest of Dean a case of nystagmus is never known.

15,325. *Chairman*: Do they have naked lights?—They are naked light pits.

15,326. *Mr. Herbert Smith*: Have you made any comparison between collieries which use the ordinary safety lamp and the electric lamp?—No, I have not had the opportunity.

15,327. Of course, there are comparisons being made between the two. May I take it that you are quite satisfied in your own mind, as far as you have gone, with regard to nystagmus, that if the conditions as to light were altered, we should have less of it?—I am confident that, if you got the light right, you would abolish the disease.

15,328. Has it come under your notice recently that a fair number of men who have been suffering from nystagmus have become insane?—I only know that by hearsay. I have not had an opportunity of proving it.

15,329. *Mr. Sidney Webb*: I see you say that your experience is that on the whole, leaving certain exceptions apart, you have found it more easy to get health improvements introduced in Government establishments than in private establishments?—Yes.

15,330. Then you say, what is very interesting, that where a private establishment was controlled under the Munitions Act, you found they were more willing to adopt the advice given than they were accustomed to in pre-war days?—Yes.

15,331. You attribute that to two things, apparently; that there was an accession of desire to improve health and also that under the Munitions Act the cause of the improvement did not become a charge on the employers?—Not entirely.

15,332. I should infer from that (I do not know whether I am taking it too far) that the ordinary desire to make a profit in private establishments was to pull rather against the making of costly improve-

ments?—Yes, but there is also the point that has been brought more prominently to the employers' notice recently, that these improvements are in themselves money making, in that they produce better workers, on the dictum that a poor workman is like poor land, he is always too expensive to hire.

15,333. I quite agree with you that it really would pay even the profit-making employers to spend money on health improvements?—Yes.

15,334. Of course, at first sight it seems that it might not pay?—That is so.

15,335. In the past, I should gather from what you have said (I do not want to overstate it) that whereas private employers have effected improvements for one reason or another, very largely out of philanthropy, nevertheless their feeling that they had to pay the expenses was a pull against their making those improvements?—Yes, certainly.

15,336. You point out that in Government-controlled institutions there has been less resistance to getting improvements made?—That is so.

15,337. With regard to the question of nystagmus, I understand you think it is the common opinion of those who have studied it that the disease might be prevented altogether if we could have sufficient light?—Yes.

15,338. What is the difficulty in having sufficient light in the mines?—The necessity because of explosions of having to have safety lamps guarded by gauze; then a coating of dust gradually gathers over the gauze, and that gets worse and worse as work goes on.

15,339. That is some time ago?—Yes.

15,340. But there are other alternatives?—The other alternative is the question of electric light, and the question of making electric light safe has stood in the way.

15,341. I believe there are a number of electric lights used in the mines which have proved sufficiently safe. What is the difficulty in making use of those electric lights universally?—There might be difficulty in getting them adopted.

15,342. It is merely the difficulty of getting them adopted?—Possibly that is so.

15,343. That is to say, if the mines were all belonging to the Government and you had the power to give an order, you could see your way to get rid of nystagmus?—As soon as I was assured that the lamp was a safe one from the mining engineer's point of view, if one could give the order, I believe nystagmus would cease.

15,344. Safety electric lamps, I believe, have been introduced to the extent of many thousands?—Is that so?

Mr. Robert Smillie: No such thing; it is simply nonsense to talk like that.

Witness: I know nothing about the lamps.

Mr. Robert Smillie: That shows the difficulty of people speaking about things that they know nothing at all about.

Mr. Sidney Webb: Then we will ask another witness as to that.

15,345. *Mr. R. H. Tawney*: Have you any figures about infantile mortality among the children of miners?—I have none with me.

15,346. Is it possible to get such figures grouped by industry and not merely grouped by locality?—I do not think any have been prepared.

15,347. Is the material for preparing them available?—It might be at Somerset House; it might be obtainable there.

15,348. At Somerset House?—Certainly; the Registrar-General's.

15,349. Would it be within your competence to give us any survey of infantile mortality among the families of miners?—It would have to be undertaken specially and the data would have to be obtained from the Registrar-General's figures; he would be the person, I think, to prepare it.

15,350. Is it within your knowledge that the infantile mortality in certain mining districts is exceptionally high?—Yes.

8 May, 1919.]

DR. EDGAR LEIGH COLLIS.

[Continued.]

15,351. Have you any view as to the probable cause of that?—I think the evidence is that the most potent cause is atmospheric conditions.

15,352. What does that mean exactly?—You find the lowest infantile mortality rates on the west coast of Ireland and Scotland among the poorest people very badly housed; some of the higher rates are in the industrial areas where the atmosphere is polluted by the industry carried on; it is not always a question of housing.

15,353. It is the question of the air being partially poisoned by the industry?—Yes.

15,354. You say, if I understand you rightly, that on the whole you found Government Departments better to deal with in the matter of health and safety than private employers?—Yes.

15,355. Supposing you were asked to organise a scheme for improving the health of the mining population, do you think you would find that more easy or more difficult, supposing you were dealing with a Government department than if you were dealing with the present 1,500 odd firms?—From my experience of factories I should say it would be easier to deal with a public department.

15,356. That is to say, as far as health is concerned, you think on the whole that more is to be got from a public department in the charge of industry than the present private employers, omitting exceptions, of course?—You can get things done quicker.

15,357. *Sir L. Chiozza Money*: You were in charge of the welfare department of the Ministry of Munitions for some considerable time?—Yes.

15,358. Was it the case, whenever it was necessary from the exigencies of the war to bring a lot of workers together for the purpose of a particular industry, that steps were taken to make provision for housing and welfare?—Yes.

15,359. Do you not think that it is rather surprising that in all the long history of British industry since the industrial revolution began similar steps were not taken by private employers or committees or conferences of private employers during the period of perhaps a century or a century and a half to do similar work, when the Ministry of Munitions found it possible to do it in only three years? Do you not think it rather surprising?—It is. I have always ascribed it to the fact that our forefathers copied their forefathers.

15,360. Has not that continued through five generations till the Ministry of Munitions was established by Mr. Lloyd George in 1915?—Yes.

15,361. Do you not find it a very great gain to have at your disposal the information collected by a great national organisation in charge of a large part of this work? Did you not find it a great gain to have a report as to what one national factory was doing or another national factory was doing, so that you could compare one with the other?—Yes, that is true.

15,362. Did not that enable you to make a lot of improvements and take much more care of the health of the workers in the munition factories as a whole than you would have been able to if you were advising a private firm?—Speaking always under the exigencies of the war, because you will see the national factories were growing even until the Armistice was declared.

15,363. Had you not very great difficulties to contend with in respect of materials and labour to supply all these things?—Particularly towards the end, very great difficulty, indeed. We used to get permits and priority for them.

15,364. You were able to do a very large amount of this national health and welfare work in spite of great difficulties in obtaining materials and labour, which would not exist in times of peace?—That is perfectly true; we could have done a great deal more in a time of peace.

15,365. This is a serious matter, as you see. Supposing you, with your present knowledge and experience, were put in charge of a great national organisation, either collieries or iron and steel works, or any other great industry, would you not be able to apply these methods that you applied at the Ministry

of Munitions, but with very much greater advantage and facility in times of peace?—Yes.

15,366. Is it not clear that a thing that could have been done very easily indeed in the past has not been done?—I think so.

15,367. Did you have certain conferences during your work at the Ministry of Munitions?—Yes.

15,368. Did you call together the Welfare Supervisors at the different national factories, so that they could compare notes?—I called together all the officers of the welfare section, constantly comparing notes, particularly to one conference; and as regards the boys' supervisors I got them together in London, but it was difficult to get all the Welfare Supervisors away from their factories when they were so busy at work.

15,369. You had a conference on the boys, for instance?—I did.

15,370. Is it a fact that at one time you had a million workers supplied at munition canteens? Did you work up to about a million?—For the moment I forget whether it was a million meals a day or whether it was a million seats. I have forgotten my figures for the moment.

15,371. It was one or the other?—Yes.

15,372. Practically the whole of that accommodation was new accommodation provided for the exigencies of the war?—That is so.

15,373. Were you able to make researches as to food values?—We did.

15,374. Do you mind expanding that? Were you able to examine food values with regard to different occupations, and so on, and supply valuable information to the Ministry of Munitions?—We were. We have been continuing to carry on those food investigations right up to the present.

15,375. Did you find in connection with these many operations of yours that you were able by these efforts to raise the standard of life of men in quite rough occupations and do something for them?—I am confident we did.

15,376. *Sir Allan Smith*: You refer to canteens. Has there been any trouble in the institution of canteens?—Only the difficulty that we had in getting materials to build them with.

15,377. Has there been any difficulty in instituting canteens on account of the want of space in which to build them?—I was including that in the difficulty of construction.

15,378. I assume from what you say you agree that in some factories there was no room to build a canteen?—No, they were so circumscribed in their curtilage.

15,379. Do you know what proportion of men for whom accommodation was provided utilised these canteens?—I cannot reply accurately about that; I am sorry I did not look the figures up before I came.

15,380. Was it a large proportion of those employed or a small proportion?—A small proportion of the total number of men working had canteen accommodation which they could use, but at the factories where the accommodation was provided it was fully used. I do not say that means that all the men used the canteen, but the accommodation was used practically to its fullest extent.

15,381. Have you had experience of men refusing to use the canteens and preferring to go elsewhere for their food?—Yes, and preferring to bring their food with them, as they had done all their lives. That form of conservatism was always there, but it was passing.

15,382. You say it is easier to get things done in a Government-controlled concern than in a private concern?—Because the advice given is taken as a command.

15,383. Who gives the command?—The manager.

15,384. From whom does the command come?—The expert makes the recommendations.

15,385. Is that a departmental person?—Yes.

15,386. You find in all cases that the manager complies, do you?—If he did not comply, then it was a matter of departmental consideration at headquarters.

8 May, 1919.]

DR. EDGAR LEIGH COLLIS.

[Continued.]

15,387. The manager has to take instructions from the Government department?—From the expert who visits.

15,388. Whether he agrees with the proposal or not?—Yes.

15,389. With regard to infantile mortality, do you suggest that there are other causes contributing to the higher percentage in the colliery districts than the actual housing question?—I have not suggested the housing question. I have twice replied to that that the atmospheric conditions are the most important.

15,390. You think that is the major proposition?—All the evidence points that way.

15,391. Are you acquainted with the powers of Local Authorities and County Councils in the matter of housing?—Not very intimately.

15,392. I suppose you know that they have the power to close houses which become insanitary?—Yes.

15,393. Do you know whether these County Councils have exercised their power to the fullest extent in the past?—No, they have not.

15,394. Do you think, if the houses are insanitary and the County Council have not exercised their powers, that they were culpable to that extent?—Yes, certainly.

15,395. You speak of the periodical examination for disease: do you know whether in Woolwich Arsenal and in the Dockyards there is a preliminary examination of men who are taken on?—I do not know whether it is for every form of occupation now, but it is a custom to examine men before they start work.

15,396. Do you think that is a wise precaution?—Very. I think it ought to be carried out far more than it is.

15,397. I think you also said that employers were willing during the war to do welfare work irrespective of monetary considerations?—Yes.

15,398. You also say that one of the active inducements was that they would get a proportion of the expenditure back in the matter of excess profits?—Yes.

15,399. Would you suggest that for the latter reason the activities of the employers in the various industries in connection with welfare work cease or would diminish now that the Excess Profits Duty is reduced?—I think it may diminish in proportion.

15,400. Are you aware that within the last year or 18 months the employers have taken up this matter themselves and have actually started a Welfare Association of their own?—Quite well.

15,401. Do you know that that Welfare Association has done very good work since it started?—Very good work.

15,402. Are you also aware that the number of the employers which subjected themselves to the benevolent control and who accepted the advice of this centralised expert has been increasing from day to day?—That is information to me.

15,403. If you were to accept that, would you rather modify your anticipation that the interest of the employers in welfare would now be reduced?—I did not say the interest in welfare would be reduced; I said the incentive to carrying out welfare improvements would be reduced—or, at least, I intended to do so.

15,404. I understood that the institution of such a thing and the co-operative efforts of employers rather tend to the belief that the incentive has not been reduced?—Getting instruction how to act and the incentive to do a thing are two different things. The Association which you are referring to now is doing its best to educate the employers in the advantages to be gained. Surely that is rather a different thing from the monetary incentive.

15,405. Do you really seriously suggest that the activities of employers with regard to welfare will be reduced from now on?—No, I do not, and I devoutly hope it will not, or I should have done poor work during the last two years.

15,406. Therefore you look forward to an increasing interest on the part of the employers in the welfare of the workmen?—I do.

15,407. I should like to know what is your view of the Welfare Association?—I admire it immensely.

15,408. May I ask you when the Government themselves began to realise the necessity for a welfare campaign—was it at the commencement of the war?—Mr. Lloyd George instituted the welfare and health work at the Ministry of Munitions in 1915.

15,409. What brought it to his notice?—The Health Munition Workers Committee's work.

15,410. Any special class of munition workers?—The committee on the health of munition workers was set up for all classes.

15,411. With regard to any special class of munition workers?—More particularly on behalf of the women who were coming so fast into the munition industry then.

15,412. I suppose you will admit that questions of welfare are questions of development?—Quite so.

15,413. And as things go on one realises a little more the importance of that?—Yes.

15,414. Would you admit that the sudden influx of female labour into industries where they had not been hitherto engaged necessitated immediately some attention being paid to welfare?—To speak frankly, we made that our excuse.

15,415. I am glad to find that the Government has still got to resort to that expedient. You say the supervision of the health and safety of workers cannot be left entirely to the workers themselves. Why do you say that?—Because they do not realise what is for their own good.

15,416. What is the result of their failure to recognise what is for their own good?—I should instance in the immediate industry under consideration the provision that there is under the Act that if two-thirds of the miners ask for baths they must be provided. I do not know the exact number of occasions on which two-thirds of the miners voted for baths in the Kingdom, but I believe they can be numbered on the fingers of one hand.

15,417. I am afraid you have taken an unfortunate example. Is it not the case that the miners have to contribute to the expense of these baths?—That I do not know.

15,418. You are more acquainted with the factories?—Yes.

15,419. You are acquainted with the provisions in brass and other dangerous industries with regard to washing and laying on of hot and cold water?—Yes.

15,420. Are you satisfied that full use is made of these precautions?—Not in every case, but it is not infrequent when the provision is first installed that it is not rightly or properly used. On the other hand, my experience is that use and proper use is soon made of it. I can remember one or two instances: one I have particularly in my mind where, soon after a code of regulations had been established calling for the provision of washing accommodation, I happened to be visiting the factory. The manager had a great deal to tell me about the way the soap had been removed, the basins broken, and the towels torn up; and he did not care very much about me. I happened to visit him seven months later, and my colleague said, "Ask him about the washing accommodation." I did not want to, because I thought again I should not be popular. However, I did. He said, "You know all about it." He said, "You know the men went out on strike last week because the water was not warm." Now that was only in six months, and it was in a district that was not considered to be a very forward district of the Kingdom industrially. It was in South Wales, not far from Swansea, in the metal industry. I could multiply instances like that.

15,421. The multiplication of these instances would prove one thing—that it is absolutely impossible in dealing with workmen to cut a hard and fast line and say to the workmen, "You must take advantage of this"?—That is what was done. We had the regulation; to the manager you must supply these things; and also the regulation to the workers; you have to use them.

15,422. Have you found that the regulation to the worker, that he has to use them, is of any value whatever?—Yes, I certainly think so. It was one of a

8 May, 1919.]

DR. EDGAR LEIGH COLLIS.

[Continued.]

code of regulations aimed at reducing lead poisoning, and it had its effect among other regulations.

15,423. Do you find the same thing applied in the case of mechanical precautions, such as guards? Have you found that they are removed?—Most certainly they are.

15,424. Have you found cases where appliances for such as chipping and so on are never used?—That is so.

15,425. Would you agree that welfare and safety are questions upon which the employer may require education and on which the workman equally requires education?—Absolutely. I am of opinion that you must get at the individual, otherwise you would be sure to fail.

15,426. Would you, therefore, say that it would be unreasonable to condemn the employers because they had, as is stated, failed to do what was necessary in the past with regard to the safety and welfare of their work people?—I am afraid I am bound to answer: Yes, I do condemn them.

15,427. Why do you condemn them?—They say that the workers do not know how to use these things.

15,428. I have not suggested that. I have suggested to you that the workers will not use them after they have been provided?—That, I think, is the very gravamen of the accusation against the employers, that the workers have not been educated in their use. The employer is the educated person, and he has the knowledge of hygiene in these matters which the workman has not, and it is to be laid to the charge of the employers that the workpeople do not know how to use them.

15,429. Are you talking from a sociological point of view or from the point of view of the Factory Act?—Both.

15,430. Then I assume you admit that the factory legislation has been one of progression?—Yes.

15,431. And to that extent the Factory Department of the Home Office is equally to blame?—The Factory Department of the Home Office exists to carry out the provisions of the Factory Acts. They cannot go further than Parliament has given them power.

15,432. I apologise. I am not quite *au fait* with the details of administration, but I suggest that it is unfair that you should take advantage of my ignorance in the matter. I refer to the Home Office: are they not equally to blame in the respect that they have not anticipated this matter?—What matter are we particularly dealing with now?

15,433. Welfare and safety?—They have powers under the Act of 1916.

15,434. To what extent have they exercised them?—Quite a number of orders have been issued already.

15,435. Such as what?—First aid for ambulance rooms, and rest rooms.

15,436. When was that issued?—I think in 1917, the 1st of January.

15,437. So that you have had to wait till 1917 to get an order by the Home Office providing four ambulances?—That is so.

15,438. You will admit that with regard to first aid, many extensive installations of first aid appliances had been made prior to that?—That is so.

15,439. At the top of page 2 in the first paragraph you say: "My experience as a factory inspector is that advice as to improving conditions of employment was more readily adopted in establishments under Government control, such as Woolwich Arsenal, or the Admiralty Dockyards, than in the majority of privately owned factories and workshops. Government industrial establishments come under the Factory Acts, and so are inspected." Of course you cannot prosecute a Government establishment?—No, you cannot.

15,440. You say in both of those cases "it was." What would you say about the present tense, not the past?—I am entirely speaking there of what was, because I am not now acting as a factory inspector. I am speaking of my experience during the time I was Inspector of Factories. For the last two years I have been in the Ministry of Munitions.

15,441. So that you are not in touch with what is going on at the present moment?—Not personally in touch.

15,442. With regard to the provision of nurses and provisions for the general welfare of young persons, would you say that a large advance has taken place within the last five years?—Yes; but why five years: I should say three. All the advances have taken place during the last 3 or 3½ years.

15,443. Would you, as a director of the Welfare Section at the Ministry of Munitions, take full credit for everything that has been done?—On behalf of the section we can fairly claim a great deal of credit.

15,444. You do not suggest that the employers are not altogether mindful of their responsibilities?—Oh, no.

15,445. Do you find now, so far as regards the welfare provisions, you have the same difficulties that you had at the beginning of your activities, so far as the employers are concerned?—My position now is rather anomalous in that the activities of the Ministry of Munitions have practically ceased in that matter, and I have not resumed work as a factory inspector: I am clearing up.

15,446. What are you now: are you between wind and water?—I am between wind and water. I am clearing up a lot of work.

15,447. Then later on we may get some information from you, when you get back to the Home Office, as to what has been done?—Possibly.

15,448. *Sir Arthur Duckham*: With regard to this welfare work at the Ministry of Munitions, you may know that I was at the Ministry of Munitions for a few years?—Yes.

15,449. I quite agree with you as to the work that has been done at the Ministry of Munitions with regard to welfare. The only point I would ask is whether the ease of getting money and the very drastic powers we had at the Ministry of Munitions were not two reasons for getting your work through?—They were very powerful reasons.

15,450. They overcame the difficulties of material entirely?—Yes.

15,451. You never knew of any case in which the Welfare Department did not get its own way practically?—There were practically no cases.

15,452. From the production side they were practically our bosses as far as the welfare was concerned?—Yes.

15,453. We could not say yes or no, that it was a wasteful scheme—we could not do it. I would ask you whether you know of any cases where this freedom with the nation's money—because, after all, it was practically the nation's money—and this very drastic power we had led to extravagance. Have you had any cases brought to your notice?—I cannot recall a case of what you would really call extravagance.

15,454. Did you ever have to pull up your people for being too lavish in their ideas?—Yes, when our officers sometimes came back and made recommendations, we had all recommendations vised at headquarters before they were carried out, and some of the officers would ask for more than was reasonable.

15,455. Did you ever get a department of the Ministry of Munitions pointing out that the recommendations were too lavish?—Yes, then it was a matter of consideration between us and we came to an agreement.

15,456. *Sir Adam Nimmo*: You were asked certain questions with regard to the treatment of nystagmus?—Yes.

15,457. And you suggested that it might be a very good thing to have an examination of the young lads with a view to see whether they were liable to be subject to nystagmus or not. Would that not necessarily involve a general physical examination of the lads?—I think a general physical examination of anyone who was going to devote his life to mining would be very advantageous, but on the point of nystagmus I think a general physical examination would not enable you to determine whether the youth would become nystagmant.

15,458. If you had to examine lads would you not examine them in relation to other defects which might become apparent in work?—Yes.

15,459. I suppose you might require to have a general physical examination of the men?—I am a great advocate of that.

8 May, 1919.]

DR. EDGAR LEIGH COLLIS.

[Continued.]

15,460. Do you think the men themselves would be willing to agree to that?—The present generation of men would not take to it very kindly, but wherever we have had to put on medical examinations they have always come to them and taken it as part of their employment very soon.

15,461. You do not think they would look upon it as another form of conscription?—Certainly; the medical examinations that we were carrying out during the war time in the factories we very nearly got stopped over because the men thought we were trying to find out whether they ought to be conscripted.

15,462. I was putting this question to see whether it did not inevitably carry you much further than you intended by implication?—The examination of the eye need not carry you further, but if you ask me should I look upon it as anything bad if it were carried further, I should say no, and if you ask me if I think, in the long run, no opposition would come from the workers, my opinion is that it would become perfectly simple to carry out.

15,463. As time went on?—Yes.

15,464. I think it was suggested to you that it would be a desirable thing to have a Health Department connected with industry?—Yes.

15,465. I suppose the question of general health is a public question?—Yes.

15,466. It is proposed to set up a department of public health?—Yes.

15,467. I take it that the questions involved in public health will come under the supervision of that department. It is rather suggested that the private employer does not take very much interest in the health considerations affecting his workmen?—Yes.

15,468. Taking the question of nystagmus, is it within your knowledge that certain doctors made a careful investigation into nystagmus, and that the late Sir Arthur Markham at once intimated that he was prepared to give a prize for the best electrical lamp that could be produced?—I was not aware of that.

15,469. Still, if it is true it shows that there are certainly employers who are very much concerned about the physical condition of their workmen.—Some employers are splendid.

15,470. And are anxious to do the best they can for them?—Most certainly.

15,471. May I ask you a question or two with regard to the infantile death rate among miners' children. You suggest that the main cause is atmospheric conditions?—That is the conclusion drawn by the Medical Research Committee's Report that was issued last year.

15,472. Would you say that it was fair to suggest that it might be very largely due to the increased birth rate?—I should not accept that.

15,473. I am not suggesting that we want any fewer births among the people. Is it within your knowledge that it is due to the increased birth rate among the people?—No, certainly not.

15,474. I take it that you are aware that the number of births per thousand persons among the mining population is very much higher than in other industries?—Yes.

15,475. Do you know the figures?—I have not them before me.

Chairman: I have two Medical Officers of Health coming to speak to this very point.

15,476. *Sir Adam Nimmo:* Then I do not want to press it any further. I take it that, generally speaking, your view is that supervision in respect of health is not inconsistent with freedom of control of production?—That is so.

15,477. You are not here to advocate that we must nationalise the mines in order to bring about the results that you have in view?—No.

15,478. As a matter of fact, I gather from your *précis* generally that you believe in freedom of movement?—Yes.

15,479. Do you agree that local organisation might come about without Government action?—Local organisation certainly could come about without Government action, but the general co-ordination of

knowledge so obtained could hardly be carried out without a central organisation.

15,480. Would there not be a certain amount of freemasonry, if I may use the expression, between the various medical men who were working in the various industries under such an organisation?—That is what has been tried in the past and has not been successful, so we are getting a Ministry of Health to-day.

15,481. The Ministry of Health would help to co-ordinate the organisation without the necessity of nationalising the means of production?—I think so.

15,482. I take it that in your view, from your experience, it is quite possible to carry out a scheme of co-operation between owners and workmen which would cover the interests of welfare and would see that better social conditions were established within the industry?—Certainly it is possible, but I have no example before me of action of that kind having been taken by any industry in the past. That is all.

15,483. But you rather suggested, I think, in part of your evidence that you saw evidence of a new spirit being introduced?—That is right.

15,484. You made it clear, I think, that there was what you call an added interest on the part of the employers?—Yes. It was not altogether final.

15,485. Is not the position this, whether on the Government side or the side of the employers there has been a great awakening as a result of the war?—Yes.

15,486. And that the action which the Government has taken has merely been in the light of these facts?—The Government has done a great deal to make the facts known and to ascertain the facts.

15,487. Is it not the case that the Government merely reflects public opinion at any time?—Yes, but in this case it has done more; it has ascertained the facts as well as making them known.

15,488. Would you agree with me when I suggest that there has been a levelling up in respect of public opinion generally upon this question?—I quite agree that there has.

15,489. And that if the industries are left entirely alone this spirit moving within the industry will bring about the results we desire?—I do not think so, because there is a great deal of knowledge to be obtained which can only be obtained by an organisation moving from industry to industry and comparing the facts, and you must have an organisation to be able to advance knowledge on these matters; then that knowledge is made known and public opinion has followed.

15,490. I think you suggested that this co-ordination of knowledge would be brought about by the public department without interfering with any freedom of movement in the industry in respect of its production?—That would be working on that line, but you have to have a central organisation to do it. That is what I want to keep clearly before you.

15,491. You are not suggesting that we should tie up the industry in order to bring about attention to these considerations of public health?—I am only concerned with the fact that the welfare and safety points are best conducted by a central organisation.

15,492. All that can be done without interfering with the management and administration of the industry?—That is for others to settle. I cannot express a skilled opinion there.

15,493. *Mr. Evan Williams:* You say that your experience of mining has been very slight?—Quite so.

15,494. Have you had sufficient experience to say that the conditions in factories are comparable with those of mining?—It is not comparable at all.

15,495. Is your knowledge sufficient to enable you to draw any conclusion as to whether the mines should be nationalised?—I have not made any suggestion about the nationalisation of mines. I have only pointed out what my experience has been in the past.

15,496. Is that a conclusion you wish to draw?—I do not wish to draw any conclusion on the matter. It would be absolutely presumptuous of me to put forward such an opinion.

8 May, 1919.]

DR. EDGAR LEIGH COLLIS.

[Continued.]

15,497. You do not think there is any necessity to nationalise mining in order to bring about a better state of things?—It would be equally presumptuous for me to say the opposite.

15,498. You think there is a necessity for regulation by Government and not by the employers themselves?—That is so.

15,499. And that the carrying out of these regulations must be seen to by Government?—Yes, that is right.

15,500. Is there any greater difficulty, as far as mines are concerned, in carrying that out under private ownership than there is under State ownership?—Only the experience I have had of the greater ease of getting compliance with the advice given by the experts in Government-controlled establishments than in private-owned establishments.

15,501. In Government establishments is there not mechanical obedience to regulations?—Practically.

15,502. Without room for any intelligent discretion?—No, I cannot accept your adjective.

15,503. *Mr. Arthur Balfour:* I think you agree that it would be wise for the miners to change their clothes when they come out of the pits and have them thoroughly dried?—Yes.

15,504. It has been suggested to you that the employers have been lax in the past century in connections with their employees' health?—Yes.

15,505. Do you not think that, if there is any blame, it ought to be shared by the Government for not setting up a Department of Health?—I naturally see things through my own medical spectacles, and it appeals to me. Perhaps I am a little prejudiced by being a medical man.

15,506. Has not the time come when the whole public health should be considered more than it has been in the past?—Yes.

15,507. It is true, is it not, that large extensions have been made during the war, and greater opportunities have been given for welfare extension?—Yes.

15,508. And that in these large national factories, where you have very large units, it is easy to provide for the welfare?—Yes, proportionately more economically.

(The Witness withdrew.)

EDMUND HENRY, EARL OF STRAFFORD, SWORN and Examined.

Chairman: The Earl of Strafford is a trustee of the late R. G. E. Wemyss, Esq., Torrie and Rennie-swells, etc., Coalfields. These are the questions that were sent out to him, and the answers:—

Question 1.

The acreage of your holding of land, and of the proved mineral rights?

Answer.

The acreage of Torrie Estate, including foreshore, is 1,383 acres, or thereby (Estate 756 or thereby; Foreshore 627 or thereby).

The coal and other minerals are let to the Fife Coal Company, Ltd., until Martinmas, 1939, subject to breaks.

The acreage of the Rennie-swells, Over Inzievar, Langleas, and Fernwoodlee Coalfield is 567 acres or thereby. The coal is let to the Coltness Iron Company, Ltd., until Martinmas, 1944, subject to breaks.

NOTE.—The surface of Rennie-swells, Over Inzievar, and Fernwoodlee belongs to A. D. Smith-Sligo, Esq., of Inzievar.

Question 2.

The total output of coal and other minerals, to date?

Answer.

Torrie Coalfield was let over fifty years ago, but the lease was abandoned. The field was let to the Fife Coal Company, Ltd., with entry as at Whit Sunday, 1908. The output of coal from 1912 to 1918 was 110,158 tons, and the lordship on coal sold during that period £7,116 17s. 6d. (79,259 tons).

Rennie-swells, etc., Coalfield has been worked for over fifty years, but the total output to date is not known. The output from 1909 to 1918 was 672,473, and the lordships on coal sold (575,731 tons) during that period £8,521.

No other minerals worked from these fields.

Question 3.

The average annual output of coal and other minerals (10 years' average)?

Torrie Coalfield.—11,016 tons output; sold, 7,926 tons.

Rennie-swells Coalfield.—67,247 tons output; sold, 57,573 tons.

No other minerals worked.

Question 4.

The royalty payable per ton, whether fixed or on a sliding scale?

Answer.

Torrie Coalfield.—One-twelfth of net selling price.

Rennie-swells Coalfield.—Fixed rates of lordship.

Question 5.

The average annual income?

Answer.

Torrie Coalfield.—(10 years' average), £712; average rate of lordship per ton, 21·537d.; pre-war average, 11·536d. sold.

NOTE.—The Trustees have paid to the Inland Revenue, in respect of Excess Mineral Rights Duty, years 1914, 1915, 1916, 1917, and 1918, the sum of £1,679 6s. 8d.

Rennie-swells, etc., Coalfield.—(10 years' average), £852; average rate of lordship per ton sold, 3·552d.

Combined Coalfields.—(10 years' average), 65,499 tons of coal sold (output 78,263); average lordships, £1,563; average lordship per ton of coal sold, 5·729d.

Question 6.

The nature of the root of your title or titles?

Answer.

(The lands of Torrie, Wester Inzievar, Easter Inzievar, and others):—

Precept from Chancery in favour of James Erskine Wemyss, dated 25th April, 1837.

Precept from Chancery in favour of James Hay Erskine Wemyss, dated 8th August, 1854.

(For Statement see next page.)

8 May, 1919]

EDMOND HENRY, EARL OF STRAFFORD.

[Continued.]

STATEMENT OF OUTPUTS OF COAL FROM THE TORRIE, RENNIESWELLS, AND INZIEVAR COALFIELDS BELONGING TO THE TRUSTEES OF THE LATE R. G. E. WEMYSS, ESQ., AND OF LORDSHIPS RECEIVED ON COAL SOLD, 1909-1918.

Name of Company.	Year.	Output of Coal.	Coal sold.	Lordship on Coal sold.	Average Lordship.	Notes.
1 <i>The Coltness Iron Company, Ltd.</i> (Rennieswells and Inzievar Minerals.) Average Lordship (The Coltness Iron Company, Ltd.), 3'55 3/4d. per ton sold.	1909	Tons. 19,696	Tons. 11,665	£ s. d. 134 0 0	d.	Lordships, per Treping Ton— Dunfermline Splint, etc., 4 1/4d. Lochgelly Splint, etc., 2 1/4d.
	1910	23,307	19,832	227 0 0	3'55 3/4d.	
	1911	27,093	19,639	225 0 0		
	1912	41,331	33,665	386 0 0		
	1913	76,855	68,066	879 0 0		
	1914	108,221	98,076	1,456 0 0		
	1915	89,546	79,482	1,231 0 0		
	1916	105,542	89,050	1,437 0 0		
	1917	96,825	82,950	1,304 0 0		
	1918	84,007	73,306	1,242 0 0		
		672,473	575,731	8,521 0 0		
2 <i>The Fife Coal Company, Ltd.</i> (Torrie Minerals.) Average Lordship (The Fife Coal Company, Ltd.), 21'53 7/8d. per ton sold.	1909	—	—	—	—	Lordship, one-twelfth of net selling price. Excess Mineral Rights Duty paid to Inland Revenue, 1914 to 1918.
	1910	—	—	—	—	
	1911	—	—	—	—	
	1912	3,277	2,689	124 17 5	11'145	
	1913	10,057	8,186	406 16 10	11'927	
	1914	17,069	13,294	696 0 10	12'566	
	1915	13,963	9,856	653 8 7	15'912	
	1916	16,529	11,155	1,163 0 9	25'022	
	1917	25,279	18,210	2,096 11 10	27'632	
	1918	23,984	15,869	1,976 1 3	29'885	
		110,158	79,259	7,116 17 6	21'537	

Total Coal sold—1909 to 1918,
654,990 tons.

Total Lordships,
£15,637 17s. 6d.

Combined Coalfields—
Average Lordship per ton,
5'729d.

Wemyss Estates Office,
East Wemyss, Fife,
5th May, 1919.

JAS. EDMOND,
Factor.

15,509. Mr. Robert Smillie: You say the acreage of the Torrie estates, including the foreshore; have you the foreshore down to low water mark? How far do you follow the seam?—That, I am afraid, I am unable to tell you.

15,510. Are you working on the sea coast?—It is near the sea that it is worked.

15,511. You say it includes the foreshore?—I think so.

15,512. That is along the sea coast?—Quite so.

15,513. Do you know how far your rights go out?—I do not.

15,514. The trustees have not worked any coal on this estate themselves?—Not on the Torrie estate.

15,515. Have the trustees of the Wemyss estate worked any coal at all?—Not the estate trustees.

15,516. The Torrie coalfield you say was let over 50 years ago, and the lease was abandoned. Do you remember what company had it 50 years ago?—No, I am afraid not.

15,517. Do you remember or not whether shafts were sunk?—I have no idea. I do not know.

15,518. The field was let to a private company in 1908. Did the output only start in 1912?—Quite so. From the figures here produced I suppose that is the case.

15,519. Will you look at the end of your *précis*; it is signed James Edmond, factor. Was this made up by James Edmond, factor?—That is so.

15,520. And simply put into your hands?—That is so.

15,521. It is usually taken that the *précis* that a witness hands in is his own and that he is able to speak to it. This is not yours?—It is not mine. It is prepared by the factor to the trustees.

15,522. Chairman: What is the name of the factor? James Edmond.

15,523. Would it not be more convenient for us to call him?—I think he could speak with more authority to the actual figures, as to how these figures are arrived at.

15,524. I quite agree with Mr. Smillie that it is far better to ask a gentleman who knows something about the subject than a gentleman who does not?—Quite so.

15,525. Mr. Robert Smillie: Perhaps the witness might know more about one point than even the factor, and that is about the titles. Have you ever seen this precept from Chancery in favour of James Erskine Wemyss dated 13th April, 1837?—No, I have never seen it. I think on the question of the title it would be better to call the law agents than ourselves.

15,526. I understand the Secretary invited Captain Wemyss, and Captain Wemyss said he was not the person who ought to be called; that somebody else ought to be called. This Commission has been set up for the purpose of inquiring whether or not it is in the interests of the nation to nationalise the mines and minerals?—Quite so.

15,527. We are anxious to know whether the minerals held under the land held by the Wemyss trustees should be nationalised, and we want to know whether in that case, as in hundreds of other cases, a title can be shown to justify the present owners?—Quite so.

15,528. Could you give us any information on that?—I could not personally give you any information without information supplied by the law agents of the trustees.

15,529. You are the Chairman of the trustees?—No, I am one trustee of three.

15,530. Who are the others?—One is the widow of the late Mr. Wemyss, Lady Eva Wemyss, and the other is Sir Rosslyn Wemyss. He is the First Sea Lord of the Admiralty.

15,531. Is he one of those for whom you are a trustee?—That is so.

15,532. You hold meetings, I suppose, occasionally?—Yes, we do.

15,533. Have you had a meeting since this Commission was set up?—No.

8 May, 1919.]

EDMOND HENRY, EARL OF STRAFFORD.

[Continued.]

15,534. Did you consult either of your two co-trustees before you came here?—I have seen Sir Rosslyn Wemyss, but not on these figures.

15,535. Did you get an invitation from Mr. McNair to come here?—Last night.

15,536. Was there anything added to that invitation as to bringing some documents?—No, I had a telegram which I received last night.

15,537. You have not as far as you know seen the charter or the title deeds or the precept from Chancery in favour of Erskine Wemyss?—To my knowledge I have never seen any of the legal documents.

15,538. *Sir Adam Nimmo*: You were asked by Mr. Smillie as to whether the trustees had worked any coal upon your estate, and I understood you said, No.—No.

15,539. Is it not the case that the late Mr. Randolph Wemyss spent enormous sums of money upon the endeavour to develop this estate?—Very large sums of money.

15,540. Did he not expend large sums of money in developing a tramway system?—That is so.

15,541. Was he not very energetic in laying out what would be regarded as very progressive houses for the workmen?—Certainly.

15,542. Associated with his colliery?—He did that.

15,543. It is publicly reported that as proprietor he crippled himself financially in an endeavour to develop the resources of his property to the fullest extent possible?—I think that may be so. Possibly I should not be here as a trustee if that were not the case.

15,544. In any case, we have here a proprietor who was particularly progressive in his endeavour to develop the resources at his disposal?—Certainly.

15,545. I assume that the trustees are opposed to the nationalisation of minerals?—I cannot speak on behalf of my other two colleagues.

15,546. *Chairman*: I see Mr. James Edmond is the factor, and his address is given as Wemyss Estate Office, East Wemyss, Fife.—Yes.

15,547. Is he unwell?—No. He may be here for all I know.

Chairman: I will call him.

Witness: No, he is in Scotland, I understand.

15,548. *Chairman*: Is he unwell that he is not able to come?—No, he is not unwell.

Chairman: Is Capt. Wemyss here?

Capt. Wemyss: I am here.

(The Witness withdrew.)

MICHAEL JOHN ERSKINE WEMYSS, Sworn and Examined.

15,549. *Chairman*: I have not the pleasure of having a proof of yours, so I must ask you one or two questions. When did you come into possession of the estate as tenant for life?—The estates are managed by 3 trustees and I am afraid I have not any interest in it at all. It all goes to the mortgagees. I am not even a trustee.

15,550. All the income goes to the mortgagees? Yes.

15,551. You personally do not know much about it?—No, not the estate management.

15,552. Who is the gentleman who would know all about it?—The factor, Mr. James Esmond, and Mr. Gemmell, the mining engineer.

15,553. We have had him here.—He is in the room now.

(The Witness withdrew.)

MR. JOHN TRYON, Recalled and Further Examined.

15,554. *Chairman*: Will you kindly go on reading your proof from the point where you left off yesterday afternoon.

Witness:

"Reasons against Nationalisation.

I base my objections on the following grounds:—

1. That minerals (except royal minerals) have always been recognised as private property and as such have been the basis of legal transactions between vendor and purchaser, lessor and lessee, mortgagor and mortgagee, and the financial security of the community is based on the sanctity of private ownership, and in cases where property has been compulsorily acquired it has been at any rate on the theoretical basis that the expropriated owner shall not suffer pecuniary loss. Hence on the acquisition of a business the expropriated owner has, generally speaking, been entitled to the cost of reinstatement. As regards proof of title, the Courts have held that a mere possessory title of twelve years when it confers an indefeasible title to the surface also confers it as regards the minerals under it, and it is idle to dispute the present legal ownership to-day.

2. That the payment of royalties to a Lessor makes it his interest to see that no coal workable at a profit should be left ungot or wasted and also tends to ensure that the colliery shall be so developed and worked that there shall be as little risk as may be of fire or other accident prejudicial to the life of the Colliery, in like manner that small houses built on land held under ground lease are generally far better built than those erected by speculative builders on their own freehold.

3. That a large part of the wealth of the persons constituting the Nation is fixed, such as land, mines, etc., but such fixed wealth is of little or no productive value without the application to it of floating capital. An attack on any form of fixed wealth tends to the

limitation of the application of floating capital to fixed wealth generally, thus depreciating the productive value of all fixed wealth whether the subject of the particular attack or not. This fact has been clearly demonstrated by the result of the special taxation of land by the Finance (1909-10) Act, 1910, which undoubtedly reduced greatly the building of houses from which the community is now suffering.

4. That any attack on fixed wealth causes great difficulty in borrowing money on the security of it. As a Director of a Financial Institution with funds of about 20 millions sterling, this is within my own knowledge. Hitherto Mining Royalties arising from developed and properly managed mines have been considered a sound security and basis for credit. It is in my opinion dangerous to the community to shake confidence in the permanency of such security. In my opinion the existence of such an enquiry as the present one in itself tends to bring along Financial trouble in our present state of indebtedness.

5. Seeing that the product of industry must after the expenditure of that required for cost of production be sufficient—

(a) To provide a sufficient reserve to maintain the industry and to replace that destruction of capital which is continuous, and provide for further development.

(b) To provide its due proportion of national revenue.

(c) To provide a sufficient rate of interest for money invested in it.

My view is that nationalisation would imperil the provision of all of the above because there would be continual political pressure to reduce the necessary profit whereby the national wealth would be diminished, whereas it is all important that there should be an accumulation of wealth.

6. That private ownership of commercial undertakings constitutes a large market for any invention

8 May, 1919.]

MR. JOHN TRYON.

[Continued.]

of practical use, while if the ownership is in one hand there is no competition, and the talents of inventors would not be likely to be put in exercise to the same extent under State as under private ownership. Coal mining with its allied trades does not appear to be any exception to this principle. Also young men of ability are more likely to get recognition at an early date under private than under State ownership.

7. That it is prejudicial to the community that the State should be an ever-increasing employer of labour unless the equivalent of Military Law is applied to State employees. A strike of workmen against a private employer is comparatively an unimportant event. A strike of workmen against the State is a defiance of the State.

8. That it is the function of the State to govern, not as such to compete with the governed in industry, and there is no reason why the State should conduct mining operations, which would not be equally applicable to agriculture. There is as great diversity in conditions of agriculture such as quality and value of land and of crops as in the mining industry. If the State carried on the industry of coal mining the great protection given to miners by the Coal Mines Regulation Acts would be seriously weakened. Officials of the State are not likely to be more competent or more careful than the managers of private enterprise. The probability is that every effort would be made to conceal any incompetence or carelessness on the part of the State official, while inspectors for the State are keen to detect errors in the case of private ownership.

An instance showing that the State is not immaculate because public recently in the case of the vendor of butter proved to be adulterated but admitted to have been supplied by the Government to him for sale, the Magistrate refusing to allow the prosecution to be withdrawn at the Government's request.

9. That the evidence of the Inland Revenue Authorities is conclusive that, so long as colliery owners were uncontrolled, the trade was content with the very moderate average rate of about 8 per cent. interest on actual capital invested in the trade, and I cannot find that colliery owners have done anything to justify their expropriation. I have read the evidence given by Sir Richard Redmayne with regard to alleged waste and the reduction in the cost of working coal under united effort. I am inclined to think that, as is usually the case, he has taken advantage on the credit side of all economies, but has not set off on the debit side the losses, as, for example, interest and sinking fund on expenditure. It must be borne in mind that all capital has to be got back during the lifetime of the mine, and in many old mines nearing exhaustion it would not pay to put in expensive plant now. In recent developments he admits that there is a great advance.

10. That iron and steel masters using great quantities of fuel require coal of special quality suitable for their purpose, and hence many of them have their own collieries. If these collieries pass out of their control they will have no certainty of having the quality of coal which they require, or, indeed, of getting the supplies they need. In these cases great injury might be inflicted on such manufacturers without any compensation therefor. Some of the miners' advocates seem to consider coal is of one description only, whereas it varies greatly even in different parts of the same seam, some descriptions being suitable for one purpose and some for another.

11. That the position of managers, and in many cases their income, depends on the successful organisation and administration of the undertakings they manage, each manager having to make his own concern a success, to the advantage of the public as well as of the shareholders. In practice it is very exceptional that a trade can continuously make an excessive profit while the application of capital to it is free, because high profits draw more capital to it and competition reduces profits.

The Government have already, as regards railways, converted an annual profit of 47 millions to an annual loss of 100 millions. They now propose to convert

an annual profit of 20 millions from the coal trade into an annual loss of 40 millions, which can always be easily done by limiting the value of the product of the industry and by forcing up the cost of production. Payment to owners of the property of its pre-war value by securities based on losses, instead of profits, from an industry seem to me to be a Gilbertian farce, and in the absence of full payment of value *bona fide* and honestly ascertained the State is merely a combined organisation for the wrongful conversion of the property of individual members of it. The credit of such a State must be impaired.

Railway Wagons.

On the question of waste as regards railway wagons, complaint has been made by those advocating nationalisation that there has been waste through owners having private wagons which are returned empty. Seeing that by the Rates and Charges Order Confirmation Acts 1891 of the railway companies it is provided that the companies shall not be bound to provide trucks for the conveyance of Class A merchandise (and coal is Class A) how could the colliery owners do otherwise than provide their own trucks? And in what respect is the complaint against mine owners justified? If any cause of complaint exists it would appear to be against Parliament, though there are grounds for private ownership of trucks. Complaint is made by advocates of nationalisation that by-product plants are not practically universal and as showing want of initiative on the part of the colliery owner. They are regardless of the fact that a great deal of coal will not coke—none of Lord Dudley's coal will coke, and unless coal will coke it is not practicable to use it for by-products. Lord Dudley consumes some 60,000 tons of coke annually, and I feel sure would give a very large sum to any one who could find out how to make coke suitable for blast-furnaces from his coal. With respect to by-products used for the purposes of war like those necessary for production of high explosives the Government refused to prepare for war and there was no market for such products in this country, nor any object in experimenting in that for which there was no market. On the other hand, Germany did prepare for war, and therefore provided themselves with material for which they knew the use they could put it to.

Housing.

With respect to housing, when mining in the South Staffordshire district began to be largely developed at the commencement of the nineteenth century, large numbers of colliers were permitted to erect cottages and improve land by making gardens on the then Earl of Dudley's land on payment of a very small rent. When John William Earl of Dudley died in the year 1833, he by his will left the estates to his cousin, the late Earl of Dudley, as tenant for life, the estates being strictly settled. Seeing that the cottages had been erected by the miners on the estates, and as the Trustees of the Will had no power to sell or deal with these houses at less than the improved value, they applied in the year 1847 to Parliament for power to sell to the occupiers at a price which would not include the value of any buildings or improvements, to pay compensation to any persons too poor or unwilling to purchase, and an Act was passed enabling the Trustees to sell at such prices as they might think fair but not at less than two years' purchase of the improved values of the property, and in their discretion to pay compensation for improvements to occupiers who did not purchase, the Act creating no trust for the benefit of the tenants. At that time (1847) there were about 2,000 such occupiers, about half of whom have at various times since the passing of the Act purchased their holdings under its provisions, and there are now about 800 tenants who hold land originally subject to the provisions of the Act and who are still charged for rent but little more than the rental value of the bare site, being at the average rate of between £4 and £5 an acre for the land occupied, including the houses and buildings thereon. Under the aforesaid conditions repairs are done by the occupiers. Some of the tenants have the enjoyment of more than one house. The Estate Office pays all the rates, including

8 May, 1919.]

MR. JOHN TRYON.

[Continued.]

water-rate, the cottage tenant repaying with the rent the rates paid on his behalf. On the death of a tenant it is the practice to give some member of the family the enjoyment of his holding, one who had taken care of an aged father or mother being generally chosen. The occupiers are not in any way limited to persons engaged in collieries or to persons in the employ of the Earl of Dudley.

When the Baggeridge Colliery began to be opened the question of housing was fully considered, and it was felt that it should be open to persons engaged in the provision of houses, such as builders, to provide them. The district is a populous one, and with industries on a large scale of many descriptions employing much labour. In fact the owner did not wish to compete unduly with the general public in supplying the demand for houses, while he was ready to provide the land. When it appeared that there was no inclination on the part of others to build, it was proposed to the colliery workers that they might form a company in which they would be shareholders, for the erection of houses with gardens to them, in which case Lord Dudley would let them land for a long term at a very small rent, and that two-thirds at least of the Directors should be workmen engaged at the colliery so that they might have the control, the remainder of the Board being representatives of management to assist in providing the necessary finance and give the Board the benefit of their experience, but the scheme was not accepted. It had been hoped that the proposal would encourage thrift and give the men a personal interest in the welfare of the concern."

15,555. *Chairman*: When was it that the Baggeridge Colliery was opened?—It began to be sunk in about 1900, and about 1911 it began to work. There were a great many roads to be made, and many things to be done. The Baggeridge Company was formed in 1911, and it was about 1912 or 1913, just before the war, that this proposal was made. It had nothing to do with the present housing schemes.

"A great difficulty with respect to the provision of houses arises from the fact that the Miners' Federation are opposed to what may be termed tied houses—that is, that the right of occupation shall depend on continuance of employment by their owner. I do not quarrel with the views of the miners, but it is obvious that if occupation and employment do not coincide the owner may, after having erected the houses, be again placed in the position of his workers being without houses, especially in a district where the industries are varied and there is competition for houses. It was partly on account of this difficulty that the proposal which would practically make the colliers their own landlords was put before them. When there has appeared to be any demand for land for the erection of houses, areas have been offered for sale by auction in suitable plots, and many sales have been made privately.

Accidents.

With reference to accidents in the mines, for very many years before the passing of the Employers' Liability Act there was a fund guaranteed by the owner, and to which he contributed more than half, to provide for compensation in every case of accident, the fund being administered by a committee of the miners. On the passing of the Employers' Liability Act the miners on the estate contracted out of the Act, preferring the benefits to which they were entitled under the then existing arrangements.

Of course, with regard to the Workmen's Compensation Act, we went under the Workmen's Compensation Act.

15,556. *Chairman*: You contracted out of that Act. I think there was a decision on that in 1893?—Yes.

"It has been suggested that it lies with the royalty and colliery owners to put forward some alternative scheme to nationalisation. I submit that the onus of proof that such a change would be of public benefit lies with those who demand it, and at present I know of no such proof.

Wages.

With regard to the division of the profits of the industry between capital and labour, there has for 40 years and more been a sliding scale of wages based

on prices. I see no objection to such sliding scale being based on profits, but I think that course would be prejudicial to the worker. The profits of a mine may be reduced, for example, by the necessity of pumping, while the selling price would not be reduced. There would be no reduction in average selling price, but there would be a reduction in average profits.

Valuation.

In the event of purchase of mines by the State, it is obvious that every colliery and royalty owner's interest would have to be the subject of separate valuation, but this is a question respecting which mining engineers are conversant and will give evidence, and therefore I do not deal with it."

The Chairman: Thank you, Mr. Tryon.

The Witness: May I say before I am cross-examined that there are one or two points that I want to add on account of what I have heard here?

15,557. *The Chairman*: Yes, will you do so?—One point was with respect to commons, because Lord Dudley is the owner of a considerable area of minerals under commons which have been enclosed and the Preamble to the Act of Parliament (24 Geo. III. 1784) for the enclosure is this: "And whereas the Right Honourable John Viscount Dudley and Ward"—they were Viscounts then—"is lord of the manor of the borough and foreign of Dudley aforesaid, and as such is entitled to the soil of the said commons waste lands and commonable places and to the royalties within the said manor or parish"—that is a true and accurate representation of the law. The soil of the commons never belonged to any member of the public who, as such, had no interest in it whatever. It was originally absolutely in the ownership of the lord. The lord, when he parcelled out his estate, kept so much demesne for himself, but sub-fued certain parts of the estate to freeholders, and he sub-fued certain parts of the estate—or at least did not sub-feu them, but he granted the occupation of certain parts of the estates to copyholders who were tenants who were at the will of the lord of the manor and part of the land was appropriated, the soil being in the lord, for certain benefits which the commoners had over the surface. Those rights varied according to the custom of every individual manor. Some had common of turbary (the right of cutting turf); others had estovers (the right of having wood or gorse); others had the right of putting sheep on them. These rights were generally and broadly speaking limited to the tenants of the lord of the manor, so that the ownership of the whole thing was limited to the ownership of the lord and his tenants. Then it being found, or Parliament considering, and both sides agreeing, in the latter part of the 18th century, that a great deal of this land was going to very little use, Parliamentary bargains were made between the lords and the commoners having these limited rights, to the effect that, instead of the commoners having an undivided right, not in the soil, but in what you may call the produce of the surface, they should have a defined portion of the surface subject to such rights as the enclosure Act might give to the lord, or provide that the lord should retain (not give to him, but allow him to retain) his ownership of the soil below the surface—in other words the minerals. For instance, in the case of the enclosure of Dudley, it being well known and it having been so for 100 years before the passing of the Enclosure Act, that there were mines, and it not being the intention of the legislature that the right of working those mines should be taken away to the injury either of the public, because the public wanted to consume them, or of the lord, it was provided that, "nothing in this Act contained shall prejudice or defeat the right or interest of the said Lord Viscount Dudley and Ward or the lord or lords of the manor of Dudley aforesaid for the time being of his or their lessee or lessees, in and to all mines of coals, ironstone, limestone, glass house pot clay, fire-brick clay and all other mines and minerals whatsoever except common brick-clay and common freestone and rubble or rotch stone, in or under the said commons, waste lands and commonable places but he and they shall, and may from time to time, and at all times hereafter, have, hold, enjoy

8 May, 1919.]

MR. JOHN TRYON.

[Continued.]

raise, get, take and carry away all such mines and minerals as aforesaid, as fully and effectually to all intents and purposes as he or they might or ought to have held and enjoyed the same before the passing of this Act, or in case the same had never been made, and for that purpose to use all pits already sunk down in any of the said lands and grounds and all gins, engines and buildings thereon erected or standing, together with full and free liberty, power and authority to and for the said Lord Viscount Dudley and Ward and the lord or lords of the said manor for the time being and his and their lessees and his and their agents, servants, colliers, minors and workmen to dig and get clay for making and burning of bricks, tiles, gutters and cress in and upon the said lands and grounds for the use of any colliery or coalwork now open or hereafter to be opened and worked, or for repairing any old or erecting any new buildings which may be requisite and necessary for carrying on working, raising and getting such mines and minerals and to bore, dig and delve for such mines and minerals, and from time to time to sink any number of pit or pits which shall be thought necessary." Then there is a proviso that whereas great damage would be done to the allottees by the exercising of these rights there was to be a subscription to a common fund from all the persons to whom the laws were allotted so as to make good the loss. Now that was the principle of the Act, and that is the law. You may alter the law, but I venture to say it is perfectly idle in these days to talk about a doubt as to the law. I have read the cross-examination of Lord Durham by Mr. Smillie, and he read a passage out of Williams, but the charming thing was that he did not realise the meaning of the word "estate." Of course, the King is the ultimate owner, but it is subject to "estate," and the estate which the King gave was an indefeasible estate in inheritance free from charge and encumbrance, which the King has no authority or prerogative to take away. He tried to take it away through his servants the other day in the case of the Royal De Keyser's Hotel, under the Defence of the Realm Act, and the Courts held that he had no prerogative to do anything of the sort. The only rights left in the King are about two. One is if the owner dies without heirs and without having disposed of his estate effectually, then in that case it goes to the Crown, representing the State; it goes to the King nominally, as the last ultimate person to whom it could go. The other case is, in the case of attainder, as to which I am not sure whether it still exists, but certainly it did for an attainder for high treason, and I think it applies to high treason still, and if a man is convicted of high treason he may forfeit his lands.

15,558. *Chairman*: High treason is under the 1870 Act?—Yes. I am speaking from memory. There is no other right in the King any more than there is in any of the Commissioners here.

15,559. *Mr. Herbert Smith*: Wo may get a legal opinion to differ with yours?—I do not think you will.

15,560. *Chairman*: That is what you want to say as to commons?—Yes. There is one other point, and that is this. I think Mr. Herbert Smith made a remark yesterday to Mr. Gemmell, which was in connection with the large amount of coal being lost in South Staffordshire by reason of carelessness in connection with drainage, and he asked whether that was not a ground for nationalisation. Now as a matter of fact the mine owners in South Staffordshire have nothing to do with the drainage. The drainage of the mines in question (I know all about it and have been to Parliament about it) was under a statutory body created in the year 1873, and they got increased powers in the year 1878 for borrowing and they borrowed, as every statutory body does. Afterwards, in 1901, they got further powers of getting money, but at that time, being insolvent, a receiver was appointed on account of the bond-holders. Mr. Edmund Howl was receiver, and I do not wish to say a word against Mr. Howl as being careless, because I do not think he was. He was receiver and had to carry out these operations. In the year

1914 there was another Act of Parliament by which all the pumps were sold with the consent of the mortgagees by Parliamentary authority to the Birmingham Canal Navigations, who are very largely interested in the water supply, because it is just about the top of their canal, and being short of water they are enabled to pump. Now this is the statement in the schedule referred to in the South Staffordshire Mines Drainage Act, 1914: "Now it is heroby jointly and severally agreed between the Commissioners the Canal Company and the Loan Commissioners as follows: (1) The Canal Company will as from the 1st day of January, 1913, up to the purchase of the fee simple of the freehold and leasehold hereditaments easements water pipes pumps and machinery specified in the schedule hereto (hereinafter referred to as 'the scheduled pumping stations') pay to the Commissioners for all water pumped into the Birmingham Canal in the Tipton District by the Commissioners except water pumped at Park Lane into the Wolverhampton Level under the provisions of the recited agreement of the 31st day of March, 1905, during the continuance of that agreement at the rate of 9d. per lock of 25,000 gallons, subject to a maximum payment for water so pumped of £5,000 per annum. (2) The Commissioners shall sell and the Canal Company shall purchase for the sum of £20,000 and in the manner hereinafter provided the fee simple of the scheduled pumping stations." Then that money was to be paid by instalments. If the receipts of the Commissioners were insufficient, the Public Works Loan Commissioners were for a period of 10 years to make up the deficiency, and the whole business was to be carried on wholly apart from the mine owners in South Staffordshire. That Act was put on the Statute Book in 1914 and is in operation to-day.

15,561. Is that a private Act?—Yes, it is what you may call a private Act.

15,562. Will you let me see it?—Yes. (*Handing.*) It is not the King's Printer's copy. I went to the Law Society this morning to see the date it was passed, and it is in their library. I wish to say that the circumstances attaching to that Commission were these: The mines are very shallow and the seams in the Tipton District were 30 feet thick and upwards; that it is impossible to get that coal without causing great fissures in the surface; that there are numerous canals and watercourses on the surface; that there is a drainage rate paid of a 1d. a ton by every mine-owner on practically the whole of the South Staffordshire coalfield towards keeping the surface in order; that there is a rate of up to 9d. a ton on coal raised in the Tipton District for providing cost of pumping; but last year things happened for which I do not think the miners were responsible, there were 39 inches of rainfall against a normal 25 or 26 inches, and the pumps, owing to the war, could not be repaired which they were wont to be, and at last in the fifth year of the war the "lift" broke and it went down, and I do not think that the "lift" will ever be recovered. I have seen one of the directors of the Canal Company since to discuss what is to be done. To say there is negligence was, I venture to say, a cruel slander upon Mr. Edmund Howl, who did his very best in the war under most difficult circumstances when he could not get a priority certificate for keeping the pumps in order, and when the nation was crying out for every engineering work, and there was an extraordinary rainfall. I want to put that point perfectly clearly—that there was no blame on the South Staffordshire mine-owners in respect of that drainage scheme whatever.

15,563. Who are the Commissioners under the Act?—The Commissioners were the mine owners, but it was taken out of their hands by the bond-holders and the receiver, and the Public Works Loans Commissioners themselves have made an advance. The Tipton District, where this applied, is one of the oldest districts. It was about the best coal, but it has been worked for certainly 200 years. There is some coal we have tried to get out, and we have let people grub about to see what coal they can find,

8 May, 1919.]

MR. JOHN TRYON.

[Continued.]

paying a small royalty of say 10s. a week to see if they could get 20 or 30 tons of coal so as to prevent any coal being lost. We have let them do that.

15,564. Have you the South Staffordshire Act of 1873?—Yes.

15,565. If you will let me have it, I will read it to-night?—Yes. (*Same handed.*)

15,566. You have said a few words as to commons and as to drainage. Have you any other point that you want to add to your proof?—The only question is this. I have explained the reason why I am against nationalisation. I think from a national interest the security of the finance of this country is much more important for the poor than it is for anybody else in the world. Employment is absolutely necessary and essential to them; if we get our financial position wrong, while I may be a poor man, they will be starving. I do not care whether it is the State or who it is, but if once we get our financial position wrong (I think it is in a perilous condition myself) we shall be all of us vast sufferers—every one of us. The moment you attack one form of property you attack every form of property, and that is the danger.

15,567. *Mr. Robert Smillie:* You made a very emphatic statement during the course of your recent remarks, and said that the miners were not responsible for the heavy rainfall. Are you quite sure of that?—I feel quite sure of that.

15,568. You give some reasons against nationalisation?—Yes.

15,569. Have you any reasons at all which you can give in favour of nationalisation?—I confess candidly that I look upon England as having been the greatest nation in the world by the individuality of not only the big men in it, but what you may call the little men in it—the workers as well as employers. For instance, I am a director, as you may have noticed, of steelworks. In talking to our works manager one day, I said to him: "Which do you prefer—a German workman or an English workman?" He said: "An English workman a hundred times. If we have a breakdown, there are half-a-dozen English workmen, each seeing what suggestion he can make. Some of them are foolish, but someone makes a good suggestion, and you adopt it and you get out of the difficulty. A German will stand with his hands behind his back and in effect say, "I await orders from my superior officer." I think it is this attitude of mind that has made England what it is in the past, and it is that which I want to preserve.

15,570. When you say "English"—?—Or Scotland, too. I beg your pardon. I do not want to get out Scotland.

15,571. And the Irish and the Welsh come in and do a bit of work?—Yes, of course; I meant British.

15,572. As a matter of fact you have rather a high opinion of the British workman?—I have, and I do not want him to go down.

15,573. You know the eminence which this country has reached under private ownership. Is it possible for you to know what it might have reached had it had an opportunity of working correctly in another direction?—I am not going to say, because I cannot speak positively, and it must be a matter of opinion, but what I do say is that I do not think human nature is good enough to-day. (I do not think we are good enough) for what you are seeking. If the time comes when we are all prepared to say not only what we demand but what we refuse to accept as being too much to accept—when the world has come to that—then I shall think differently of the condition of things altogether.

15,574. We are a long way from that yet?—I think that the natural reward of real industry is acquisition. I do not think it gives much happiness, but that is the natural reward and if you take away the stimulus I think you will gradually sink. Take a young fellow: If he does not get promotion at a certain pace, and if he is ambitious, he is very apt to lose patience and become a dead failure, whereas there is all the promise you could want.

15,575. Now let us see. You have given an explanation here about a central pumping authority being set up?—Yes.

15,576. Various mine owners or owners of the royalties contributed to a common fund for the common drainage, did they not?—Yes.

15,577. Supposing they had not done so, would not a large portion of the Staffordshire coalfield have been shut down previously to that? One owner could not have kept out the water: is not that so?—There are certain cases where combination is advisable. That does not say that combination is advisable in all cases. It may be in limited areas and to limited amounts, but I am not enamoured of very big schemes.

15,578. In this case, is it not a fact that the combination of a number of persons who paid into the common funds for common drainage saved a large proportion of the coal which would not have been otherwise secured?—I am not quite sure it would not have done better without the drainage scheme and if there had not been a combination.

15,579. Do you mean some particular employer would have pumped the water out and kept it going?—We have non-statutory arrangements to-day. For instance, at this present moment Lord Dudley has a certain engine for pumping (not in this Tipton district, but in another district) which pumps, and for which people voluntarily pay him a certain amount, because it relieves their mines as well as his own. Of course, union is strength in the world, I agree, in certain cases.

15,580. Would you let us confine ourselves to that? Does it make any difference whether it is statutory or done voluntarily? The point really is that one employer may not be able to expend money on pumping all the water?—I quite agree.

15,581. But by banding together, it would make it possible that all could work their pits?—Yes.

15,582. Now an extension of that would be if the mines were nationalised; and that there were a central pumping station and the water drained as far as possible?—Before you put a central pumping station up, you have to find out whether you will be able to get coal and be able to keep down the water. If you get 39 or 40 inches of rainfall and the barriers are broken and that sort of thing, great harm may be done because, of course, it is enormously easier to pump water from the 100 level than it is from the 400 level. It is an infinitesimal part of the case. When I hear people talking so glibly about barriers being taken away, I want to know what the water conditions are. With us the most vital thing in the world is the barriers.

15,583. Are you aware that the pumping machinery that has broken down during the war was long out of date, and it ought to have been replaced long ago with new machinery, and that that was proposed and they could not get the people to contribute to it?—This was the position: The bond-holders had taken possession.

15,584. *Mr. R. W. Cooper:* You explained to us in the beginning your view with regard to the English law of real property. I suppose we are all agreed that the late Mr. Joshua Williams was a somewhat eminent authority?—Yes.

15,585. And his son, Mr. Cyprian Williams, is now one of the conveyancing counsel to the Court and is also a great authority?—Yes.

15,586. I do not know whether the Commission desire to go into this or whether they desire to call Mr. Cyprian Williams to tell us what the law is, but I have marked certain passages in a book,* and I will ask you to read them to us?—At page 6 it says: "An English subject may enjoy the absolute ownership of goods, but not of land. The law does not recognise absolute ownership of land, unless in the hands of the Crown; and the greatest interest in land which a subject can have is an estate in fee simple, that is to say, an estate inheritable by his blood relations,

* "Williams on Real Property," 22nd Edition.

8 May, 1919.]

MR. JOHN TRYON.

[Continued.]

collateral as well as lineal, according to the legal order of succession, and held feudally of some lord by some kind of service. For by English law the King is the supreme owner, or lord paramount, of every parcel of land in the realm; and all land is holden of some lord or other, and either immediately or mediately of the King. But it must not be supposed, because an English subject can have no absolute, interminable and underived ownership of land, that proprietary rights in land are unknown to the law. On the contrary, the law secures to every one, who holds an estate in land, the exclusive enjoyment of his holding, and gives him the right to maintain or recover possession thereof against all others. To an estate in fee simple there are, moreover, now incident the rights of free enjoyment and free disposition; so that such an estate is well-nigh equivalent to absolute property. It is common to speak of landowners and the ownership of land; and such expressions are found even in Acts of Parliament." At page 12 it says: "To restate in words more indicative of its origin the distinction that one may be the absolute owner of goods but can at most hold an estate in fee in land:—By English law movable goods are the object of absolute ownership; but land is the object of tenure, that is, feudal tenure. Tenure may perhaps be defined as the relation between feudal lord and tenant of land. The principle of the feudal tenure of land was definitely established in our law after the Norman Conquest. It is well known that after the battle of Hastings the lands of those who opposed the Conqueror were treated as forfeited, and were granted by him to his own followers; while those of the English who submitted to him redeemed their lands, surrendering them and receiving them again from his hands. In consequence of the revolts against William's authority, which took place in the

first ten years of his reign, further forfeitures were incurred; so that, by a gradual process of confiscation and new grant, Normans were largely substituted for English, as the chief landowners over the whole kingdom. Now according to the construction placed by King William and his officers of justice upon the grants or re-grants of land made by the King, whether to his own followers or to the former owners, the lands were not bestowed as absolute gifts but were granted on the conditions of what is known as the feudal system of landholding. That is to say, the grantees were regarded as holding the lands of the King as lord on the obligation of fidelity and service to him, in which if they failed the lands would be forfeited and the King might resume them as his own. The service required of the grantees would in general be military service; that is, each would be bound to provide the King with a certain number of armed horsemen or knights as part of the feudal host." At page 26 it says: "Payment for services was no longer made in terms of land, but in money. Tenure, the relation between feudal landlord and tenant, while remaining in form, had greatly diminished in real importance; the freeholders of land had, in fact, secured all the advantages of absolute ownership except the form. By an Act passed at the restoration of King Charles II. military tenures had been finally abolished; a measure which relieved freeholders from all the oppressive incidents of feudal tenure and reduced to a *minimum* the interests of lords in their freeholding tenants' lands. The same Act, too, extended to landowners generally the full liberty of disposing of their fees by will, a privilege before enjoyed only by the more favoured classes among them, though free power of alienation *inter vivos* had been much earlier obtained." I think the law is without argument.

(The Witness withdrew.)

Adjourned to to-morrow morning at 10.30.

SECOND STAGE—TENTH DAY.

FRIDAY, 9th MAY, 1919.

PRESENT:

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. R. W. COOPER.

SIR ARTHUR DUCKHAM.

MR. FRANK HODGES.

SIR LEO CHIOZZA MONEY.

SIR ADAM NIMMO.

MR. ROBERT SMILLIE.

SIR ALLAN M. SMITH.

MR. HERBERT SMITH.

MR. R. H. TAWNEY.

MR. SIDNEY WEBB.

MR. EVAN WILLIAMS.

SIR RICHARD A. S. REDMAYNE (*Assessor*).MR. ARNOLD D. McNAIR (*Secretary*).MR. GILBERT STONE (*Assistant Secretary*).

Chairman: Gentlemen, I promised to make an announcement from time to time as to the class of witnesses that we should call. After hearing Lord Tredegar and Lord Bute this morning, we shall go on with the royalty owner witnesses who belong to Mr. Pawsey's Association. The Commission will either adjourn altogether at lunch to-day or at 3 o'clock this afternoon, in order that they may deliberate in private upon the evidence already given. After the witnesses of the Royalty Owners' Associa-

tion are called (I do not think we shall finish them all to-day) we shall call one witness representing the pioneer or boring companies which bore for coal in undeveloped coalfields. The next set of witnesses will be a number of witnesses from the Home Office as to health and safety in mines. Following those witnesses, and I hope somewhere about Thursday next, we shall call some Colonial witnesses and other witnesses to speak as to nationalisation or State ownership in the Colonies and abroad. Then towards

9 May, 1919.]

THE RT. HON. COURTNEY CHARLES EVAN, LORD TREDEGAR.

[Continued.]

the end of next week we shall call two distinguished gentlemen to deal with mechanical and electrical improvements in mines. On Tuesday week we shall take the case of the coal owners, and we shall hear from them their ideas and suggestions as to the future of the industry. That will be our programme for the next fortnight. I will now call Lord Tredegar.

Sir L. Chiozza Money: Sir, Sir Allan Smith was good enough to say that he would at a future date

continue his cross-examination of me, which was postponed. I should like, if possible, that that could be taken to-day, because I have some papers which I do not want to keep continually here, and which should be in a safe place. If he could cross-examine me to-day, I should be obliged. Of course, I do not mind postponing it if he wants to get up his case.

Chairman: Perhaps you will ask him privately.

Sir L. Chiozza Money: Yes.

The Rt. Hon. COURTNEY CHARLES EVAN, LORD TREDEGAR, Sworn and Examined.

15,587. *Chairman:* This is the *précis* of the evidence of Lord Tredegar:—

"1. My estates in which there are minerals are situate in the Counties of Monmouth, Glamorgan and Brecon, and my residences are at Tredegar Park in Monmouthshire and Ruperra Castle in Glamorganshire.

2. I succeeded to the Tredegar Settled Estates in 1913 on the death of my uncle, the late Viscount Tredegar.

3. The approximate area of my estates in the above three counties is 32,000 acres in Monmouthshire, 7,000 acres in Glamorganshire, and 43,000 acres in Breconshire, most of which consists of waste or common lands of the Lordship of Brecon. Of these areas only about 12,500 acres in Monmouthshire, 2,500 acres in Glamorganshire, and 3,800 acres in Breconshire contain coal.

4. I am confining my evidence to coal, as the other minerals worked from my estates are insignificant in quantity and value. I am quite unable to give the total output of coal from my estates, but on investigation I have ascertained that the average output of the estates in the three counties during the 6 years ending 31st December, 1918, was 3,564,500 tons of coal per annum.

5. The average royalty received by me on coal during the 6 years ending 31st December, 1918, was 4-997d. per imperial ton.

6. All the royalties payable to me are calculated on a fixed tonnage basis, and there is no case on my estate of royalties being calculated on a sliding scale dependent on the selling price of coal.

7. The average annual income received by me in respect of royalties and dead rents on coal for the 6 years ending 31st December, 1918, after allowing for concessions, was £74,397, and the average receipts in respect of wayleaves were £9,430.

8. It would be impossible on such short notice to go into the exact nature of the origin of my titles to my various estates, but they may roughly be divided under three heads: The first lands, which have been in the possession of my family from time immemorial, probably long before the Norman Conquest; secondly the purchase by my ancestors from the Earls of Pembroke and Montgomery of the Lordship Marcher of Wentloog (including Machon) in 1710, and the Lordship Marcher of Brecon in 1639; and thirdly the innumerable small purchases made by my predecessors in title.

9. For the development of the minerals on the Tredegar estate in Monmouthshire my predecessors have spent very large sums of money in the construction of railways and docks. My great-grandfather, Sir Charles Morgan, was largely instrumental in promoting the Sirhowy and Monmouthshire Railways, the former of which is now owned by the L. & N. W. Railway, and the latter by the G.W. Railway. My grandfather, the first Lord Tredegar, and my uncle, the late Lord Tredegar, were the chief promoters of the Alexandra Docks at Newport, and they between them have invested over £1,000,000 in cash in the construction of these docks on which a very inadequate return has so far been received. These docks, like the Sirhowy and Monmouthshire Railways, were intended principally for the development of the coal in Monmouthshire and have been very largely instrumental in facilitating the output of that coal.

10. Questions have been asked before this Commission by, I believe, Mr. Smillie and Mr. Tawney with regard to my Tredegar Park Milo Railway.

Every statement contained in those questions is incorrect and misleading, and founded on an entire misapprehension of the facts.

No wayleave whatever is charged on traffic passing over the Tredegar Park Mile Railway.

This railway has been constructed by my predecessors in title under statutory powers, and has ever since been repaired, maintained and renewed by the owner for the time being of the Tredegar estates, and in respect of it I am in the position of a statutory railway company, and am simply entitled, under various Acts of Parliament, to charge the company using my railway road tolls on the same basis as any other railway company charges a railway company having running powers over its railway."

15,588. *Mr. Frank Hodges (to the Witness):* Is your family in any way associated with the Herbert family?—There are several Herbert families. Which Herbert family do you mean?

15,589. I mean the family the founder of which is described as Sir William Herbert?—My family was connected with the Herberts of Clytha. That is the only Herbert I can recollect at the moment that my family is connected with. We have had a good many connections in our time, and Herbert of Clytha, I think, married one of my ancestors, so far as I remember.

15,590. You have not read the records, I suppose, which would indicate that your family was connected with the family of Sir William Herbert, who was a trustee under the will of King Henry VIII.?—No, I have no recollection of that.

15,591. You do not deny it, I suppose?—No.

15,592. Do you know the history of the transfer of property in that period?—No, I cannot say that I do.

15,593. You cannot give us any information as to what is described by the archivists as the Herbert Grant?—No, I cannot. I was asked to give information and evidence with regard to my property. I know nothing about the Herbert property. I can only give you evidence on the property which I own.

15,594. I am trying to get to that paragraph in the evidence in which you state: "It would be impossible on such short notice to go into the exact nature of the origin of my titles to my various estates." Have you ever heard of a document known as the Herbert Grant?—Never.

15,595. Do you know that King Henry VIII. appointed trustees to administer his will?—No, but I suppose he did—most people do.

15,596. I suppose you do know who was the successor of Henry VIII.?—No, I do not.

15,597. Was it not King Edward VI.?—At present I have forgotten. I am not a very good historian.

15,598. Our memory of these things wants a little burnishing up no doubt. I think we must accept it as a fact that Edward VI. was the son of Henry VIII., and that he was born in 1537, and that he only reigned for 6½ years. He was described as "the Boy Prince," and there is on record a document which proves (I put this to you, because I feel sure you have had it brought to your notice) that Sir William Herbert obtained a grant of land in Glamorganshire, in Usk, in Builth, in Cardiff, in Breconshire, and in Radnorshire, which is alleged to be signed by Edward VI. when he was ten years old. I have a copy of that grant in my hand, and you can get a copy from the Recorder in the Cardiff Museum.

9 May, 1919.]

THE RT. HON. COURTNEY CHARLES EVAN, LORD TREDEGAR.

[Continued.]

Mr. Arthur Balfour: Can we have that document put in?

Mr. Frank Hodges: Yes. I am going to ask in one moment that it shall be reprinted for the benefit of the Commission." For the moment I am quoting from the grant. It is described as "R.O. Patent Rolls, 4 Edward VI., Part IX, 7th May, 1551." I should like to ask that it be printed. I believe it is one of those documents still extant which shows how these lands were transferred in that period.

Chairman: Certainly. If you will give me a note of it at the adjournment, I will get it; it probably has been reprinted.

15,599. Mr. Frank Hodges: Yes. At present the original is in the hands of Mr. Wheatley, the Town Clerk of Cardiff, who might, if necessary, be subpoenaed to produce it. (To the Witness:) I am going to refer to a paragraph in this to see if you can recognise anything of the lordships referred to in the Usk Valley and Usk as being your property?—I do not own anything in the Valley of Usk at all.

15,600. I am going to ask you if you own any of the properties described as follows: The Manor of Usk, Usk Castle, the Lordships and Manors of Trellick and Caerleon?—I own a few houses in Caerleon—a farm I think it is. I would not be sure how much it is; but it is not very much.

15,601. Do you know the title of your holdings there?—No.

15,602. Have you enquired as to how you came by that?—No.

Mr. Evan Williams: May I suggest that as there is no coal in the Usk Valley this question is not relevant?

Mr. Frank Hodges: The relevancy of it will appear as we go along.

The Witness: May I add something which I have been told by my solicitor, namely, that the Manor of Caerleon was purchased from the Duke of Beaufort by my family about 10 years ago? I wish to say that I have not been able to go into all my family history since I succeeded. I only succeeded in 1913, and I have served for 4½ years in the war, and one has had something rather more important to do in that time than to go into family history, so that I am very rusty on the point of family history.

15,603. Would you say that paragraph 8 of your *précis* is equally rusty?—Very likely.

15,604. Apparently you have gone back to ascertain the title before the Norman Conquest?—Certainly.

15,605. I take it that that paragraph was set there by your legal adviser?—Certainly it was.

15,606. The reason I ask that question is that apparently you have not recently had time to study the history of your title?—That is quite true.

15,607. Do you own any property in Glamorgan-shire?—Yes.

15,608. Has that been purchased from the Duke of Beaufort?—No, not to my knowledge.

15,609. Have you yourself examined or caused to be examined your title to the minerals in what is known as the Tredegar Estate?—No, I have not examined the old deeds lately.

15,610. Have you satisfied yourself that they were purchased by your ancestors from another family?—I am perfectly satisfied they were. If they were not purchased and they were not my property under the present English law, some one would have already come forward and claimed them.

15,611. Not necessarily, because I have this document before me which shows that the tremendous tracts of territory in Monmouthshire, Glamorgan-shire and Breconshire were never purchased at all?—Some of my land of course was never purchased—the land we are alluding to before the Norman Conquest, which, I admit, I cannot trace for the moment; but I am sure there would be someone else who would have traced it if it were not mine.

15,612. I wish you had supplied to the Commission in your *précis* a little more in detail answers to the questions set out by our Secretary, because then one could have compared your existing holdings with what are described as properties under this charter.

A witness who will be called has set them forth very fully. Would it not be possible for you to set forth your holdings and show your title as previous witnesses have done, and, as I say, a subsequent witness proposes to do, showing when you came into the properties and whether they were purchased or not purchased?—That is quite easy, and it can be done. Of course it takes a little time. So far as I know, we have all the deeds which anyone can possibly have. There are a great many of them which are in dog Latin. I do not know whether you are an expert in dog Latin, but a great many are in dog Latin, and I am afraid, speaking for myself, that it would take me a long time to decipher them. But everything I have connected with my estate, if it is necessary for the Commission, is certainly at your disposal for examination.

15,613. If this Commission reported in favour of nationalising your minerals, and it also made a recommendation that you should be compensated for your existing holdings of minerals, would you claim a right to compensation, if you could not produce the title deed to a particular portion of it?—I do not propose at this moment at all to give my opinion as regards nationalisation. Although I must admit from the evidence I have read that I am strongly against nationalisation, yet I think I have the right, as a member of the House of Lords, to postpone any decision on the question of nationalisation until such a thing comes before the House of Lords in a Bill.

15,614. Let me put a rather simpler proposition. Supposing a man held property to which he could show no title in law, and the nation decided to sequestrate that property, would you say that man, as a principle, would be entitled to compensation?—Yes, if it is allowed by law. If it is not his property by law, of course he is not entitled to compensation. If the law of England to-day allows me to have property, I am entitled to compensation.

15,615. And no doubt you would pursue that opinion if such a Bill came before the House of Lords. You would oppose such a measure. Even if a man could not show a title to mineral property, if he claimed under the law that it was his property, apart from being able to show a title, you would take such steps as would adequately compensate him?—He must show a title. If it is not his property, he is not entitled to it. If under the law of the land, as I understand you, the man owns the property and the minerals underneath it by his title deed, then I say he is entitled to compensation.

15,616. But supposing he has no title deed?—Then he probably has not got the property; he cannot have it without.

15,617. It has been said here by the previous witness that if you hold something for twelve years you possess an inalienable right to it, whether you have deeds or titles or not?—That may be. That is a matter of law. I should prefer counsel's advice on that.

15,618. You know in South Wales there has been a considerable agitation in the past about the land, and so much so that there was a Land Commission set up some years ago. Do you remember that?—No, but there probably was.

15,619. There was a Land Commission set up, and that Commission failed to come to any useful conclusions because it had no authority to compel the production of documents and it could not compel witnesses to produce the titles to their property. Arising out of that were you made aware of a speech by Mr. Lloyd George on the subject of landlordism in South Wales?—Are you talking of ten years ago?

15,620. Yes, roughly?—I was not then the owner of the Tredegar property or anything to do with it. I was probably serving as a soldier somewhere. I do not recollect the thing at all. I did take interest in politics for a short period, but that is all. I am afraid I did not follow it and I do not know anything whatsoever about it.

15,621. Do you think from your experience that landlords in South Wales and mineral owners in South Wales have anything to their credit in the way of a creditable record in relation to the people?—I think so.

9 May, 1919.]

THE RT. HON. COURTNEY CHARLES EVAN, LORD TREDEGAR.

[Continued.]

15,622. Would you be surprised to find that Mr. Lloyd George in the year 1912 differed very violently from that view?—No, I should not be surprised.

15,623. Do you remember that the land question in the year 1912 in South Wales was a burning question?—No, I do not.

15,624. You were not, probably, aware of the current feeling, at least, in Welsh politics. At that time Mr. Lloyd George made a speech about South Wales landowners in Swansea in that year 1912, in June?—I am not aware of it.

15,625. I will read a quotation which might, as it is being read, sound rather familiar to you:—"It is trust property and we mean to examine the conditions of it. . . . Now we are seeking but our own. . . . In these South Wales valleys you have got hundreds of thousands a year paid in rents and ground rents and dead rents, and wayleaves and royalties and licences and fees, all of which I once called, and will call again, 'that black retinue of exactions'—who by? and by what right? Paid by men who risk their lives for it—paid by men who spend their days in dust and in darkness to win it. There is not a single day of their lives that they do not give two hours—two hours stolen from the sunshine, two hours of additional jeopardy to life—to pay these exactions. They come up to seek rest and restoration and they find crowded habitations—houses often unfit for human habitation. Landlordism has ground and oppressed them, so that when they come up, instead of finding renewed vigour and strength, they breed disease and degradation. The men whose wealth they make at the risk of their lives grudge them every inch of sunlight, air space, breathing ground. That is a trust that will be looked into."

Mr. R. W. Cooper: What is the date of that?

Mr. Frank Hodges: June 1st, 1912, in Swansea.

Mr. R. W. Cooper: What was the occasion?

Mr. Frank Hodges: The occasion was at the time when the revelations were brought to the notice of the public by the archivists of Cardiff Museum, who discovered the document which proved beyond all doubt how the property in South Wales passed.

Mr. R. W. Cooper: Whom was Mr. Lloyd George addressing?

Mr. Frank Hodges: The public in Swansea.

Mr. R. W. Cooper: Oh! it was some political meeting?

Mr. Frank Hodges: Yes, I presume it was a political meeting. That is not so very many years ago.

Mr. R. W. Cooper: It was when he was not in his present position of responsibility.

Mr. Frank Hodges: Yes, in 1912 he was in a position of responsibility.

Mr. R. W. Cooper: I said his present position of responsibility.

Mr. Frank Hodges: Well, he was Chancellor of the Exchequer at the time.

15,626. Would you agree that it would be a true statement of the affairs in South Wales?—Certainly not.

15,627. Do you think that anything has happened, even if it were true in 1912, to alter the relations between landlords and the workmen or mineral owners and the workmen since 1912?—No, I do not think so.

15,628. If that were true, would you think that the mineral owners should continue to hold such large tracts of minerals as are held in South Wales?—Yes, I think they should certainly continue to hold the mineral rights that they have.

15,629. Even if that statement of Mr. Lloyd George were true, they should continue to hold them?—Yes.

15,630. *Sir Adam Nimmo:* I understand from your *précis* that your ancestors have been in a special sense interested in the industrial development of your district?—Yes.

15,631. You mention that they have promoted railways and docks in order to bring about that development, and they have spent large sums on it?—Yes, they all have.

15,632. Over a long period?—Yes, over a long period.

15,633. May I ask you your opinion on this: But for this original enterprise on the part of your ancestors, would the district have been developed as it has been?—No, I should not think so. I do not think the facilities for getting coal would be as good as they are now.

15,634. The facilities would not be so good as they are now?—No, I should not think so.

15,635. So that the whole district as benefited largely from that individual enterprise?—I believe so.

15,636. Would it be your desire, in view of that situation, that this individual initiative should be continued?—Yes.

15,637. You go so far as to say that the prosperity of the country largely depended upon it?—Yes, I think so.

15,638. You have large mineral areas in your possession, have you not?—Yes.

15,639. Is it your opinion that you found individual effort sufficient to develop these minerals?—My experience, of course, has been very short, but I see nothing to doubt that individual effort has been very successful in that way.

15,640. Although your connection with your property may have been a short one, you have seen the fruits already of all the individual effort that has taken place?—I certainly have.

15,641. Do you consider that has been on a very big scale?—Yes.

15,642. Do you agree that the individual effort has been sufficient, so far as we have gone, adequately to develop the minerals in your district?—Yes, I think so.

15,643. Is it your view that any coal that is likely to be workable will be exhausted by the operation of that individual effort and initiative?—I should think so.

15,644. You have not any fear for the future in regard to individual enterprise fully developing any minerals that are still unworked?—No, not so far as I am concerned.

15,645. I suppose you would have the view, as a large mineral owner, that it is desirable in the interests of the nation that all coal should be worked that can possibly be worked?—Certainly.

15,646. And that no coal should be held up unreasonably and contrary to the national interest?—No, certainly it should not.

15,647. I suppose that if there were cases where coal was being held up in that way, you would agree that some form of machinery should be set up for setting it free?—Certainly.

15,648. And you would not object, as a mineral proprietor, to reasonable restrictions being put upon you to bring about that result?—Certainly not.

15,649. There might be a difference of view as to what the precise form of machinery might be, but you agree that some form of machinery ought to be adopted?—If it is found necessary.

15,650. And would you agree that that should be as simple and as direct a form of machinery as possible?—Yes.

15,651. Do you think we could get at the results which we desire to get at from the point of view of removing all obstacles for the working of coal by setting up some simple form of tribunal to which an appeal could be made either by individuals or corporations?—I do not think I can say that. I have not gone far enough into it. I should not like to say, but I should think you probably might.

15,652. *Mr. Evan Williams:* Has there been any reluctance on the part of yourself or your predecessors in providing land for building houses in South Wales?—Oh, none at all. We have always met in every way possible the building of houses. As you know probably, the building in colliery districts is certainly generally taken over by building clubs, which, I presume, consist in the mining districts of miners. They have their own particular pattern of house which they desire, and we have never on any occasion that I can remember ever refused land for building purposes.

9 May, 1919.]

THE RT. HON. COURTNEY CHARLES EVAN, LORD TREDEGAR.

[Continued.]

15,653. And these clubs are composed of the working miners at the collieries?—Yes. I could not tell you exactly, but they belong to the town, and I suppose they are all miners who have been thrifty and have saved money for building houses.

15,654. Do you make a stipulation as to the kind of house which is put up?—No; we often make suggestions, but we make no stipulations except that they must not be in a block of more than six houses. As a rule we recommend four semi-detached houses if they will put them up.

15,655. So that on your side there is no obstacle in providing plenty of fresh air?—In several cases lately there have been schemes for housing, and it was my wish, providing they put up a certain number of houses, to give them a certain amount of land free in order to provide air space and recreation.

15,656. The colliery companies have built a number of houses on your land for themselves, have they not?—I do not know so much about that. It is nearly all done by the District Councils and so forth.

15,657. Have you ever heard of any reluctance on the part of any other land owner to provide land for building houses?—No.

15,658. So that even Mr. Lloyd George is not in possession of all the facts when he makes speeches?—No, I am afraid not.

15,659. In paragraph 7 of your *précis* you say "after allowing for concessions"—what concessions do you refer to there?—There are various concessions from time to time where collieries perhaps are not doing very well, and it is necessary to make some concession or other to the colliery itself in order to promote the working of it.

15,660. It is a concession made to the colliery owners because they are in a difficulty?—Yes.

15,661. *Mr. R. W. Cooper*: Are these amounts of rent, the gross amount of your rent, subject to taxation?—Yes, the gross amount.

15,662. *Mr. Arthur Balfour*: Are you aware that undisturbed ownership of property in this country over twelve years creates a sufficient title?—No, I did not know that.

15,663. Do you know that in Scotland it is a longer period, 40 years?—No, I did not know.

15,664. Will you accept that from me?—Yes.

15,665. That being the case, do you think an examination of all these old titles is of any value to us whatsoever in considering whether the coal in this country should be worked nationally or in some other form?—I should not think so.

15,666. What purpose can be served by dragging out these old titles and examining them?—I do not know what purpose can be served in really keeping them, but I have to keep them under lock and key in a cellar and different places.

15,667. It would be rather useful to have them in case of compensation perhaps?—Yes.

15,668. On the other hand I pointed out to you there is such a thing as a possessory title when you have been in possession for 12 or 40 years?—Yes.

15,669. So that the only object in bringing up these titles is to arouse some prejudice in considering the situation: do you agree?—Yes.

15,670. Would you rather own your land on the basis of a legal title, that is, under the law of the land, or on the basis of some statement made by Mr. Lloyd George in a speech?—I think I prefer the legal title; I know where I am then.

15,671. You think his declaration might be very useful for getting votes but not for retaining the property?—Yes.

15,672. If this investigation has any value at all I take it that any miners' cottages that have been built or are in the possession of miners on property granted by charters which are questioned also ought to be confiscated?—Yes.

15,673. So that really you would break down the whole rights of property in this country and cause confusion, and Bolshevism, in other words. Do you agree?—Yes.

15,674. *Mr. Robert Smillie*: Did you say that you agreed with Mr. Balfour when he suggested that the questions asked about titles here were put for the

purpose of prejudicing the case? Did you say "yes" to that?—Prejudicing what?

15,675. Prejudicing the case that is before this Commission and that that was the purpose of asking for the titles?—Not the case of prejudicing nationalisation. I do not understand your question quite.

15,676. *Mr. Balfour* asked you: Do you not think that the questions being asked here as to the title are asked for the purpose of prejudicing the case for nationalisation? That was the question, and I think you agreed?—Oh yes, I do.

15,677. You agree that the miners' representatives here are deliberately asking you and others to produce the titles to their property in order to prejudice this Commission and the country against nationalisation?

Mr. Arthur Balfour: That is not the way in which I put it.

Mr. Robert Smillie: You put it in a way which, with all due respect, you had no right to put it.

Mr. Arthur Balfour: I had a perfect right to put it.

15,678. *Mr. Robert Smillie*: That is exactly the way you put it. (*To the Witness*.) The next question was, if we are entitled to ask for the titles of the land and failing their production we are entitled to confiscate the land, would we not be equally entitled to confiscate the cottages which had been built by miners with their own money?—If you are entitled to confiscate the land, you are entitled to confiscate everything, so far as I can see. You have to prove your title to it.

15,679. If you are entitled to confiscate land you are entitled to confiscate anything?—Yes, quite so.

15,680. I want to put it to you that it is quite possible for human effort, human brain and human hand to build cottages by quarrying the stone from the quarry, by cutting down timber, and by forming the timber; is that not so?—Quite so.

15,681. But is it possible for you or any other landlord in this country to create an inch of soil?—No, but we can develop it.

15,682. Development is not what we are talking about. Is it possible for you to create soil?—No, I do not suppose it is.

15,683. Is there not a wonderful difference between what can be created by human effort and confiscating something which the Creator made for the use of all people and which no one can reproduce? Is there not a great difference?—Yes, there is a great difference.

15,684. Would you reconsider your answer to the question, then, that you have as much right to confiscate the production of man's hand, brains and effort as you have to confiscate what the Creator made for the use of all men and which no one can reproduce? Do you still say you have as much right to confiscate the miner's whole life-savings in the cottage which he built as you have to confiscate the soil which neither Lord Tredegar or any one else ever did anything to produce? Is it on the same plane?—I say we have done a great deal to produce the output.

15,685. To produce the land?—To produce the land, no.

15,686. I will put my question again?—Very well.

15,687. I will put it so as to get a short answer. Is it on the same plane to confiscate the cottage built with the life-savings of a miner and built through his efforts as to confiscate the land which no landlord ever did anything to create? Is it on the same plane or level?—I do not think you should confiscate anything. I see no reason for confiscation in any case.

15,688. But surely you would be the last, as a legislator, to say that the State had not the right to do what the majority of the people of the State thought right to do. Are you aware that the landlords of this country and the House of Lords, who are not representative of the people, in the sense that they are not elected, have confiscated by law, passed in this House, millions of acres of land?—No, I am not aware that they have ever confiscated anything.

15,689. They have passed Acts of Parliament which have justified the title of people who had previously

9 May, 1919.]

THE RT. HON. COURTNEY CHARLES EVAN, LORD TREDEGAR.

[Continued.]

confiscated. Is that not aiding and abetting a theft?—I maintain they never confiscated anything or recommended it.

15,690. As a member of the House of Lords do you maintain that that House has never lent itself to the confiscation of public property?—I do.

15,691. Now let us turn to this wonderful Tredegar Park Mile Railway, in Wales. You say in your *précis* at paragraph 10: "Questions have been asked before this Commission by, I believe, Mr. Smillie and Mr. Tawney with regard to my Tredegar Park Mile Railway. Every statement contained in those questions is incorrect and misleading." That is your statement here?—Yes.

15,692. Let us see how far they are misleading. You say that your predecessors laid down that railway?—I do.

15,693. Am I right in saying it is a mile of railway?—It is one mile of railway. It is really six miles of line, because there are three double lines.

15,694. There is a very large output of coal that must come over that railway, is there not?—Quite true.

15,695. All the coal will be required to be left in unless it passes over that particular part of the railway?—No, it can be conveyed another way to Cardiff.

15,696. Are there any other railways by which the coal could be brought?—From certain districts there are.

15,697. I put it to you there is coal produced which must either remain at the colliery or come over that line of railway?—Probably so.

15,698. Is not that the condition at the present time?—That is the condition.

15,699. That the coal must be brought over that particular railway of yours or else remain at the pit?—Yes.

15,700. That means the industry there employed would be dislocated and stopped provided you cared to stop the right over your railway?—Yes.

15,701. That is to say, if you were to hold them up at any time to ransom and make them pay any price you care to?—I cannot make them pay any price I care to.

15,702. At the moment you cannot. I understand the drawing from the railway is £40,000 a year?—Then you understand entirely wrongly, and that is why I made that statement. Never since the railway was built has any owner of the Tredegar Estate ever received £20,000 a year—never.

15,703. Will you tell us now, to put us right?—I want to put you right.

15,704. I was quoting from a figure that has appeared again and again. If you will put the amount now and tell us the amount we will take you as an authority?—I am much obliged to you. I want to put you right straight away. There is no question of wayleaves over the railway at all. It is a railway company, the same as any other railway company, and my charges are governed by the Great Western Railway Company and other companies running over it. The charges that I am obliged to make by the agreement are precisely the same charges that they make one mile above and one mile below where this railway comes. You follow me?

15,705. Yes?—The charges are, to be correct, 563d. or something of a penny, whatever the ordinary charge is. It is under a halfpenny, anyhow.

15,706. I think I put it at a halfpenny?—You put it at a penny, as far as I remember.

15,707. I ultimately corrected that to one halfpenny and said £40,000?—That is why I put that in to show it was not the case.

15,708. I was including the amount per ton and the amount per annum. What approximately would be the amount per annum now?—The amount per annum I receive.

15,709. Yes?—£19,000.

15,710. That is less than half the sum that was reported?—Precisely; less than half the sum.

15,711. Do you know what it cost to lay that six miles of railway?—I think I can give it you. I think it cost £40,000—I am not sure; and if you would not

mind my mining agent giving you these technical points, it would be better. I am not absolutely certain.

15,712. £19,000 a year would be a very fair return, surely; or, at least, a non-fair return on £40,000?—I quite agree, a fair return.

15,713. You agree?—Yes, I do.

15,714. When you say that your charge was fixed largely, and by agreement largely on the basis charged by the railway company for hauling over their railway coal, I suppose we may take it they provide the engines?—Yes. The line is practically let to the Great Western Railway Company, do not you see, and they do all the haulage, but I do the repair and the maintenance.

15,715. You maintain that six miles of line?—I do.

15,716. You get rather less than a halfpenny per ton for all the material that goes over the line?—That is it.

15,717. For the erection of and the maintenance of that line?—That is it.

15,718. £19,000 a year is the average amount drawn on an expenditure of £40,000. Of course, the maintenance would have to be added to that?—Yes, that has to be added, and, of course, there are deductions in taxation; you will not forget that.

15,719. Quite. Do you really know how many Acts of Parliament have been passed between 1776 and 1867 affecting your holdings of land in 31 parishes; that is to say, the holdings of your family of land in 31 parishes in Wales?—I do not know how many Acts of Parliament. My solicitor, who is in the room, can probably give you that information.

15,720. You are Lord of the Manor of 26 manors in Monmouthshire?—Yes.

15,721. Have you 26 mansion houses?—I have not. I have two, and one is in a very bad state of repair.

15,722. We would like to help you to repair it. If it is insanitary it is bad for your family to live in. Do you know the Drim Mountain in Breconshire?—Yes.

15,723. Have you any connection with it? Do you take any minerals from under it, or a Lordship?—Yes, I do. That was purchased from the Earl of Pembroke and Monmouthshire in 1639; the whole of the Lordship of Brecon, I think it was.

15,724. Are you acquainted with the Ystradgynlais Parish Council?—Yes, I have heard of it.

15,725. I have a letter from the Clerk of that Council and they are very desirous that this Commission should ask Lord Tredegar to produce his title of the Drim Mountain; and especially the deeds appertaining to the royalties and the coal workings under the mountain. Is it possible you could oblige this Commission and also this Parish Council by doing that. They seem to be in doubt; they are your neighbours?—Drim Mountain is near the boundary and there has been in the past a law suit which was given in our favour. That was to do with a neighbouring tenant, and not to do with this particular Parish Council. All I can produce, as far as I know, is the title upon which this land was purchased from the Earl of Pembroke and Monmouthshire, who, I suppose, originally received it from the Crown—I do not know. All I can produce is that which would give the total area, and in that it is explained, I understand, there was a common and I have the right of working the minerals under that land.

15,726. I suppose this Parish Council may be looked upon as the custodians of the public rights at the moment in the parish?—Yes.

15,727. Do you think they have any reason to ask that your titles to the minerals under this Drim Mountain should be called for?—No, I do not think so.

15,728. You do not think they have?—No, I do not think so.

15,729. Is the surface of Drim Mountain common land or part of your manor?—It is common land.

15,730. You mean common land—the common ownership of the people?—I do not know that it is completely common land, but I am owner as Lord of

9 May, 1919]

THE RT. HON. COURTNEY CHARLES EVAN, LORD TREDEGAR.

[Continued.]

the Manor. The people have a common grazing right; that is to say, the tenants all round graze and pay no rent for it, and people, as far as I know, walk all over it. They have never been stopped. It is a good thing not to burn down the grass and heather, as that does damage to other people. It is not enclosed; it is a common and a very large area.

15,731. It is common in the sense that people have a free right of grazing or access?—Certain people have a free right. I will not say everybody has a free right of grazing.

15,732. Freeholders?—There are certain people who claim a right and have it to graze there, free of all rent.

15,733. You have not thought of preventing their doing so?—Oh dear no.

15,734. Would you be entitled to, do you think, if you made up your mind to do it?—I do not know. I take it there must be a deed which empowers them to do so. I do not know that I could prevent these tenants, even if so disposed.

15,735. You have never asked them to produce their title?—Never.

15,736. According to some people, if they were in possession of that for 12 years, they would not require a right?—Perhaps they do not; I do not know.

15,737. Mr. Balfour put it to you that titles are unnecessary as far as the Law of England is concerned, to justify possession, because if a person is in possession of a thing for 12 years you do not require a title. I think you said you were ignorant of that?—Yes, I did not know that.

15,738. You were not aware of the fact?—I was not.

15,739. You ought to pay a substantial fee to Mr. Balfour?—Yes, I think I ought.

15,740. Mr. Balfour immediately followed that by saying if you were asking for compensation the title deeds would be rather a handy thing to have in your possession?—Yes.

15,741. I think I can take it from you that you agree with him, and I think you did agree, if you ask for compensation title deeds would be rather a useful thing. The State would not be likely to compensate any person who could not show title deeds. The State would not be likely to pay compensation merely because a person could prove he was in possession for a number of years?—Very likely not. That is a point of law I do not know anything about. I should prefer to hang on to my title deeds until they are taken away from me.

15,742. I think it would be wise to. Your possessions, though not as extensive as some other

Welsh gentlemen, are very extensive in Monmouthshire and South Wales?—Yes.

15,743. I know your income from royalty rents and coal amounts to £59,000 a year over six years?—Yes.

15,744. You have been actively in the service of the country during the last four years?—4½ years during this war, and before for 20 years.

15,745. Were you connected with a Welsh Regiment?—No, I was not; I was a naval officer.

15,746. You are aware that a very large number of miners left the district round about where your possessions are?—Yes.

15,747. And acted, as you would expect them to do, very gallantly?—They did.

15,748. Do you think that it is altogether fair that those men should have been out there, and so given their lives for their country, and others coming back who have done their best should come back to a country where they have no possession of land, whereas you and many others possess many thousands of acres? Is that equitable and just for men who have made an equal sacrifice in the defence of the nation? In one case the common people have no land; in the other case it is held by the possessing classes. Is that fair?—I do not think that service for your country entitles you to land when you come back. I do not know that half the soldiers and sailors would want it if you gave it them.

15,749. You do not think that service for your country in war-time is a justification for expecting to get land for yourself. Would you believe that the largest number of landlords in this country claim that the land which they possess was given by the King for services rendered in war? You know that is a fact?—In some cases they have been; it is not all true.

15,750. Are you aware 100,000 acres or 200,000 acres have been granted by kings who had no right to grant it to persons who received it because of services rendered to the nation?—Yes.

15,751. Then why do you say that common people, colliers and other workers have no right to expect it?—I think if land is available, by all means let them have it.

15,752. It is only available providing it has been taken from you and those who possess it?—Is there any reason because I served in the war that I should have all my land taken from me?

15,753. I have no desire because you served in the war that you should lose your land. I desire there should be a more equitable distribution of land amongst those who served in the war?—I admit, with regard to those who did serve in the war, everything that possibly can be done should be done for them.

(The Witness withdrew.)

THE MOST HON. JOHN, MARQUIS OF BUTE, Sworn and Examined.

Chairman: I will read the *précis* of the evidence of The Most Hon. John, Marquis of Bute and Earl of Dumfries.

“1. *Acreage of holding of land and of the proved mineral rights.*

Land	...	...	...	123,582 acres.
Proved mineral rights	...	...	...	48,878 „

2. *Total output of coal and other minerals to date.*

I am informed that it is impossible to give this.

3. *The average annual output of coal and other minerals.*

This again is impossible, but in order to assist the Commission I have been supplied with particulars showing the average annual output of coal for the last six years (i.e., ending on the 31st December, 1918), which works out at 3,241,962 tons per annum.

4. *The Royalty payable per ton, whether fixed or on a Sliding Scale.*

Here again I take the same period of six years with the following results:—

(a) Fixed Royalties.

Payable on 85.31 per cent. of output.

Average Royalty (before deduction of Mineral Rights Duty, Increment Value Duty, Income and Super Tax), 6.42d.

(b) Sliding Scale Royalties.

Payable on 14.69 per cent. of output.

Average Royalty (before deduction of Excess Mineral Rights Duty, Mineral Rights Duty, Increment Value Duty, and Income and Super Tax), 1s. 5.92d.

(c) The average Royalty taking into consideration both fixed and sliding scale royalties (without making any of the before-mentioned deductions) is 8.14d.

5. *Average annual income received from mineral royalties and wayleaves* (without making any of the before-mentioned deductions).

For same period of six years.

From Royalties	...	...	£109,277
From Wayleaves	...	...	6,495

9 May, 1913.]

THE MOST HON. JOHN, MARQUIS OF BUTE.

[Continued.]

6. Nature of roots of title to mineral properties ...

Date.	Situation of Property.	Document.
1547—1 Ed. VI.	Manors of Miskin, Glynrhondda, Llantrisant and Pentrych and Clnn.	Grant to Sir Wm. Herbert.
1550—4 Ed. VI.	Manors of Rutbin, Senghennydd Upper and Lower and Rudry.	Do.
1792—29 Sept.	Tynywern, Parish of Eglwysilan.	Conveyance.
1793—11 Jan.	Manors of Llandough, Kibbor, Cogan, &c. Lands in Parishes of Llandough, Cogan, Penarth, Ystradyfodwg, &c.	Do.
1819—18 March	Lands at (amongst other places) Lavernock.	Do.
1819—10 Aug.	Maesbach, Parish of Llan-twit Fardre.	Do.
1825—5 Feb.	Craig Rhymney in the Parish of Gelligaer.	Do.
1826—4 April	Tymawr, Cwmeynon, Tyr Ralph, Blaenantywenallt, Tyr Evan Bach Draws, Aberdare.	Do.
1827—27 Jan.	Caer Llan and other properties, Llantrisant.	Do.
1834—16 Dec.	Moiety of Minerals under Tynwydd, Tonllwydd, Blaenselig and Llethrddu, Parish of Ystradyfodwg, Moiety of Minerals Penheol-Llechau and Cefn-Llechan, Parish of Llanwono.	Do.
1846—29 Nov.	Cwmsaerbren, Treherbert ...	Do.
1858—11 Dec.	Maesyfelin Llantrisant ...	Do.
1867—24 Ang.	Pwllypant Estate ...	Will of William Evans Williams.
1867—12 June	Twynygiden, Parish of Gelligaer.	Conveyance.
1872—7 June	Bedlinog Uchaf, Bedlinog Ishaf, Llwynrwn, Cwm-felin and Tyr-y-llan, Parish of Gelligaer.	Do.
1872—31 Dec.	Tir Maerdy, Parish of Gelligaer.	Do.
1875—2 April	Yagwyddgwyn Uchaf, Cilhaul and Glynymarch, Parish of Gelligaer.	Do.
1885—29 Oct.	Part Mwyndy, Llantrisant	Do.
1885—7 Oct...	Brithdir Ucbaf, Brithdir Ishaf and Tyladu, Parish of Gelligaer.	Do.
1886—30 April	Ffynonbwla, Parish of Eglwysilan.	Do.
1888—28 Sept.	Llan Tynwydd and Gedris, Parishes of Pentrych and Llantwit Fardre.	Do.
1889—12 Jan.	Moiety of Minerals under Mynydd Maio and Coedcae Gwillt, Parish of Eglwysilan.	Do.
1889—1 Feb.	Cefn, Llantwit Fardre ...	Do.
1891—12 Dec.	Graig Hill, Llantrisant ...	Do.
1896—22 May	Gwern-y-Mole Fachllantrisant.	Do.
1897—8 July	Ynyslyn, Parish of Eglwysilan.	Do.
1899—2 Jan.	Moiety of Minerals under Mynydd-Maio, Parish of Eglwysilan.	Do.
1899—11 Jan.	Penygroes, Parish of Eglwysilan.	Do.
1904—21 Dec.	Brynhae, Parish of Gelligaer.	Do.
1916—31 Dec.	Ynysallan, Llantrisant ...	Do.
1919 ...	Lanelay Fach, &c., Llantrisant.	Do.

The above have an area of about 7,000 acres and the purchase money paid represents over £240,000, £220,000 being paid in the last 100 years.

During the last 50 years mineral property to the extent of 2,317 acres has been purchased by the Estate at prices amounting to over £150,000.

All the above are situate in the County of Glamorgan, except 61 acres of the Pwllypant Estate, which is in the County of Monmouth.

The following are the properties in Scotland:—

Bute, Inchmarnock and Cumbrae, Southall, Dumfries Estate, Wigtonshire Estate, Sanquhar Estate.

With the exception of 6 small farms the whole of the above were purchased by witness or his predecessors in Title.

The 6 farms referred to contain no minerals. The only estate in Scotland belonging to witness which contains minerals is the Dumfries Estate."

15,754. *Mr. Frank Hodges*: I see that in paragraph (c) of your *précis* the average royalty, taking into consideration both fixed and sliding scale royalties, is 8-14d. per ton. Have you made any comparison between that average and the average of other mineral owners in the South Wales coalfield?—Yes, mine is a little higher.

15,755. Do you regard yourself as being the owner of the largest area of mineral property in South Wales?—I could not tell you.

15,756. Do you know of any who own more?—No, I do not know the extent of the holding of anyone else, I am afraid.

15,757. If I were to put it to you that you are drawing a higher amount of royalty per ton, on the average, than any other royalty owner, and that you draw in the aggregate a larger amount per annum, should I be stating a fair proposition? Would you deny that?—My royalty is higher. I do not know about the aggregate.

15,758. I think that is the fact?—Then take it by all means.

15,759. I see in your *précis* that the minerals which you now hold have come to you in various ways. Two portions you admit came to your family in the year 1547 and the year 1550?—Yes.

15,760. And both those properties comprise Miskin, Glynrhondda, Llantrisant, and Pentrych and Clun, Ruthin, Senghennydd Upper and Lower, and Rudry?—Yes.

15,761. Have you studied the history of the procedure by which the man referred to here, Sir William Herbert, received that property?—No, I have not done so.

15,762. Has anyone ever brought it to your notice casually?—The only thing I know about it is that one of the services for which he received these lands was the raising of an army. There were other services. I do not know what they are.

15,763. Are you quite sure of that?—So I have been told.

15,764. Suppose I quote the services which this knight is supposed to have rendered; it might help you to come to rather a different conclusion?—Perhaps so.

15,765. I am quoting from a copy of the actual document which granted him this property. "Know ye that we in consideration of the good true faithful and acceptable service which our beloved and trusty counsellor William Herbert Knight of the Order of the Garter Master of our Horse at his great charges to us hath lately done and performed against the Rebels in the west parts of this our Kingdom of England and for other causes and considerations." For quelling the rebels in the western parts of England these properties were conferred upon him. Did you know that before?—I have heard that, yes.

15,766. That is, a queller of revolutions?—Yes, or rebels. I do not know about revolutions.

15,767. I suppose you cannot quite dissociate rebels from rebellion?—I do not know who the rebels were.

15,768. So that was the kind of service. Apparently the theory that he raised an army does not quite square with that?—Yes, I believe it does. At all events he raised the army to quell the rebels.

15,769. The supposition is he raised the army to quell the rebels?—I suppose so.

9 May, 1919.]

THE MOST HON. JOHN, MARQUIS OF BUTE.

[Continued.]

15,770. Not for service in a foreign land?—I cannot possibly tell that; he might have done that, too. There might have been other services.

15,771. If that was the service rendered, who was the judge who recognised the value of that service?—I cannot tell you.

15,772. Was it the King?—I cannot tell you.

15,773. You do not know?—No.

15,774. The King signed this document?—Very well.

15,775. And he was between 10 years of age and 14 years of age when he signed it? You are aware that King Edward VI. did that when he was 15?—Yes.

15,776. So that in effect a minor, not a minor, in the sense of the law transferred to Sir William Herbert one of the greatest properties that has ever been known to be transferred to one man, except perhaps the Duke of Northumberland. Would that be a legal transaction, do you think?—Yes, I am advised it was a legal transaction.

15,777. Although he was only between 10 and 14 years of age, he had authority to grant that property to your ancestor?—Yes.

15,778. Your ancestor was one of the executors of the will of King Henry VIII., was he not?—I do not know.

15,779. Do not you think it would be rather an elementary duty of a man who holds such large takings as described in your *précis* to acquaint himself with the documents which entitle him to possess them?—I am afraid there are too many documents to go over. I should not have time.

15,780. I know life is rather a hurry, but fortunately someone found this document and preserved it. You are aware, are you not, it was regarded as having been lost for a couple of centuries?—No, I was not aware of that.

15,781. Are you aware it was discovered in the Record Office by a man named Hobson Matthews, who was in the employ of the Cardiff Corporation?—No.

15,782. You are not aware of that?—No.

15,783. Are you aware the Cardiff Corporation still possess this deed?—So I believe.

15,784. And in effect the conclusion is generally held in South Wales, by those best able to judge, that the executor of the will of King Henry VIII. appropriated for himself, under the signature of the King, who was then 10 years of age, all the Lordships of Miskin, Glynrhondda, Llantrisant, Pentyrech and Clun and about 30 more in addition in Monmouthshire and Breconshire. Are you aware of that?—No. I am not aware of that.

15,785. You live in Cardiff, I think, sometimes?—Yes.

15,786. Are you aware there is a paper published in Cardiff called "The South Wales Daily News"?—Yes.

15,787. That is rather contemporary, I forgot. This paper, commenting upon this article on June 1st, 1912, made this statement. I want to ask you if you might be likely to agree with it. "It will be seen that Sir William Herbert, one of the guardians of the boy King Edward VI., granted to himself enormous areas of land which at that time were in the possession of the Crown, using the boy King's name in order to enrich himself. The portion of the document which we publish refers only to the South Wales territory which Sir William Herbert secured in this manner. But he was equally rapacious in regard to properties in a number of counties in England—Middlesex, Essex, Wilts, Stafford, Gloucester, Somerset and Devon. For 360 years the industrial classes over a vast territory in South Wales have paid enormous revenues into the pockets of those who have inherited that property. Literally, millions of money in agricultural rents, mineral royalties, ground rents, &c., have been paid and received as the outcome of this gigantic fraud." I believe you know the "South Wales Daily News" pretty well?—Yes.

15,788. A very respectable paper?—I would rather not pass an opinion.

15,789. Did it not occur to you that such a statement that this property was held by fraud was a statement that should have been indictable?—I cannot indict all things that are put into newspapers about it.

15,790. If it is based on documentary evidence, I suppose that would rather deter you from proceedings, would it not?

Mr. R. W. Cooper: The person to indict would be Sir William Herbert.

Mr. Frank Hodges: I think there is some prestige in a family name people like to protect.

15,791. That being the case, if the nation at this stage, in the year 1919 or 1920, as the case might be—?—I do not know I agree that is the case.

15,792. It must be the case, because it corresponds with your own description of the manors of Miskin, Glynrhondda and Llantrisant, which are only part of the manors referred to in this document?—Yes.

15,793. As a matter of fact, your ancestor, Sir William Herbert, owned the whole of Cardiff. The taking of the property extends from Chepstow to Swansea, including all that valuable mineral property of the Rhonddas and Glyn Neath right down to Neath. The "South Wales Daily News" was very helpful. They produced a map—perhaps you might care to see it later—showing the extent of the land which he thus acquired. I am coming to this point. If that be the case, and this Commission decided that it was for the benefit of posterity that the minerals in that property, being of great national value, should be acquired back for the nation in the interests of the future, would you suggest that the nation now should compensate you, in this generation, out of public funds for the retaking of those minerals for national use?—Yes, I should.

15,794. You would?—Yes.

15,795. Even if that compensation burdened, to some extent, the poor taxpayers of this country?—I am burdened to some extent as a poor taxpayer.

15,796. As a matter of fact you are entitled, after paying the whole of your taxes out of that amount, to over £25,000?—That is so.

15,797. Do you sincerely suggest that after having held the property for 360 years on the signature of a boy King of 10 years of age, that when the nation wants it back the nation, out of its accumulated funds, or by taxes, should for this compensate you and your successive generations?—Well, the nation has recognised my right to it.

15,798. Exactly. Should it be continued indefinitely in that way?—I think it should.

15,799. Do you think for all time your children, your heirs and successors should enjoy what your ancestors have enjoyed for the last 360 years?—I think the right should remain recognised.

15,800. Do not you think if that were so, either you or one of your successors may in turn have to raise another army to quell another lot of rebels?—I do not think so. I see no reason for it.

Mr. Frank Hodges: It was because there were such indications that this Commission had to begin its sitting, you know.

Mr. Arthur Balfour: I do not know if you know that Mr. Smillie has quoted to us several times from Williams on Real Property as to the title of property?—Yes.

15,801. It is not Mr. Williams our colleague on the Commission? On page 593 he says: "So that the possession of land for a prescribed period"—that is the twelve years which have been mentioned—"will give a good title thereto as against all the world." Do you agree with that?—I understand that is correct.

15,802. Mr. R. W. Cooper: You have been asked questions about the history of King Edward VI. I suppose, like myself, you have not had an opportunity of refreshing your memory with regard to the history of that particular monarch?—No, I have not done so.

15,803. I suppose as a general student of history you know when a monarch is under age there is generally a Regent or a Council of Regency?—Yes.

9 May, 1919.]

THE MOST HON. JOHN, MARQUIS OF BUTE.

[Continued.]

15,804. And the powers of the Crown are exercised on the advice or through that Regent or Council of Regency?—Yes, quite.

15,805. *Mr. Robert Smillie*: I think you must be very thankful there are such things as clever lawyers in this country to protect you from time to time against the people?—I do not know. One suffers the other way sometimes.

15,806. I think the financial gain would be yours in the end of having the services of clever lawyers?—I do not understand. The financial gain?

15,807. Yes.—You mean the lawyers will not absolutely ruin me?

15,808. I think there was a little over £4,000,000 left at the death of your predecessor?—I do not know the exact sum. It may have been.

15,809. It was given as over £4,000,000?—I think so.

15,810. I think it may be taken that that is a larger share than the vast majority of people of this country possess?—Yes, I believe it is.

15,811. I think your family are of Scottish origin?—Yes.

15,812. They have not confined their attention entirely to Scotland?—No, not entirely.

15,813. Unfortunately for the Welsh people. You have some mines in Dumfries?—Yes, in Ayrshire.

15,814. Is that Sanquhar?—Only one farm, 80 acres.

15,815. You have nothing to do with the coal there on the borders?—No, nothing to do with it, unless there is coal under the 80 acres, but I should think it is all worked out.

15,816. That is on the border line of Ayrshire and Dumfries?—It is in Dumfriesshire, I think, really.

15,817. There is no coal coming out there?—No, I do not think so.

15,818. Have you had anything to do with the lead mining industry?—No.

15,819. I think it is sometimes very convenient for gentlemen in your position to be fairly well represented on public authorities, such as the Cardiff Town Council?—I do not know about that—what did you say?

15,820. I was saying that with regard to gentlemen in possession of immense interests roundabout a city, such as docks, railways, mines, and so on, or minerals, it is in your interest that you should be fairly well represented on the Town Council or County Council, so that when questions affecting you come up your position may be 'out'?—It certainly would make discussions easier, I think.

15,821. I think, generally speaking, your Factor whenever an opportunity presents itself gets elected to every County Council?—Yes, it is generally done. If one is a big ratepayer one is represented in that way. I am on the County Council myself.

15,822. In your case do you expect that your interests, generally speaking, should be put before the interests of the community on all occasions?—No, not before it necessarily.

15,823. Are you in possession of the whole of the Isle of Bute?—No, all except the town property.

15,824. Do you know historically whether at one time a very large number of people owned land in the Isle of Bute?—Yes.

15,825. Do you know whether the Marquis for the time being watched very carefully for the death of one of these freeholders and that on his death he sent his agents to collect the titles so that he might sign them?—No, I do not.

15,826. And those titles never were returned and those people had to pay as tenant farmers after that?—No, there are none of them left. None of the persons are left. My ancestor bought up direct what used to be called the Barons of Bute.

15,827. It is alleged—I have no documentary evidence at the moment to prove the method of buying—it was to secure the title deeds and making people believe they were going to be re-signed and transferred; but they were never returned and immediately those people had to pay rent. If that is so, and I could prove it was so, you would not justify for a moment an action of that kind?—It does not seem a very fair proposition.

15,828. It would not seem fair with a person who had the title that the Marquis of Bute should collect that title on his death and keep hold of it and then charge him rent. That would not be fair?—No.

15,829. If that has been done by your predecessors, and we could prove it was done, would you recommend those people who had been wrongfully robbed?—It is not proved; it is a matter for law.

15,830. If we can bring proof?—If you can bring proof—that is entirely necessary.

Sir Arthur Duckham: Is there any possibility of this proof coming forward? It is rather interesting, and, if there is a possibility of getting it, it should be put in.

Mr. R. W. Cooper: I understood Lord Bute to say there are no mines in the Isle of Bute.

Sir Arthur Duckham: I think the onus should be upon Mr. Smillie.

Chairman: We are getting a little wide. Mr. Smillie will not be much longer now.

Mr. Robert Smillie: His Lordship professes his predecessor, the Marquis of Bute, bought them out. If he bought them out and paid them, there will be receipts to prove that. The proof should be on him to show it. At the present time, they are paying rent.

Mr. R. W. Cooper: I must respectfully protest.

15,831. *Mr. Evan Williams*: When your father died in 1900 you had to pay death duties on all the minerals under your estate?—Yes.

15,832. Both developed and undeveloped?—Yes, undeveloped also.

15,833. At that time the State acknowledged your title to the minerals?—Yes. I paid for them, anyway.

15,834. How many mineral lessees have you, altogether, in South Wales?—In Wales I have about 25.

15,835. Twenty-five lessees?—Yes.

15,836. How many leases?—About double the number.

15,837. Have you any disputes with any of those lessees at the present time?—No, no disputes now.

15,838. With regard to the working of the minerals?—I have not had for a long time.

15,839. Have you had any requests from any of your lessees for concessions of any kind?—Occasionally, there have been concessions.

15,840. You have been requested to make concessions?—Yes, in hard times concessions have been made.

15,841. You have made them?—Yes, in one or two cases very heavy concessions were made.

15,842. Can you give us some idea of the extent of them?

Chairman: Mr. Harris might assist your lordship?—Since 1859 nearly £150,000 has been given away in concessions.

15,843. *Mr. Evan Williams*: You have remitted £150,000 of the amount due to you under the leases?—Yes.

15,844. Your ancestor really created the Bute Docks, did he not?—Yes, he started them. He started to build the Bute Docks in 1830, I think it was.

15,845. And spent a very large amount of money altogether?—Yes, he spent all the money he had anyway.

15,846. The existence of those docks has contributed very largely to the development of the South Wales coalfield?—That was the pioneer work, I think one may say, of the coal industry.

15,847. Do you know what the total amount of money spent upon the Bute Docks was?—The total capital was about 5½ millions, I should think.

15,848. What revenue do you get?—I get only 1½ per cent. from that.

15,849. The income you get from that expenditure is 1½ per cent?—Yes.

15,850. On the capital?—Yes.

15,851. Have you yourself, or your predecessors in possession of the estate, done anything in the way of development of mines?—Yes, my grandfather started the first sinking. He was the first to sink

9 May, 1919.]

THE MOST HON. JOHN, MARQUIS OF BUTE.

[Continued.]

down to the steam coal area. That was the Bute Merthyr Colliery at Treherbert.

15,852. When was that?—1850.

15,853. He was one of the pioneers?—I think he was the first to get down to the steam coal area.

15,854. Since that time has the development been continued by the Marquis of Bute?—Yes. I still work one mine. It was worked by a lessee who had a 99 years' lease, and he had got into trouble and could not continue, and my father took on the work then, and since then we have pulled it through.

15,855. It was in difficulties before your father took it over?—Yes, it was.

15,856. Because it was in difficulties he took it over?—Yes. They were £20,000 or £30,000 in debt and could not run it, and it had to be run for some years at a loss.

15,857. By the previous owner?—By my father.

15,858. After taking it over?—Yes.

15,859. On the whole, there has been a good deal of minerals worked by the Bute Estate itself?—Yes, the same thing happened in the case of the Abernant Collieries.

15,860. You have not been simply an owner of minerals but a worker of minerals as well?—We have always worked a certain amount ourselves.

15,861. *Sir Adam Nimmo*: Following up the questions asked by Mr. Evan Williams, I suppose your mineral properties have been very largely developed?—Yes, they are practically all let.

15,862. Practically all your coal is let?—Yes.

15,863. The whole development has taken place as the result of private enterprise?—Yes, undoubtedly.

15,864. I suppose, particularly in the South Wales coalfield, very heavy risks have been taken by these individuals?—Yes, very heavy risks; it has been very difficult.

15,865. Your view, I suppose, will be that private initiative and enterprise have been quite equal to the full development of your mineral property?—Yes, as far as my property is concerned that is certainly the case.

15,866. May I take it that if private enterprise is left to itself it will continue to be equal to the fullest possible development of minerals in the national interest?—Yes, I certainly think so.

15,867. Would it be your personal view, having regard to the developments that have taken place, that this principle of individual initiative and enterprise should be continued?—It seems the most satisfactory one I can think of.

15,868. We have had it stated very frequently in evidence that there are cases where coal may be held up contrary to the national interest or where coal has been lost contrary to the national interest. Would your view be that that should be prevented as far as possible?—Certainly; I always do prevent it as far as possible. As far as I am concerned, my object is to develop.

15,869. Your whole object is to develop your minerals to the fullest extent possible?—Yes, it always has been.

15,870. Assuming there were such problems as I have indicated, as far as you are concerned as a proprietor, you would be prepared to accept any restrictions that might be required to be put upon you to solve this problem?—Certainly; if there were difficulties in the way.

15,871. And set free the coal to the fullest extent possible in the national interest?—Yes.

15,872. *Sir L. Chiozza Money*: With regard to the questions asked you by Sir Adam Nimmo, do you think in view of the very great importance of coal to the economy of the country, that the mineral resources of the country ought to be under the control of private individuals?—I think it has worked very well so far. I am bound to say the trade has developed very fast.

15,873. Do you know it is the opinion of some people, at least, who have studied the economical history of this country that we are 25 years at least behind the point where we ought to have reached in economic development because of the private ownership of minerals?—I do not think it is so. You say

it is because of the private ownership. Are those publicly-owned far ahead?

15,874. You are aware, are you not, the answer to that is the inventions of the steam engine and railways were British inventions, and those inventions gave, as they probably ought to have done, the leadership to this country. In spite of that leadership is it not a fact that the private ownership of minerals did retard the progress of this country for a great many years?—I am afraid I do not agree.

15,875. You are aware that through the private owning and working of minerals during a period of three quarters of a century which ended only in 1845, coal was sold abroad at a cheaper rate than it was at home?—I am not aware of that.

15,876. Do not you think it is a reasonable conclusion from that, if that took place down to nearly the middle of the 19th Century, that did retard the progress of this country enormously?—No.

15,877. To come to the present day—I make no personal charge in this matter, it would be wrong for me to do so because I do not know your particular method of working—are you aware that in a considerable number of cases, even still, there are very grave disabilities relating to the working of coal which relate to the private ownership of coal?—I am not aware of that.

15,878. Do you know they were commented upon by the last Royal Commission on coal?—No. I am not an expert. I am not an engineer.

15,879. I put it to you that you being the owner of a coal area which is probably richer than the coal area of many of our colonies, is it not rather an unfortunate thing that the government of that coal should be in the hands of a private individual, who may be enterprising, or, again, might not be enterprising?—No, I do not think so—why?

15,880. Assuming you are as enterprising as you ought to be; is it not conceivable you might have a successor who would not be enterprising and would be unreasonably. Is it not conceivable?—It is conceivable, perhaps.

15,881. Does it not really happen? Do you know, during the war coal has been held up, on the evidence of Sir Richard Redmayne. He gave a number of extraordinary cases in which not only caprice was shown in the holding up of coal, but what one may call childish caprice?—I have not held it up.

15,882. Are you aware a Governmental Committee has reported there are 14 categories of disabilities with regard to private ownership?—Is that so? There are snags in most things.

15,883. Does not that suggest private ownership cannot be a good thing for the country?—No, it might happen in other cases.

15,884. Can you tell me whether you have to have a sort of official body of men to help you in this matter of coal ownership?—Yes.

15,885. Can you tell me how many there are—you have a sort of Minister of Mines, have you not?—No. I have a mining engineer.

15,886. That is what I mean. Can you tell me what sort of a staff he has?—I cannot tell you the whole of his staff; it is according to his work. He has three or four I know.

15,887. You do not know how many it is?—It takes to manage the whole of this property?

15,888. Yes?—I might make a shot at it. I had better not; I might be wrong.

15,889. If I have to make up mind whether it is good for the minerals to remain in private ownership or come under public ownership, does the private owner, assuming he is an enterprising individual, have such a staff under him as to enable him to enforce the conditions of leases and to see that houses are put up if there are conditions relating to houses? Can you tell me what sort of a staff you have to help you to do that. It is a government, is it not?—Simply with the mines?

15,890. Yes. With all your mining leases what sort of government have you because it is a government. I am anxious to know. I wanted to ascertain from the other witnesses. Perhaps you can help me?—I have a lawyer to start with; a mining engineer, and they have their staffs.

9 May, 1919.]

THE MOST HON. JOHN, MARQUIS OF BUTE.

[Continued.]

15,891. Are there many different kinds of covenants under these leases with regard to the getting out of coal with regard to shorts, houses, and that sort of thing?—There must be. I am not an expert. There must be a lot of covenants.

15,892. It presents itself in this way to me. You govern part of this country with your riches in coal—more than New Zealand probably?—Is there much coal in New Zealand?

15,893. No, that is what I say. Curiously they consider it a very considerable quantity and you

have more, therefore you really do exercise government control, do you not? I want you to help me to see how you govern the coal; how the mining covenants do their duty. You cannot help me in that?—No, except everything works very smoothly. I have no complaints.

15,894. If you are the government and do not know, is not that a proof the government might not be all it ought to be?—Not at all. I have a mines manager.

(The Witness withdrew.)

Mr. JOHN DAVID McLAUCHLAN, Sworn and Examined.

Chairman: Mr. John David McLauchlan is a mining engineer and a Member of the Institution of Civil Engineers. He is a partner in the firm of Messrs. John & G. H. Geddes, mining engineers, who have been established for more than one hundred years in Edinburgh. His firm advise many Scottish mineral owners and have a large experience in the adjustment of mineral leases in Scotland. (To the Witness:) You speak as to Scotland. Your proof is a lengthy one—I do not say it is too long; but will you kindly read it yourself.

Witness: “In letting Scottish mineral fields, the practice is for the owner to receive offers from parties desirous of working his minerals, and to let to the party with whom he can make the best terms, this not necessarily being the one offering the highest rate of royalty. I do not think it would be unfair to owners if they were compelled to let their minerals, and grant underground and service wayleaves on reasonable terms, and in this connection I am in sympathy with Sir Richard Redmayne, when he suggests in his evidence that there should be more “collective production.” This, I think, should apply not only to the coal and other minerals worked, doing away with the inconvenience of irregular boundaries, barriers, &c., but should also apply to the pumping of water in selected districts. Faults in the strata, when dykes, &c., are often much more satisfactory boundaries of a coal area to be worked by one or more pairs of pits than the actual boundaries of the lands belonging to the various owners, and the straighter the boundary is the better. Under this system each owner would get royalty on his own minerals, whether they were worked by pits on his own lands or not, and the cost of pumping the water would be borne by the different workers of the minerals in proportion to the output from the district, or under some other fair arrangement. If and when the very rare occasion occurs of areas being held up, or exorbitant royalties or wayleaves asked, compulsory powers might be conferred on lessees to work these small areas, on royalty terms to be fixed by arbitration, including the wayleaves to be paid. The duration of leases in Scotland seldom exceeds 3½ years, and the lessee can always break his lease at fixed periods, on giving the notice stipulated for in his lease. Breaks are allowed at from, say, every fifth year down to half-yearly, and occasionally arrangements are made allowing a lease to be given up at any time on a month or two’s notice being given. The owner has no right to break the lease as a rule. In the case of an unworked mineral field, or one which has been unworked for a time, and is about to be resumed, there is always a period at the beginning of the lease allowed free of certain rent for the purpose of proving and fitting the field, royalty being paid at the agreed on rate on any minerals put out during the period. A very common rate of Certain, or Annual rent is £1 per acre, but there are cases where this is higher, and also where it is lower, this depending on the conditions. The rate of royalty in Scotland is usually a rate per ton, and is generally paid on the quantity of coal disposed of. It is either a fixed rate, a proportion of the price obtained for the mineral at the pit mouth, or a minimum rate is payable, with an addition of a proportion of the selling price obtained over a fixed sum in any year or half-year. In a very few cases the royalty per ton depends on the selling

price of round or screened coal at a shipping port. Power is always given to make up “shorts.” In my experience, owners are as a general rule willing to consider representations made to them as to the conditions of leases, and to modify these when necessary. The following instances within my knowledge occur to me:—

Lochgelly Iron and Coal Co.

- (a) The Earl of Minto has arranged to accept a fixed rent of 6d. per ton instead of a sliding scale rent with a minimum of 5d.
- (b) Sir R. M. Ferguson in 1914 agreed to accept a fixed 4½d. per ton in lieu of a sliding scale with a minimum of 4d.

Concessions of a similar nature have to my own knowledge been made to Wm. Baird & Co. (Col. Pollock-Morris), Shott’s Iron Co. (Col. Trotter), the Portland Colliery Co. (Lord Howard de Walden), and Mr. Barnes Graham’s Trustees reduced his royalty, payable in respect of his Gilbertfield (Lanarkshire) Estate, quite recently from 7½d. to 5d. per ton. As to proving minerals and pumping, mineral owners in Scotland sometimes put down bores to prove their properties with the view of having the minerals in them developed. In 1894-5 Sir Ronald Munro Ferguson of Raith put down bores on the lands of Dogton, near Kirkcaldy, spending at least £1,200. A deep bore was put down to north-east of Thornton Junction, in Fife, by Mr. Balfour of Balgonie and the Wemyss Colliery Trust, both royalty owners. This bore was put down to a depth of 755 fathoms, 4 feet 7 inches, and cost between £7,000 and £8,000. In 1909 the Duke of Portland put a bore down in the bottom of a pit on his property between Hurlford and Galston, in Ayrshire, to prove the lower seams there. This bore was 150 fathoms deep. Shortly before that Lord Howard de Walden paid for the continuing of a bore put down near Kilmarnock to a depth of 50 fathoms beyond 100 fathoms in order to prove ironstone, and possibly coal. In 1911 Lord Howard de Walden entered into a lease with Messrs. James Dunlop & Co. of the minerals in a large area—2,000 acres in extent—lying to north of Mauchline, in Ayrshire, and undertook to bear half the cost of boring the field up to £1,500. After a certain amount of boring had been done, the tenants intimated that they did not consider the prospects sufficiently good, and threw up the lease. Lord Howard de Walden paid them £1,000 towards the cost of boring, and spent another £500, which brought the sum spent up to the limit to which he had agreed. Although the tenants who took the lease did not go on, proposals are now being made to lease and develop this coalfield. The Duke of Portland has on more than one occasion assisted his mineral tenants in the Irvine Valley, near Kilmarnock, by paying part of the cost of pumping plant. The last occasion was about three years ago, when, on account of a neighbouring colliery being stopped, the tenants, the Gauchalland Coal Co., were apprehensive that they would have to pump additional water. A new electrical pump was established, to the cost of which the Duke of Portland and a neighbour contributed. The Duke, at the same time, reduced his lordship to the extent of one halfpenny per ton on the coal raised from his lands by the Gauchalland Coal Co., to assist in the annual cost of pumping the water. There will no doubt be other cases

9 May, 1919.]

MR. JOHN DAVID McLAUCHLAN.

[Continued.]

where similar action has been taken by royalty owners, but the above are cases with which I am personally familiar. No difficulty usually arises in Scotland as to assigning a coal lease, but sub-lotting is uncommon, except as a virtual exchange of small areas between two adjoining lessees who can more conveniently and economically work the exchanged lots. I think all leases within my own knowledge contain fair arbitration clauses. I do not think that in Scotland cases are numerous where the proprietor of minerals does not own the surface, and as a rule a reasonable arrangement for working the coal is come to. In the working of coal, the ownership of which is separated from the ownership of the surface, difficulties do not usually arise with regard to the use of the surface for mining purposes, as such use is governed by the terms of the grant of the surface. In those cases in which the rights reserved to the use of the surface or arising at common law are insufficient according to modern ideas to secure the proper working of the coal, power should, I think, be given to a lessee to obtain by arbitration or otherwise further rights of use as to site and rent. The average royalty on coal in Scotland for the first three-quarters of 1918 was brought out by Mr. Dickinson at 8.75d. on the output ton, and 9.86d. per ton on disposals. The minimum fixed overhead royalty may be taken at 3d. per ton, and the maximum at 8d., with a somewhat higher figure in particular places for particular seams of coal, and Mr. Dickinson's figures no doubt take into account the sliding scale in force at a number of collieries."

15,895. *Chairman*: When you say a number of collieries, are there many which have the sliding scale?—Yes, a good many.

15,896. Is it more than half?—Not more than half, I should think.

15,897. Are sliding scales, do you think, more prevalent in Scotland than they are in England?—I do not know, but I think perhaps they are. I cannot tell you. "To make up for the deficit of £13,000,000 referred to in the Commissioners' report, regular work on the part of the miners is, of course the first thing necessary, and if improvements can be introduced in the way of conveying them to and from the coal face and in the methods of coal-getting they should be undertaken."

15,898. By whom?—By the owners. "The conditions in Scotland are not, generally speaking, so favourable as those in England, and owing to the presence of many faults, whin dykes, &c., it will not be easy to carry out improvements at many of the collieries.

If nationalisation is decided on, I am of opinion that each colliery would have to be valued separately, as the conditions of life of each vary so much. Exactly the same applies to individual royalties. Both of these I have been accustomed to value for the past five and twenty years, and have never got into serious dispute on the subject of valuation."

15,899. What do you say are the items which ought to be taken into consideration in valuing the colliery?—First of all, its life.

15,900. What next? You say "first of all"?—Its life, first of all—the number of years that it will last at a certain rate of output.

15,901. Is that all?—No.

15,902. I want to know what they should be. Should I be right in saying the first thing is the certainty of an appreciable quantity of coal?—Yes.

15,903. That is the life?—No, the life is the time the colliery will last at the rate of output per annum.

15,904. What is the next thing?—The probable profit per annum.

15,905. It is a profit comprised of two items?—I do not think so.

15,906. You would have to get, first of all, the cost of raising and dispatching the coal?—Yes.

15,907. Then the value of the coal?—Yes.

15,908. What is the next thing?—Then you have to arrange for a sinking fund to get back your capital, because coal is an exhaustible subject.

15,909. Taking into consideration the probable yearly output?—Yes. Then you have to allow for interest to the purchaser, and from that you can arrive at the number of years' purchase that the thing is worth.

15,910. Do you ever take into consideration fixed assets, machinery and so on?—Yes.

15,911. You have not mentioned these things?—The machinery is taken in this way. You take the present value of its break up value at the end of the lease. Against that you must put what it will cost the colliery owner to restore all the surface.

15,912. Those methods are perfectly well understood?—I think they are—and are in practice.

15,913. An expert surveyor would have no difficulty in applying them?—None whatever.

"With regard to the alleged waste of small coal, this does not seriously apply to Scotland, where for a long time now the general practice has been to fill the coal with a close shovel. I think the nationalisation of mines and minerals of the country would be a step in the wrong direction. It would do away with all incentive to enterpriso on the part of individuals or trading concerns. I take it the duties of a possible Minister of Mines will be to look after the interests of the public and provide coal as cheaply as possible for all purposes, providing at the same time a reasonable wage to the miners. This may involve concentration of effort on the collieries which are most suitable for this purpose, and would probably mean the closing of many of the smaller collieries. I doubt if the miners realise what it will mean to them, at any rate in regard to a restriction of the choico they have had in deciding where they will work. I see no objection, however, to, and would in fact recommend, that mineral owners should be controlled to a certain extent by the State in order that our mineral resources may be made the most of and developments be properly designed and carried out."

15,914. What do you mean by "a certain extent"? That is rather a vague phrase. We want something definite?—I mean short of taking them over altogether really.

15,915. That is rather indefinite—"short of taking them over altogether"—what does it mean?—I have already said, for example, that areas might be set aside to be worked, and that a tribunal appointed by Government might say a certain area is to be worked by one or more pairs of pits and collective production applied to that area.

15,916. Who is to start the pits?—The pits I am talking of are all down now; some re-arrangement is necessary. I am not talking here of new pits. I am talking of the pits that are there already.

15,917. I do not follow you when you say, "I see no objection, however, to, and would in fact recommend that mineral owners should be controlled to a certain extent by the State." Will you give us a rather more definite idea of your views?—They should not be allowed still to say that their property should only be worked by a certain pair of pits, and to say that their neighbours' property should not come out through their pits, and insist on barriers.

15,918. Have you any sort of scheme with regard to that?—I have no scheme as yet.

15,919. That is just the sort of thing that personally I am so anxious to hear you give evidence on. When you use the words "to a certain extent" it leaves me a little doubtful as to what your real meaning is?—Of course one could prepare a scheme with regard to the districts that one knows, but it would take some little time. I cannot give it to you right off, I am afraid.

15,920. At any rate, you have not done it up to now?—I have not done it up to now: "I consider that competition amongst collieries is necessary for the public good, and that nationalisation will not tend to efficiency or increase of output."

15,921. Do you consider that competition amongst collieries for the export trade is for the public good?—Perhaps not for the export trade.

9 May, 1919.]

MR. JOHN DAVID McLAUCHLAN.

[Continued.]

15,922. What do you propose to do there—eliminate competition?—No, I have not suggested that.

15,923. I know you have not. What do you propose to do? You say for the export trade competition is not good; therefore I am asking you what you consider is the best thing to do. Perhaps you have not considered it?—I have not considered it.

"I understand the German Socialisation Committee were agreed on one point, that the worst solution of the problem was State management, which is cumbersome and bureaucratic, and fails to appoint efficient persons as managers. I also understand that the Saarbrücken Coalfield in Germany, which is a State-worked coalfield, has cost the Prussian Treasury vast sums of money, operations having been carried on at a heavy loss, whilst the privately worked Westphalian Coalfields made huge profits, and yet conditions of employment were better in the latter coalfield, and the price of coal to the general public was actually lower. As to unlet areas, most of these have been valued as at 30th April, 1909, for the purpose of the Finance Act, and they can be valued again at any time. Their value is, of course, a deferred one. The values put on unlet and improved mineral areas as at 30th April, 1909, are based in many cases on assumption as to the presence of workable minerals in them. Before these areas are taken over by the State bores should be put down by Government to prove what minerals are really in them. If the minerals of this country are to be expropriated the rights of the owner in the surface overlying them ought to be considered, and fair compensation for lowering the surface and for damage by subsidence must be allowed."

15,924. You have been good enough to tell us quite clearly what your view was as to the matters to take into consideration in paying for a coal mine. Now, would you tell us what the compensation in your view ought to be in respect of minerals? What do you take into consideration?—I do not quite understand the question.

15,925. You were good enough to tell us just now very clearly indeed, which was of great assistance to us, the elements that ought to be taken into consideration in valuing a coal mine. Now I want you to tell us the elements that ought to be taken into consideration in valuing minerals for compensation as distinguished from a mine. What you say is: "If the minerals of this country are to be expropriated, the rights of the owner in the surface overlying them ought to be considered, and fair compensation for lowering the surface and for damage by subsidence must be allowed"—That is the surface I am referring to.

15,926. The surface only?—Yes, not the minerals.

15,927. With regard to the minerals, what do you take into consideration?—Very much the same as in the case of a colliery owner, except that you take the royalty instead of the profits, and you have to deduct Mineral Rights Duty and your local rates and taxes in Scotland before you arrive at the net annual revenue.

15,928. Is there any difference with regard to potential properties?—In the case of potential properties it is a much deferred value.

15,929. What would you do in the case of property where the existence of coal is uncertain?—I think the Government might bore it.

15,930. As regards compensation, do you say that there ought to be bore holes put down everywhere before you assess the compensation?—In the unproved fields, you mean?

15,931. Yes?—Yes, I think so.

15,932. If there was an unproved field, before you assess the value of it you say it ought to be bored?—Yes.

15,933. At whose expense?—First of all at the Government's expense. If the coal turned out to be valuable, it might be taken off the sum to be paid for compensation.

15,934. Suppose it was said, "You are going to take over my land; you must bore it to ascertain the

amount of it"—and the gentleman has to bore it, and it turns out there is no coal—do you say that he ought to pay for the boring?—No, I think in that case the Government should pay for it.

"A large sum will be required to pay for the mineral royalties, and to produce interest on this it will probably be necessary to charge the collieries with royalty on the coal. That being so, I do not think there is any advantage in taking over the minerals so long as proper control as to their working development is assured. Each individual owner has an interest in seeing that the output from his own property is maintained, and increased when possible, and any shortcoming is brought under the notice of his mineral tenant. Under State management this interest in each property would probably disappear, and the consequence might be decrease of output. If royalties are nationalised there will be a loss of taxation, Mineral Rights Duty, Excess Mineral Rights Duty, Increment Value Duty, &c., and in Scotland a loss to local authorities, as local rates are paid in income from minerals."

15,935. I am obliged to you for your very interesting proof. Is there anything you want to add to it?—Yes, I have a short statement here I should like to read: "I do not think that the question of what exactly it is proposed to nationalise has so far been made clear to the Commission. In dealing with the question of nationalising the minerals of the country, the witnesses, so far as I can gather, have had in view only coal. In Scotland seams of Blackband and Clayband ironstone are still worked, some of them along with thin seams of coal. Is it proposed to nationalise both and sell the ironstone either calcined or in the raw state to ironmasters? In the Irvine Valley in Ayrshire on both sides of Kilmarnock there are a number of brickworks at which a flourishing industry is carried on. Some thin seams of coal are worked along with seams of valuable fireclay, which supply the brickworks with raw material. These thin seams would probably not be worked at all if it was not for the fireclay occurring along with them. In this case again, is it proposed to nationalise both and sell the fireclay to the brick-makers? Are the oil shale mines to be nationalised, and the shale sold to the oil producers? The difference between coal and those other minerals is that there is a public market for it practically in the condition in which it is mined, while ironstone, fireclay and shale must be manufactured in some way to put them in a state suitable for a public market. Are the iron works, brick works and oil works in Scotland to be nationalised?"

15,936. I quite see what you say about nationalisation. You have put it very clearly indeed. But assuming that nationalisation was recommended—only assuming—what would you make it apply to? Would you make it apply to all mines to which the Coal Mines Act applies?—Of course, to some mines the Coal Mines Act does not apply; for instance, lead mines.

15,937. You did not catch what I said. I was asking you, supposing nationalisation were recommended—only supposing it, because we have not heard all the evidence yet—would you advise that it should be applied to all mines to which the Coal Mines Act applies? I will read it to you, because you may not remember it, and it is an answer to your question, which is a very pertinent one: "Application of the Coal Mines Act, 1911.—The mines to which this Act applies are mines of coal, mines of stratified ironstone, and mines of fire-clay, and in this Act the expression 'Mines,' unless the context otherwise requires, means a mine to which this Act applies." Would you apply it to all those?—I think it would be difficult; for example, take the case of fire-clay; you have seams of fire-clay in Scotland five and six feet thick worked for the manufacture of silica brick. There is no market for that fire-clay in the raw state.

15,938. Would you tell me whether the coal is wrought in those mines as well as fire-clay?—No! Only fire-clay from those mines. That is at Glenboig, and in the Falkirk district, where there are numerous

9 May, 1919.]

MR. JOHN DAVID McLAUCHLAN.

[Continued.]

mines that mine fire-clay only, and that fire-clay is used to make silica bricks.

15,939. *Sir Adam Nimmo*: Are there not mines that have both coal and fire-clay?—I have just said so.

15,940. *Chairman*: You tell me that there are some mines where there is no coal obtained from them at all?—That is so.

15,941. Quito separate?—Quite separate.

15,942. Are there many?—Yes, a good many.

15,943. In what districts?—Very famous bricks are made from the fire-clay at Glenboig.

15,944. Are the mines out of the shafts of which comes not only fire-clay, but coal as well in a different position?—They are. You have those in Kilmarnock. In one case they work a 3 ft. seam of fire-clay with 16 inches of coal, and it is worked on the pillar and stall system.

15,945. Is it possible for practical purposes to separate a mine from which only fire-clay is produced from a mine from which coal and fire-clay is produced?—It would be difficult.

15,946. I am only asking you these questions by request, because you have not anybody on the Commission representing you. Supposing that nationalisation was recommended, would you advise the exclusion of mines from which coal itself is not produced?—I rather think I would.

15,947. And leave the fire-clay mines to themselves?—I think so.

15,948. That is your view?—Yes.

15,949. Although they might be cheek by jowl, so to speak?—Yes, although they might be. They are cheek by jowl with some of the coal mines, but in a different position geologically. The Millstone Grit Series of rocks come between our two coal series in Scotland, and this fire-clay is in the millstone grit position.

15,950. *Sir Adam Nimmo*: I know that you have a very large experience of the Scottish coalfield?—Yes.

15,951. I see that in your *précis* you begin by saying that you do not think it would be unfair to the owners if they were compelled to let their minerals?—Quite so.

15,952. Is it your view that no minerals should be allowed to be held up contrary to the national interest?—It is.

15,953. And that if any single proprietor were taking that course, there should be intervention in some form in the interests of the nation?—Yes.

15,954. May I take it that what you have in view is some right of appeal to some tribunal?—Yes.

15,955. In your view, would that be an adequate method of dealing with circumstances in which a lease was not granted?—I think so.

15,956. The application of the lessee would be made to such a tribunal, and the circumstances would be considered locally?—Quite so.

15,957. And the decision would be given by the tribunal upon the terms of the lease in the light of all the facts?—Yes.

15,958. Is that what you have in view?—Yes.

15,959. I see that you sympathise with the view expressed by Sir Richard Redmayne in his reference to collective production?—Yes.

15,960. May I take it that what you have in view there is the grouping together of certain units of production?—Yes.

15,961. What size of unit have you in your mind?—It might vary, I think. I have no particular size in my mind.

15,962. May I take it that your view is that these are to be units that could be reasonably and efficiently handled?—Yes, and to the best advantage.

15,963. May I take it that within the principle of collective production you have not large units in view?—No, not very large.

15,964. You want them to be such a size that they could be easily controlled?—Yes.

15,965. And that direction within the unit and upon the operations within the unit may be close and effective?—Yes, certainly.

15,966. I see that you expand the view that you started with, with regard to the granting of leases, to the question of wayleaves?—Yes.

15,967. Is it your view that no one should be able to prevent a wayleave being granted contrary to the national interest?—I think so.

15,968. And you also take the view that these wayleaves should be granted on fair and reasonable terms?—Yes; and, of course, I may say that, as you know, we are having to go deeper nowadays for coal in Scotland, and in recent years properties have been slumped to be worked by one or more pairs of pits, with no one charging any wayleave at all.

15,969. That would be inevitable?—Yes.

15,970. Because there would not be a sufficient area really in the one property to justify the sinking of a large sum of money?—That is right.

15,971. Therefore, where you have community of ownership like that, that is going to be benefited by one sinking, the whole ought to be regarded as one leasehold?—Quite right.

15,972. And set free to be operated upon as if it were in the hands of one proprietor?—Yes, and that is being done now.

15,973. In the case of wayleaves as in the case you suggest, merely that there should be some right of property?—Yes.

15,974. So that any unreasonable holder should be put right, and that the coal should be set free in the national interest?—Quite so.

15,975. Can you give any reason why the Lordships in Scotland on the whole are higher than they are in other parts of the country?—I do not know that I know beyond that they have to pay local rates and taxes.

15,976. The Chairman asked you as to the number of leases where the sliding scale principle applied?—Yes.

15,977. I think you gave the reply that you were not quite certain as to the number, but may I take it that these sliding scale arrangements are more common in Scotland than they are in other parts of the country?—I think they are. I may say that my firm act for something like 100 proprietors in Scotland, and I took out the figures of some 21 of them at all events in my own office that are on the sliding scale principle, and there are probably a few more. That is why I said they were probably less than half; that is 21 out of 100, or perhaps a little more.

15,978. May I have your personal views as to whether you think the principle of a sliding scale is a sound principle?—I think it is out of date.

15,979. I am not sure that it is out of date in practice?—No.

15,980. But I take it that what you mean is that as a sound principle it is out of date?—Yes; and we are changing it, as you know.

15,981. I take it that your view would be that there ought to be a return as soon as possible to a fixed lordship which would be fair in all the circumstances?—Yes.

15,982. Have the minerals in the mineral areas in Scotland been readily taken up?—Oh yes.

15,983. Do you know of any considerable mineral area in Scotland that is not occupied at the present time?—I do not know of any holding up of minerals at all, I think.

15,984. Would it be your view that if any valuable mineral area was known to exist in Scotland it would be rapidly taken up?—There is a tremendous demand, and has been for the last few years, for all the areas that have not been taken up.

15,985. Has there not been a steady demand over a large number of years?—Yes, there has.

15,986. And has not the demand for mineral areas simply kept pace with the industrial development, so that the output of coal might meet that development?—I think so.

9 May, 1919.]

MR. JOHN DAVID McLAUCHLAN.

[Continued.]

15,987. Would it be your view that you cannot develop a mineral field in advance of the industrial development?—It would be a mistake.

15,988. Neither a private individual nor the nation could do that?—No.

15,989. It has to work in the mineral development side with the general industrial development that is taking place?—Surely.

15,990. As far as Scotland is concerned, is it your view that all mineral development has taken place in that way?—Yes.

15,991. And, of course, it has taken place due to indirect initiative and enterprise?—Yes.

15,992. There have always been individuals who have been prepared to come forward and take the risk?—That is my experience.

15,993. Is it your view that they have accepted very big risks?—Sometimes.

15,994. Do you know quite a large number of cases in Scotland where losses have been incurred?—Yes.

15,995. And where mineral enterprise has been embarked upon which has proved quite a failure?—Yes.

15,996. And considerable sums of money have been lost?—Yes.

15,997. The losses in these cases have fallen on the individual?—They have.

15,998. Where the mineral lessees make profit the State has benefited?—Undoubtedly.

15,999. And very considerable contributions have been made to the Exchequer in the direction of taxation upon the profits that have been made?—Yes.

16,000. I see that in your *précis* you indicate that if improvements can be introduced, these improvements should be introduced?—Yes, I think so.

16,001. And you make a suggestion with reference to the methods of coal getting?—Yes.

16,002. I take it that what you have in view, particularly, is a reference to coal cutting machinery and conveyers?—Yes.

16,003. Has Scotland not made a remarkable advance in the introduction of coal cutting machinery?—Yes.

16,004. Is it not ahead of the rest of the country in that respect?—I am afraid I cannot compare it with England, not having the knowledge.

16,005. I was wondering whether you could give any idea as to the proportion of coal got in Scotland by coal cutters as compared with the quantity cut by hand?—No.

Chairman: I think in 1916 the number of coal cutting machines in Scotland was 987. The next highest figure is Yorkshire and North Midland, 802.

16,006. *Sir Adam Nimmo*: The point I wanted to get from you as an experienced mining engineer was that the mining industry in Scotland has been essentially progressive?—Yes, certainly.

16,007. And has taken advantage as it has gone along of all the skill and knowledge that have been at its disposal?—Most certainly.

16,008. It has taken that knowledge and skill both from the mining engineers, and from the mechanical engineers?—Quite so, and the electrical engineers.

16,009. And that when the mechanical and electrical engineers were able to put facilities in their hands the coal owners have readily taken advantage of them?—They have.

16,010. You would not agree would you, as a mining engineer of great experience in Scotland, that the mining industry there is in an inefficient condition?—No.

16,011. You would agree that there are a great many very skilled and intelligent people associated with it, if I may say so?—I do agree.

16,012. And a great deal of enterprise has been put into the industry?—Yes.

16,013. Do you think that it could be regarded as appropriate to apply the words "wasteful" and "extravagant" to the mining industry of Scotland?—I do not think so.

16,014. You would think that was wrong?—Quite.

16,015. Now regarding the basis of valuation, I think you have made the position perfectly clear, the

underlying principle being this, I take it, that you have to deal with each separate case by itself?—Yes.

16,016. Would you agree that the simplest way of getting at the question of valuation would be to deal with it through some tribunal?—Yes, probably.

16,017. A tribunal specially set up for the purpose?—Yes, unless, of course, the matter could be arranged without going to the tribunal.

16,018. That is to say, failing agreement?—Failing agreement.

16,019. In the event of any difficulty there should be a reference to a tribunal?—Yes.

16,020. Which would be fortified with all the local information and facts necessary to make a true valuation?—Yes.

16,021. No general average can be dealt with in a matter of this kind?—I do not think so.

16,022. Now coming to another set of questions, I see that you say on page 4 of your *précis* that mineral owners should be controlled to a certain extent by the State in order that our mineral resources might be made the most of, and developments be properly designed and carried out. You are aware that we have heard a good deal, not only about the holding up of coal contrary to the national interest, but the loss of coal contrary to the national interest. Do you agree that some kind of machinery is desirable to solve these problems in the national interest?—Yes.

16,023. May I put it to you that it is not necessary to nationalise either the minerals or the collieries to bring about such a result?—I think so.

16,024. The Chairman asked you as to the form of machinery that you would adopt to meet that class of problem. May I suggest to you this, and ask you, do you approve or not that if you had some kind of national tribunal or sanctioning authority with sufficient powers to deal with these problems, that that would be an easy way of dealing with the matter?—I think so.

Chairman: Would you ask if he means national to Scotland and national to England?

Sir Leo Chiozza Money: Is that the meaning?

16,025. *Sir Adam Nimmo*: No; what I suggest is this. Assuming that it was proposed that there should be one national sanctioning authority, that is to say, for the whole country—Great Britain. That sanctioning authority would stand over the whole national situation from the point of view of this class of problem, and other problems?—I suppose it would, but it might be better to have one for each country.

16,026. What has been suggested is that within the operations of that Sanctioning Authority, or rather working side by side with it, there should be a representative mining council in a Department of State entrusted with the dealing of the mining questions of the country?—Quite so.

16,027. Would you consider that desirable from the point of view of getting full information upon all the problems involved?—I think you must have full information certainly.

16,028. And that if this sanctioning authority which was appointed for the United Kingdom as a whole relied upon the information or upon the initiative of this representative mining council, that we would get at the results that we desire in the setting free of this coal in the national interest?—Yes, I think it would.

16,029. *Chairman*: May I ask whether the sanctioning authority is to be peripatetic or fixed, that is to say, whether it is to be fixed to a place like London, or whether it has to go about the country like the Railway Commissioners?—I think it would be a mistake to have it fixed.

16,030. It ought to be peripatetic?—I think so.

16,031. *Sir Adam Nimmo*: What I take it would be the case would be that on the panel of this sanctioning authority there would be individual commissioners who would go to the part of the country where a particular problem had to be dealt with. Do you see any difficulty in making arrangements for co-opting upon such a body certain local authorities—I mean, local authorities in the sense of

9 May, 1919.]

MR. JOHN DAVID McLAUCHLAN.

[Continued.]

experts who would know the whole of the local circumstances?—No.

16,032. And who would be able to advise within the local circumstances?—I see no difficulty.

Sir L. Chiozza Money: I am unwilling to interrupt, but may I ask do you mean that the peripatetic council or authority would travel about as it were, and pick up local advisers to assist it?

16,033. *Sir Adam Nimmo*: No, but in dealing with any local case they would draw necessarily upon local expert advice?—I think they would have to.

16,034. So as to deal with the problems in a particular locality?—Yes.

Mr. Leslie Scott: You will find the full details of the local authority in the Land Acquisition Committee's Report.

Mr. Herbert Smith: I object to this interruption.

Mr. R. H. Tawney: I think as the cross-examination is on this scheme it would be better if we had the scheme before us. We should then know better what he is talking about. As it is the cross-examination goes on on a scheme the details of which we know nothing about.

Sir Adam Nimmo: I should be very glad if the scheme might be put into the hands of the witness, and that he might have an opportunity of looking into it, and saying at a later stage whether he approves of it.

Sir L. Chiozza Money: Could the Commissioners have it?

Sir Adam Nimmo: I thought the Report was before the Commissioners.

Chairman: There is an interim report.

Mr. Leslie Scott: I can tell you all about it.

Chairman: Would you like to give evidence?

Mr. Leslie Scott: It seems ridiculous that the Commissioners should object to my saying anything.

Mr. Herbert Smith: I am objecting to your doing anything of the kind.

Chairman: Mr. Herbert Smith is quite right.

Sir L. Chiozza Money: Is it competent for a layman to get up and toll the Commission that its proceedings are ridiculous?

Mr. Leslie Scott: I am Counsel.

Chairman: In my view it is not competent.

16,035. *Sir Adam Nimmo*: The principle I want to draw your attention to in dealing with these problems of barriers, wayleaves and coal left in contrary to the national interest, is this, that a national tribunal should be set up to which application should be made, either by an individual or by corporations or by this central mining Council to which I have referred, and the tribunal would be invited in the light of the facts submitted to it to say whether the coal should be worked or not, and upon what terms it should be worked—assuming some such scheme as that would you consider it adequate to deal with the class of problem that has been referred to?—I think so.

16,036. Without requiring either the nationalisation of mines or of minerals?—Yes.

16,037. I take it that your preference would be decidedly in favour of some such scheme?—It would.

16,038. If it could be worked out?—Yes.

16,039. Your desire, I take it from your *précis*, being this, to secure entire freedom of movement, or as much freedom of movement as possible on the side of the means of production?—Yes.

16,040. Do you think it would be quite a proper thing to refer to a Central Mining Board the original lay-out of a mineral field?—It might be necessary, and it might not.

16,041. In your *précis* you make reference to the fact that sometimes the fields are not laid out from a truly national point of view?—What I mean is this: in Scotland we have to lay out our operations as we can. Our fields are so much troubled with faults and dislocation of the strata that your plans get upset; you have to alter them, and you feel your way through. Then you think of a new scheme to improve

matters, and it all depends on what coal you have left as to whether that would pay or not. It might not pay to do what has to be done.

16,042. A central Mining Council such as I have referred to might be most helpful in dealing with a problem like that?—Yes, certainly.

16,043. Going beyond making suggestions only, they might be put in a position to make an application to the sanctioning authority to carry it out?—Yes.

16,044. Going off for a minute to the position in Scotland with regard to granting mineral leases, do all the mineral leases provide for the scientific working of the coal?—Yes.

16,045. Mining engineers go out of their way to insert such provisions?—We do our best.

16,046. You desire not only to see the whole of the coal exhausted, but to see that it is exhausted in a proper manner?—Yes.

16,047. Do you do your best to put in all the necessary provisions to secure that result?—Yes.

16,048. Do you insist upon the workings being carried on upon the level of the present experience and with the skill and knowledge that are available at the time?—We do.

16,049. Are the workings regularly inspected by the mining engineers for the proprietors?—They are.

16,050. They are regularly, therefore, under the criticism of those engineers?—Every quarter they are. The plans are filled up by the engineers' surveyors, and every quarter the plans are examined by the engineer to see what is going on. He himself inspects the workings once a year, or something like that.

16,051. So that he knows whether any coal is being left in?—Yes.

16,052. And whether it is being left in improperly?—Yes, quite so.

16,053. He would be very anxious to secure that the fullest possible quantity of coal is taken out?—Certainly.

16,054. Do you think a good deal of misunderstanding exists in regard to the quantity of coal that is said to be lost in barriers and through waterlogged areas?—I think so.

16,055. Loss of efficiency?—Yes.

16,056. You think so?—Yes.

16,057. May I take it from you that this, at any rate, is correct, that the extent of the problem is not known?—It is not known, I think.

16,058. That any figures which are submitted with regard to these losses must be more or less problematical?—I cannot tell how they have been got.

16,059. Further, is it not the case that you cannot tell in any individual case whether the barrier can be taken out or not?—You often see a barrier on a plan that is not there at all.

16,060. I suppose you would agree that in a great many cases barriers will be found to be necessary, whether the mines are owned by individuals or by the nation?—Certainly, you cannot send all the water to one spot; you must plan things out and deal with it to the best advantage.

16,061. I suppose you may also require to keep barriers for ventilation?—Certainly.

16,062. Therefore, when you come to deal with this problem at close quarters, you must look after each individual case?—You have to look after the safety of the men.

16,063. And decide, in the light of the particular circumstances, what can be done?—Yes, certainly.

16,064. I see that in your *précis* you make quite a strong declaration that you are not in favour of the nationalisation of the mines. Have you made up your mind, from your experience, that we may not expect more coal for the nation through nationalisation?—I think so.

16,065. Is it your view that that coal will not be produced as cheaply as it was produced under private enterprise?—It depends on how it is done. If they concentrate, as I say in my *précis*, on certain mines, that may cheapen the production for a time, but it would be a very bad thing for the country and for the miners.

16,066. And if we were not to get more coal, and we were to get all the coal we did get at a higher

9 May, 1919.]

MR. JOHN DAVID McLAUCHLAN.

[Continued.]

prico, that would be very serious from a national point of view?—Yes.

16,067. I think you were asked with regard to the question of Government boring. May I just put this question to you: Assuming that it was considered desirable that Government borings should take place to disclose the minerals in undeveloped areas, could not the Government impose, in respect of the particular problem it was dealing with, such conditions as it regarded necessary to recoup itself?—Yes, I think so.

16,068. Would there not be a difficulty in trying to separate the ironstone, which was not going out of the coal pit, from the ironstone which was going out of the coal pit?—Separate it in what way.

16,069. The Chairman asked you, assuming you were to carry out nationalisation—only assuming—on that assumption is there not very considerable difficulty in separating ironstone that would be going out of the coal pit along with coal and iron when that was not so coming out?—Yes, I think there would, probably.

16,070. If you decided to nationalise the minerals, would you not require to nationalise all the minerals of the particular class that you were dealing with; that is to say, if it was coal, you would need to take

all the coal, if it were ironstone you would need to take all the ironstone?—I expect you would.

16,071. Would you see any other way of dealing with it?—No, I should not.

16,072. Would the same thing apply to fireclay?—Yes, some fireclay.

16,073. Could you nationalise a certain quantity of fireclay, and yet exclude from your nationalisation other fireclays?—I am afraid not.

16,074. Would you really, from a practical point of view, be able to define the position at all sufficiently closely to draw a dividing line?—I am afraid not.

16,075. So if your view is that once you begin to nationalise certain minerals, you must nationalise all the minerals of that class?—Yes.

16,076. *Chairman*: Does that refer to blackband and hematite?—It refers to blackband and clayband.

16,077. *Mr. Evan Williams*: You have said that you agreed with Sir Richard Redmayne that there should be more collective production?—Yes; I am here of course speaking only for Scotland.

16,078. Then it applies practically exclusively to the existing collieries?—Yes.

16,079. You have those in your mind rather than any collieries that may be developed in future?—Yes.

(Adjourned for a short time.)

16,080. *Mr. Evan Williams*: I was asking you before the adjournment about your suggestion that there should be more collective production. Have you thought at all of any machinery whereby that could be brought about?—Well, I have not gone into detail at all in regard to the question, but I assume that there would be a tribunal of some sort. I think it might come about in this way, that suggestions would be made from people like myself who see the desirability of collective production in a district, and if the parties interested did not agree, then the matter could go to this tribunal.

16,081. On whom do you think the initiative should lie in a matter of that kind?—I think it would lie on the colliery owners.

16,082. Would you leave it to purely voluntary action on their part?—I think I would.

16,083. Would you give such a body as you suggest should be set up powers to step in and dictate what should be done, subject, of course, to the views of the interested parties, and give them the power of initiative?—I do not like the word "dictate" altogether. It seems to me to be manifestly in the interests of everyone that something should take place, and I do not think there should be any difficulty.

16,084. You would not object to initiative with regard to that body?—Initiative, of course, is the making of a suggestion.

16,085. In what kind of circumstances do you think that collective production of that kind might be brought about?—Supposing that you have half a dozen collieries in a district, say, three or four miles long—I have a case in point in my mind at the present moment, and it is being worked by half a dozen tenants. I think the question has now become a difficult one. Each man has been rather inclined to let someone else pump the water, and the time has now come, to my mind, when there ought certainly to be a joint scheme for pumping this water. If this goes through, I myself would suggest to this tribunal that this should be taken up. I happen to act for all the landlords in the particular district. That is a case in point.

16,086. In a case of that kind, apart from any voluntary initiative on the part of the owners of these collieries, you would give this body power upon representation made to it to act?—Yes, by myself or anyone you like in the district.

16,087. And to enquire into all the circumstances and to make proposals to them?—Yes.

16,088. But you would not go so far as to give this body power to impose its decisions?—I am not sure about that.

16,089. Is there any feature besides the pumping of water which you take into consideration?—You might get your barriers removed, such as they are.

16,090. Do you mean by common pumping in that way you get out all the coal?—Yes.

16,091. All the coal consistent with that?—Yes.

16,092. Would you suggest that in a case of that kind there might be some common source of power set up between them?—Yes.

16,093. Is there any other consideration which you think might be brought in to make it desirable for collective production or unification of interests?—Nothing occurs to me at the moment.

16,094. Would you confine the size of the new unit to that which is the best for bringing about the results?—I would.

16,095. The physical results which you have been talking about?—Yes.

16,096. You would not take commercial results into consideration?—I think you would have to do that.

16,097. In forming units of this kind, do you think it wise to go beyond such a size that one man can efficiently supervise?—No, I think not; it would be better to have one man supervising it.

16,098. It should be of such a size that a man could keep in touch with the whole?—Yes, if possible.

16,099. Do I take it your view is, if it gets beyond the power of one man effectively to supervise, you lose efficiency?—Probably you would.

16,100. In answering the Chairman's questions as to the valuation of collieries, assuming they had to be taken over by the State, you said that you valued the machinery at its break-up value?—Yes, at the time of the exhaustion of the coal at the end of the lease. I would look to the lease being extended until the coal was exhausted and then the machinery would be sold at break-up value.

16,101. Is not that the value which you take into account at the time of the transfer of the collieries?—Of course, a going colliery is quite different from the break-up value.

16,102. We were talking of the value of going collieries. Assuming nationalisation is brought about and a valuation has to be made, would you proceed to value upon the basis you mention?—It would be the going value of the colliery.

16,103. In that case would you value as between two ordinary purchasers and sellers?—Yes.

16,104. In that case you do not take the break-up value but the going value?—Yes.

16,105. And the mechanical equipment of the colliery as well as its probable life?—Yes.

16,106. And the whole of its assets?—Yes. The machinery is no use unless the coal is there. The machinery is there to make a profit on which I make my valuation.

9 May, 1919.]

MR. JOHN DAVID McLAUGHLAN.

[Continued.]

16,107. You can imagine that an old Cornish pumping engine with a heavy wheel would have a very much greater break-up value than a modern turbine and generator?—Yes.

16,108. *Mr. R. W. Cooper*: Without going into any discussion of details of valuing collieries, I understand you say there is no difficulty at all amongst experts who know their business in valuing collieries?—No, it is done every day.

16,109. In valuing either the profit interest of the lessee on the one hand or the rental interest of the lessor on the other?—That is so.

16,110. In your *précis* you refer to the fact that in Scotland your leases are not generally for more than 31 years?—That is so.

16,111. What is the cause of that? Is it because the Scottish estates are entailed?—Yes.

16,112. Have you not a considerable number of estates where the owner is absolute owner?—We have not a great many.

16,113. Have you no Settled Land Act such as we have in England?—I do not think so, but I am not a lawyer.

16,114. But you know of no means by which the life renter, as you call him in Scotland, can get a right to grant a longer lease?—No. I think they have to go to the Court of Session. I want to well-known law agents in Edinburgh with regard to this point, and they informed me that 31 years was, as a rule, the length for which a lease could be granted.

16,115. What surprises me is that you never have lessees asking you to give longer leases than that?—We have.

16,116. Have you longer leases?—I know of some instances.

16,117. Was that done on application to the Court?—No. This was the case of an unentailed estate.

16,118. But I am speaking of an entailed estate? I have never known them to go to the Court of Session for power. The lessees feel safe in assuming the lease will be renewed at the end of 31 years.

16,119. There is a well-founded expectation of renewal?—Yes.

16,120. And the lessees have confidence in that renewal being granted?—That is so.

16,121. Towards the end of your *précis* you say that if the mines were taken over by the State the rights of the surface owners would require to be carefully considered?—Yes, if the minerals were taken over.

16,122. Now what about buildings? Does it not occur to you that the owner of buildings might say, "No, I require to have my buildings supported; I do not care about compensation"?—He would certainly say that in many cases, I think.

16,123. And the owner of every piece of land or every house being *prima facie* entitled to have support, might say, "I will not take your damages and have my house cracked, but you must respect my rights"?—Yes, but I suppose if the State takes the minerals over it can do what it likes.

16,124. Why should the surface owner be deprived of his rights because the State takes over the minerals?—I do not think he should be.

16,125. *Sir L. Chiozza Money*: I understand that you have a very wide experience as a Scottish mining engineer?—Well, I have been 40 years at it now.

16,126. May I ask you this question: Taking Scotland as a whole, will you kindly tell us what is the proportion of what I may call modern, up-to-date mining plants where you have up-to-date and efficient winding machinery, and where you have a shaft of a considerable capacity, and where you have a cage which will hold a considerable number of men admitting of rapid winding?—I cannot tell you the proportion, because I do not know.

16,127. Would it be one-half?—It is very hard to say at the moment, but I am sure it is more than that.

16,128. Would you be surprised to learn that His Majesty's Mining Inspector for Yorkshire and the North Midlands, when I asked him exactly the same question, which I read out to you, answered probably about one-third? Would you be surprised to learn that?—I would.

16,129. You think that the answer for Scotland—your professional answer—would be at least one-half?—Yes.

16,130. And probably more than one-half?—Yes.

16,131. Is that your reason for thinking Scotland is more efficient, as I understood you said to Sir Adam Nimmo, than England as a whole?—I said I could not compare the two, because I do not know about England.

16,132. I understood Sir Adam Nimmo put it to you that Scotland was rather more efficient than England, but probably I was mistaken?—I think you were.

Chairman: It was with regard to coal-cutting machines.

Witness: Yes, and I think the figures proved him to be correct.

16,133. *Sir L. Chiozza Money*: Now I will ask you something wider and more interesting and which is very important. What I want to know is: are the great majority of the mining plants of Scotland really modern in the ordinary sense of the word?—I think you may say the majority really are.

16,134. Is there a substantial minority which is not modern?—They are quite efficient for what they have to do, because they are on shallow mines and so on.

16,135. But you are surprised to learn this verdict for Yorkshire and the Midlands?—Yes.

16,136. Are you acquainted with the fact that taking England as a whole there are a great many mines which are not modern, which have very small shafts, very small cages, very antiquated mining engines, and so forth?—It may be so.

16,137. With regard to coal-cutting machinery, is it the fact that the latest figure for Scotland is only 987?—We heard that to-day.

16,138. Is not that a very low figure for 1916?—But we could not get them.

16,139. Is it not the fact that, curiously enough, during the war they multiplied more rapidly than before?—I do not know.

16,140. Is it not the fact that when the last mining Commission reported, only 5 per cent. of our coal was got by coal-cutting machinery?—I do not know.

16,141. Is it not the fact that only 10 per cent. is got by coal-cutting machinery in the United Kingdom?—I have not the figures, but I take it from you.

16,142. You do not think I am very far wrong, do you?—I do not know.

16,143. After all, it is a thing you ought to know more about than I?—I have been occupied with other things, of course.

16,144. I want your opinion because I value it, and I want to get at the truth. Do you think 987 coal-cutting machines for Scotland in 1916 is a satisfactory figure?—I think it is.

16,145. Do you think that 10 per cent. of coal in this country got with coal-cutting machinery is a satisfactory figure?—You want coal-cutting machinery mostly for thin seams.

16,146. Are there not very many thin seams?—Yes, there are in Scotland, but I do not know about England. That may account for your having fewer in England, because you have thicker seams.

16,147. Is it the fact that the proportion got in England is incredibly small considering the time in the world's development which we have got to?—I do not think I would go that length.

16,148. I was asked the other day whether I have inspected mines. I have seen the surface of a good many mines and come across a good many inefficient plants?—You have to remember that you cannot use coal-cutting machines in certain seams satisfactorily. Everything depends upon the condition of the roof, pavement, and so on.

16,149. Is it not the fact that the Coal Commission of 1903-5 advised on this by men from all parts of the country, reported that the use of coal-cutting machinery was very small?—Very likely.

16,150. Is it not the fact that progress has been made since then, but the number of coal-cutting machines is very small?—Perhaps.

9 May, 1919.]

MR. JOHN DAVID McLAUGHLAN.

[Continued.]

16,151. Is it not the fact that it is true to say that the amount of efficiency from a technical point of view in the mines of this country taken as a whole is not what it ought to be?—I suppose nothing in the country is what it ought to be.

16,152. That, of course, would be true of a very much more advanced position, but remember this is very important?—Yes.

16,153. What is your honest opinion with regard to the technical efficiency of British mining taken as a whole?—My opinion as to technical efficiency of British mining taken as a whole?

16,154. It is a perfectly plain question, and you are well qualified to answer it?—I know nothing about England.

16,155. With regard to Scotland, should I be right in saying that one-third of the mines are not modern and up-to-date?—What do you mean by saying that one-third are not modern and up-to-date?

16,156. That is to say, that they have shafts of an inconsiderable size?—What do you mean by that? That is vague.

16,157. There are shafts 10 feet wide?—You said "wide"?

16,158. Yes?—What is wrong with a shaft 10 feet wide—nothing at all.

16,159. Is it a fact that there is room in Scotland for the extension of two-deck cages?—Yes, certainly I agree there is room for improvement.

16,160. There is room for more coal-cutting machinery?—Probably there is.

16,161. I ask you from your knowledge?—I think there is.

16,162. These things are important?—Yes.

16,163. Then with regard to winding machinery, is there room for the introduction of more modern and more rapid winding machinery in many mines?—No, I do not think so. You say more rapid machinery?

16,164. Yes?—No; I think it is quite efficient.

16,165. But rapidity is what I am speaking of. You do not think there is any room for that?—Well, what would you suggest?

16,166. The introduction of better and more up-to-date engines?—I do not think so.

16,167. You have not any winding engines in Scotland as old as myself such as I have seen in Wales?—No.

16,168. What about underground conveyance. Is there room for improvement there?—Yes, certainly, but we have great difficulties, as I have said, in Scotland.

16,169. May I put this to you: During the war in the conduct of the output of munitions in this country, it was found to be a tremendous advantage to have a central governing body, the Ministry of Munitions, which could bring machinery up to date, and which could compel a firm to put out old machinery and put in new machinery, and compel it to be efficient, and which could bring all the firms making shells and so on up to a better standard?—Yes.

16,170. I put it to you as an engineer, if you were put in charge of the mines of Scotland, and you had the power and capital at your hand to improve them, is there room for a considerable body of improvement?—I cannot deny that; I think there is room for improvement everywhere.

16,171. Will you go so far as this, as to admit that such a power and such an authority could by co-ordination and by comparison of costs and by comparison of methods raise the efficiency of all the mines of Scotland above what it is at present?—I suppose so.

16,172. Is it a fact that it could?—Probably it is a fact that it could.

16,173. I point out to you as a practical man and an engineer that that was done in the war and it was done under circumstances of most tremendous difficulty, not only with regard to the output of shells but with regard to the output of chemicals and with regard to the output of many things required for the war. Do you not think it could be done in peace with regard to mines?—Yes, I suppose it could.

16,174. May I ask you further to consider this. Turning now, if I may, from the technical side to the organisation side, have you seen the Report of the

Committee on the Acquisition for Public Purposes of Rights and Powers in connection with Mines and Minerals, upon which Sir Adam Nimmo questioned you?—I saw it for five minutes before I came in, but I have not read it.

16,175. Sir Adam Nimmo suggested to you a scheme by which a peripatetic advisory committee should travel about the country and as it went from district to district take the advice of local experts with regard to settling how mining leases should be arranged. Did you hear that?—I do not think he said that mining leases should be arranged.

16,176. I thought that was part of the duties?—No, I think it was to arrange about collective production.

16,177. Are you aware that in this Report, which Sir Adam Nimmo signed, so far from suggesting a peripatetic committee, he suggested something very different?—I am not aware of that.

16,178. Will you take it from me that the sanctioning authority would be composed of members of both Houses of Parliament with the addition of outside members experienced in various spheres of national life including labour, and would in fact be a Joint Committee of the two Houses of Parliament?—That would be a fixed tribunal.

16,179. Do you think such a sanctioning authority as that could be effective with regard to the mining industry of this country?—Well, I prefer the other one to move about the country.

16,180. Take the sanctioning authority. Do you think that the sanctioning authority composed of members of the House of Lords and members of the House of Commons, who are busy with other duties, and who have to represent their constituents and to act on Grand Committees, and to attend the House and perform many other functions, as I can tell you, having been one of them, should have charge of this important subject?—Of course I have not considered what should be the constitution of this authority at all. I have not thought it over.

16,181. Do you think it a reasonable proposition as a business man?—It might be that you could get better people for it.

16,182. The report says: "There should be a strong Advisory Council as an essential part of the machinery of the Mining Department consisting of representatives of the mining industry, including workers, together with men eminent in branches of science connected with industry. It should also have local sub-committees reporting to it and similarly constituted." Can you detect anything in that in the nature of a peripatetic committee?—I think not.

16,183. Does it not distinctly point to a central stationary committee and a number of local committees reporting to it and similarly constituted?—Apparently it does.

16,184. Do you realise that this sanctioning authority, a body composed of members of the Houses of Parliament, and which I have suggested to be an impracticable thing for the reason I have named, is to have an insurance fund and is to be an insurance office?—Is it?

16,185. It says so here in section (j) "To prevent the loss of minerals caused by the surface owner having a right of support, we propose that the Sanctioning Authority"—mind you! that is a Committee of both Houses of Parliament—"should in proper cases make compulsory orders for the working of minerals, with power to let down the surface subject to compensation for all damage caused thereby to the surface owners. Such compensation should be secured by the creation of an insurance fund, which should be contributed to by all parties." It therefore is to set up an insurance office. Do you think it capable of managing such an insurance office?—I cannot express any opinion off hand.

16,186. I put it that as a business man you are capable of expressing an opinion?—It is all very complicated. I have not it in my mind.

16,187. Is not the complication rather an accusation against it?—Possibly; it is only complicated so far as I am concerned, because I have not read it.

16,188. What is suggested here is that instead of the present system of about 3,000 mines managed by about 1,500 different companies, with all their boards

9 May, 1919.]

MR. JOHN DAVID McLAUCHLIN.

[Continued.]

of directors and all their officials, there should be this sanctioning authority, with all its officials, to govern the lessors and the lessees, and that there should be the royalty owners—the gentlemen who have appeared before us yesterday and to-day—with their officials and lawyers, all to manage one industry. As a man of affairs and what is commonly called a man of business in ordinary parlance, do you think that is a reasonable proposition?—Do you refer to the mining experts of the Royalty Owners?

16,189. Yes, mining experts.—So far as I know they do not each have one man. An expert like myself is not tied to one man, but I act for one hundred. That is one point.

16,190. The owners have said here that they are quite sure that all the coal is worked in their own interest, and that all the houses are put up in accordance with the clauses in the leases. How is that done if one engineer is acting for a number of them? How are they able to know with regard to a large part of the territory of this country that the leases are fulfilled in their covenants?—All I can say is it is done and done well.

16,191. Do you think if Lord Tredegar, for example, whom I saw here this morning and who is a man who is desirous of doing his duty, really knew of the condition of the cottages which I have seen that he would tolerate it? How do you account for it?—I do not know, I am sure, how far he is responsible for it. How is he responsible?

16,192. He is the lord or king of a coal district?—A king of a coal district?

16,193. Yes, he is the lord of the manor. These are not fancy terms, but very real terms?—Well, they do not apply to us so much in the North. We are a small country with small landlords, and they do not appeal to me so much.

16,194. Whether big or small is it not a fact that a man who grants a lease for the working of the minerals has the right to make covenants in the lease with regard to this, that, and the other—that so much coal shall be got, and the coal shall be economically worked according to the latest practice, and so on?—What is the objection?

16,195. Does not that make him the real governor of the industry?—I do not understand quite what you mean.

16,196. Do you think it does or does not?—I think it does not.

16,197. If it does not, he is a "waster"?—I do not think so.

16,198. If he does not function as the lord and make sure his coal is worked, where does he function?—But he does make sure.

16,199. How does he make sure?—Through his mining engineer or factor.

16,200. Does the mining engineer go round and inspect the mines thoroughly and see that it is done?—Yes.

16,201. This is impersonal, but I want to understand. Do you mind telling me how many you work for? About one hundred, and there are two of us in my firm.

16,202. How many inspectors have you?—I have my assistants.

16,203. How many?—Three or four.

16,204. Three or four inspectors and yourself making sure that all the coal is got out of one hundred collieries?—Yes, properties, not collieries. They go and survey the workings over a quarter and have the whole thing put before them on a plan and it is perfectly easy.

16,205. I should have thought the physical difficulty would be enormous for three or four men?—But you do not know.

16,206. I know enough about a mine to know you cannot thoroughly examine it in a day?—No, but as long as the coal is taken out you can see it on a plan. When a place is stopped you attend to it and see what is wrong. As long as your workings are moving on all the time you can be sure.

16,207. In the case of working a thick seam, are you satisfied everything is done?—Yes. We check that by measurement from the plans.

16,208. And with three or four men you think you are able, on behalf of one hundred owners, to

secure an efficient government of that industry?—Yes.

16,209. If that is so, how do you account for the fact that commission after commission and committee after committee has reported that there are serious disabilities still remaining in connection with these matters?—I cannot understand it.

16,210. Are we to understand that Mr. Leslie Scott's Committee made a list of absurdities when it wrote down fourteen categories of disabilities still remaining?—I do not know about that.

16,211. Sir Adam Nimmo has asked you a lot of questions with regard to this report, and I thought you were acquainted with it?—I thought I explained that I had not seen it.

16,212. Will you agree that every commission and committee have come to one conclusion, namely, that there is an enormous amount of coal wasted?—Do you mean in Scotland?

16,213. I mean for the country generally?—I do not know about the country generally.

16,214. The Committee's Report says, paragraph 5 (V): "Coal is also often left in barriers on the boundary of a mine to prevent the inrush of water from other workings on a higher level. The total area of minerals left in such barriers is very large, and we are satisfied that a comprehensive survey of existing barriers would show that a considerable portion could be worked with safety." Is not that a very great disability which remains at the moment according to this Committee's Report?—Do you mean that there are barriers that are left?

16,215. Yes; that is to say, that the industry is in so far disabled and that the coal is not got which ought to be got?—Yes, to a certain extent, that is so.

16,216. I am taking you through the whole catalogue of these things. I ask you, do you really think that the present system of government of the industry does secure the maximum of efficiency?—I have already said in my evidence there is room for improvement, and mine owners should be compelled to arrange for collective production. I said some other things about it. I agree with you there.

16,217. If you agree so far, is there any reasonable hope of getting the maximum efficiency out of this complicated system, under which 1,500 companies are to remain in possession with all their officials?—We have not too many.

16,218. If there are few, it is not effective?—I do not agree.

16,219. And, in addition to that, the State is to have superimposed over all that muddle the Sanctioning Authority, consisting of members of both Houses of Parliament, which is to have connected with it a committee described in this paper as a stationary committee, but which has been amended here to-day and described as a peripatetic committee to advise it on some parts of the question?—I should like to consider the whole question of this Sanctioning Authority before I express an opinion.

16,220. Would it be better to take direct and effective control of this industry and work it with the best men we have?—I do not think so.

16,221. You prefer a more complicated system?—I prefer the present system, with more control.

16,222. With the triple management: first, the lessor (the real owner); secondly, the lessee (commonly called the coalowner); and thirdly, the State, clearing up the muddle?—Yes.

16,223. And you prefer that to a direct, downright, business-like management of the whole thing by a single organisation?—Yes.

16,224. Mr. R. H. Tawney: You used the phrase "collective production." Can you tell us a little more what you mean by that?—It was a quotation from Sir Richard Redmayne.

16,225. You mentioned certain passages to which you think it ought to apply; for example, pumping?—Yes.

16,226. Are there any others?—Ventilation.

16,227. And any others?—Those are the two principal ones, I think.

16,228. Forgive me if I ask an ignorant question. Do you mean a group of mines should be treated as a unit for the purpose of technical equipment?—Yes.

9 May, 1919.]

Mr. JOHN DAVID McLAUCHLAN.

[Continued.]

16,229. Suppose there is anyone, an owner or lessee, who does not wish to come into the group, what is it you propose?—I think he ought to be compelled to come into the group.

16,230. That there should be a public authority to compel him to come in?—Yes.

16,231. Do you conceive that public authority taking the initiative; that is to say, making a survey of the coalfields of the country and then arranging these groups—or would you wait until one party who was dissatisfied applied?—I think it would come from people interested; for example, like myself, and other people like myself; you would find suggestions being made by them.

16,232. You think it would be satisfactory for the central authority, however composed, to adopt a waiting attitude?—Yes, largely, I think.

16,233. To wait until some third person or persons applied for a scheme of reorganisation?—Largely, I think.

16,234. With regard to this unification, do you conceive it extending to matters of finance?—The cost of pumping, for example, would have to be shared in proportion to the output, or under some reasonable arrangement.

16,235. For example, we have been informed by some witnesses, I think the Inspectors of Mines amongst them, that the technical equipment of certain mines was considerably below the standard which might be reasonably expected?—Yes.

16,236. But that certain mines found difficulties in improving it because they could not raise sufficient capital. Do you suggest, under your scheme of unification, you should have what I may call financial unification to put capital at their disposal?—Financial assistance to a group.

16,237. Unification or assistance—one shades into the other; is that what you suggest?—I think that might do.

16,238. To the extent to which that takes place, you unify not only the management, but the ownership?—I do not think you do—not the ownership. I mean the same lessees would still go on working their own pits.

16,239. But to the extent to which you put a common fund at their disposal, you destroy their financial independence?—So far as that goes, you would, I suppose.

16,240. You make them financially to that extent a single concern?—Yes, to that extent you do.

16,241. Such action as that on the part of the State would presumably increase the value of these properties, would it not?—Yes, I think it would.

16,242. And at the same time it would involve the State in a certain amount of expense?—Yes, for which they would get a good return.

16,243. A good return in what?—The collieries would have to pay interest on the money advanced to them, I think.

16,244. I am afraid I do not quite follow?—If the State provide money to pump water, it would expect a return of interest on the money. Was not that your suggestion?

16,245. No. You touched upon it rather lightly. You contemplate the State advancing money to the lessees of pits?—I thought you meant that.

16,246. As a matter of fact, that is what I meant, but is it what you mean? You used the phrase "collective production"?—No, I did not think of that under collective production as mentioned in my proof.

16,247. You realise, so far as the State imposes this higher standard of operations on the mines, it increases the value of the property, does it not?—Yes, I think so.

16,248. And it does so at some expense to itself by creating a larger or smaller administrative machinery?—Yes. Of course, the State help might not be required, as the tenants might supply the money. It would be only in extreme necessity that the State would come in.

16,249. If the State is not required *adit questio*: but I thought your paper proceeded upon the assumption that some external authority was needed?—Yes.

16,250. And the State would bear some considerable expense?—Yes, but I suggest the State would appoint a tribunal to enforce this collective production.

16,251. Yes, the State is going to impose this higher working condition at some cost to itself?—Not necessarily.

16,252. It will presumably employ some officers?—Yes, I suppose it would: I might be one myself.

16,253. I do not think anyone on the Commission would agree that Civil Service costs nothing, although I should be delighted to hear it did. To that extent it would put money into the pockets of private owners at some expense to itself?—It would.

16,254. What return do you contemplate it getting? It really means endowing the private owner?—In all mining you arrange a sinking fund to repay the capital expended, and there would be some interest, which might be small in this case.

16,255. That is not the question I was asking. What I am suggesting is that the State, on your theory, is going to improve these mining properties. Do you contemplate the owner of the property repaying something to the State?—It would have to come out of his profits.

16,256. You contemplate repaying the cost of it?—Yes.

16,257. On page 2 you gave some examples in which mineral owners have put down bores?—Yes.

16,258. We have heard some evidence as to England and Wales in which a witness said that it was rather unusual. Is it usual or unusual in Scotland?—I have some cases, beyond those I have mentioned, if you want them, where large sums have been expended.

16,259. I only wanted to know how far it was the rule and how far it was the exception?—I do not know really, but I know there are many cases where it has been done.

16,260. But you will understand that the significance of the cases depends upon whether they are common or very rare?—I cannot tell, and perhaps you can. I would not say they were very rare.

16,261. Are they common?—Yes, I think so.

16,262. Is it the general rule for the mineral owners in Scotland to take an active part in the exploitation of his property?—Not the general rule, because we have a great many small owners, and a great many who do not require it, and it is not suggested with regard to them.

16,263. In that case what does the mineral owner do?—He puts a bore down.

16,264. I mean in the other cases. You say the cases where he puts a bore down are the exception. When he does do that, what does he do?—Under what conditions?

16,265. What is his function in the industry? What is the service he renders? What is the contribution he makes to production?—Do you mean the owner?

16,266. Yes?—He is simply the proprietor of the minerals—that is all—and he sees the minerals are properly worked and developed to the best advantage.

16,267. You mean he leases his minerals to someone else to work them?—Yes, as a rule, because he is asked to do so.

16,268. On page 4 of your proof you deal with a subject of rather a different kind. For example, you give an account of the report of the German Socialisation Committee?—Yes.

16,269. Have you read that report?—No.

16,270. You know there were two reports, do you not?—I do not know that I do. It is simply a quotation I gave you, which you can get for yourself.

16,271. From what?—I took one of them from the London correspondent of "The Scotsman." It is perfectly true. Do you deny it is true?

16,272. No. I only wanted to know. The reports are accessible?—I am sure they are; and you know all about them yourself, I am sure.

16,273. I do not wish to press you about that, if you have not seen them. Did I understand you, in answer to a previous question, to suggest that in the case of an undeveloped mineral field, when it was a question of payment, the State should bore with a view to ascertaining whether there was coal?—I think

9 May, 1919.]

MR. JOHN DAVID McLAUCHLAN.

[Continued.]

my suggestion was that in the case of unproved areas, before the State took them over, it should put a bore or two down.

16,274. Do you contemplate the State bearing the expense of that?—Not if there was coal found.

16,275. But if there was not coal found?—They should bear the expense.

16,276. I may be ignorant of business, but is not that an unusual proceeding?—Yes, it is very unusual; it has never been done.

16,277. Is it not for the owner or vendor to prove the value of his article or of his claim?—Perhaps it is.

16,278. And not for the purchaser? In that case, would it not be reasonable for the cost to be borne by the owner and not by the State?—Perhaps it would.

Chairman: Mr. Herbert Smith has some questions to ask this witness, and I quite appreciate his point about this scheme. If I may say so, it is a good point. What I have done is I have got the first report of the Committee dealing with the Law and Practice relating to the Acquisition and Valuation of Land for Public Purposes, and I propose to circulate it now, and Mr. Herbert Smith will have an opportunity of asking questions with regard to it when we come back on Tuesday; but before I do that I will just draw attention to it.

Sir Arthur Duckham: I do not appreciate Mr. Herbert Smith asking the present witness about this matter when the latter knows nothing about it.

Mr. R. H. Tawney: He has been cross-examined upon it by other Commissioners pretty fully.

Sir Leo Chiozza Money: Is this the last report?

Chairman: This is the first report of the Committee.

Mr. Herbert Smith: You would not object to my going so far as Sir Adam Nimmo has gone?

Sir Arthur Duckham: No. I only want the truth.

Chairman: This appears to be the Report, and you will see on page 9 it says: "Our Committee was appointed by the Prime Minister in July, 1917—To consider and report upon the defects in the existing system of law and practice involved in the acquisition and valuation of land for public purposes and to recommend any changes that may be desirable in the public interest." Of course, I am not going to read all through this Report. No doubt, it is a very valuable Report. The Sanction of Parliament is on page 19, and I will read that. What is suggested is a Sanctioning Authority, apparently, to take land under the circumstances. It says: "As we desire the new Sanctioning Authority to be neither a Government Department nor a Standing Commission, but rather the analogue of a Parliamentary Committee, we consider that its personnel and general constitution should follow as closely as practicable those of such a Committee. In framing detailed proposals on this head, we have accordingly been mainly guided by the following general principles:—A. The Sanctioning Authority should consist of a panel of selected persons. It should not be limited to Members of Parliament, but should include others of similar standing, not being officials of Government Departments nor experts as such. Every proposal involving the compulsory acquisition of land should be referred to the Sanctioning Authority and (unless the application is unopposed and of a sufficiently simple nature to be dealt with by a direct order of the Authority after publication for a limited time) should be treated as follows:—(i) From the Panel one or more Commissioners should be deputed (as may be found necessary) to hold public inquiry into all aspects of the scheme. (ii) The public inquiry should in most cases be held locally. (iii) The decision of the Commissioners so deputed should be the decision of the Sanctioning Authority on the scheme. (iv) That decision should be published in an Order of the Sanctioning Authority, as soon as possible after the public inquiry, and should be final (subject only to a reservation of Parliamentary control over questions of policy as hereinafter provided). B. Parliamentary control and responsibility should be retained—(i) by making Parliament responsible for selecting the Chairman

and Members of the Sanctioning Authority, much in the same way as it selects the Chairman and Members of Parliamentary Committees; (ii) by reserving a right of appeal to Parliament on questions of policy." Now will you kindly go to page 7, because that is the easiest thing to look at. There you will see "Abstract of Contents." Section 1 is: "Demands on Land for Reconstruction Purposes. Need for Comprehensive and Simple System of Compulsory Acquisition." Section 2 is: "Sanction for Exercise of Compulsory Powers of acquiring Land for Public Purposes. Proposed new Sanctioning Authority." Section 3: "Constitution of the Sanctioning Authority." Section 4: "Machinery and Procedure for the Sanctioning Authority. Tribunal for Assessing Compensation." Section 5: "Work of the Sanctioning Authority. Applications for Compulsory Acquisition of Land on behalf of Local Authorities, Government Departments and Private Promoters." Section 6: "Constitutional Position of Sanctioning Authority summarised. Questions incident to Transactions in Land for Public Purposes other than the question of Compulsory Powers. General Conclusion and Summary of the Committee's Recommendations." Then, as I understand it, Mr. Leslie Scott's Committee made another interim report, which was circulated the other day. I think it is only right that Mr. Herbert Smith ought to have that, and in the meanwhile we will postpone his cross-examination.

16,279. *Mr. Robert Smillie:* I think I am right in saying that to Sir Leo Money you said that you worked for or were connected with a considerable number of Scottish mineral owners?—Yes.

16,280. Was he correct in saying about 100?—Yes.

16,281. About 100 different mineral owners in Scotland?—Yes.

16,282. What counties are they in?—Fife, Lothians, Lanarkshire and Ayrshire.

16,283. The whole of the coalfields of Scotland?—Yes.

16,284. How many assistants do you say you have?—Four at present.

16,285. And you do the surveying for 100 mineral owners?—Yes; we do not survey for them all.

16,286. How many do you survey for?—I cannot tell you at the moment. Whether we survey or whether we do not survey, we get the plans into our office regularly. In some cases the coal owners keep surveyors themselves who survey the working.

16,287. I understand you are acting in the interest of the mineral owners?—Yes.

16,288. How many collieries are covered by these 100 mineral owners?—A lot of them are small ones, and one colliery does for them.

16,289. One colliery will do for one owner?—No; one colliery works for several owners where they are small.

16,290. Where is it that one colliery is working out several owners' coal?—Take Preston Links, of the Summerlee Iron Company, and a number of the Fife Companies' pits work for several owners. It is quite common.

16,291. Would that make it all the more difficult when you have your survey or examination in a case of that kind to make sure that you are protecting your owners?—I only protect the mine owners.

16,292. I mean protecting the different owners whose interests you are serving. If there were six different owners in one colliery, would you not require to protect each of the six if you were employed by the six?—Yes.

16,293. That would be more difficult than if it were owned by one?—Yes, it would be.

16,294. How often do you really make a survey in a case of that kind? Is it quarterly?—Quarterly. We must do that by Act of Parliament.

16,295. Could you and two assistants complete your survey and examination of, say, 70 collieries in a year?—Yes, we do it.

16,296. How long does it take you to survey a colliery with two or three seams and perhaps employing 1,500 men? What would be approximately the time?—Perhaps a week.

9 May, 1919.]

MR. JOHN DAVID McLAUCHLAN.

[Continued.]

16,297. For one colliery?—Yes. May I say this, that there are very few collieries that I have to do with, that do that.

16,298. As a matter of fact my point here is that you put it down here and perfectly distinctly, that you knew that there was no coal being lost in those mines. That was your point, was it not?—That I knew there was no coal being lost?

16,299. Yes?—That is my opinion at all events.

16,300. But you base it on the fact that you, as the owner's representative looking after his interests, knew it from the plans?—Yes, you can check it and no one denies that.

16,301. But you are a theoretical man and a practical man. Do you know whether coal has been lost?—I do not know that it has been lost.

16,302. Do you know the Bog Colliery, Larkall?—Yes; I have been there.

16,303. Do you know surveyors were appointed by the Duke of Hamilton to do surveys such as you do to protect him?—Yes.

16,304. Are you aware that tens of thousands of tons of coal were lost in that Bog Colliery?—How do you mean lost?

16,305. Lost by being left in the waste?—They are not lost; they can be taken out to-morrow.

16,306. I beg your pardon?—And I beg yours.

16,307. It cannot be got to-morrow?—It can be done soon.

16,308. It is enclosed for half a mile, and it would cost a thousand pounds a ton to get it to-morrow?—These were left to keep up the low-lying lands either side of the Clyde.

16,309. It was not, I suggest?—I say it was.

16,310. When a pillar was half taken off and the weight came, they drew the wood and let it in, did they not?—One pillar.

16,311. No, hundreds of pillars were half taken out and left in, and there were surveyors going there, and they would swear there was no coal lost because they did not know?—I do not know; I cannot tell you.

16,312. What could be done in the case of the Duke of Hamilton with the ablest surveyors in Glasgow can surely be done in your case. I know that from practical experience?—What could the State do to prevent it?

16,313. You are making out that under private ownership there is no loss of coal in the mines of Scotland which has been unnecessary?—"Unnecessary" is the word.

16,314. And you know that is the case in cases under your own supervision, because you visit every quarter, but they could lose a thousand tons of coal from the time you were there in one quarter, as you know?—How could they do it? I do not know that.

16,315. I tell you here now in the presence of engineers that you cannot tell from the plans whether they have taken out all the coal?—I think I can. We just disagree. That is all about it.

16,316. You say there are greater difficulties in Scotland than in England?—Yes, in some ways.

16,317. Arising from faults and other things?—Yes, we have more of those things in Scotland than in England.

16,318. Are you aware that the output per man in Scotland is higher than the rest of Great Britain?—Well done, Scotland, I say.

16,519. Are you aware of that?—I am not at the moment.

16,320. You are not aware that the output per man in Scotland is higher than in other parts of Great Britain?—I am not at the moment. I have not it in my mind at the moment; probably it is right.

16,321. Are you aware that the output per man in Lanarkshire is the highest in the Kingdom?—I am not, but I am prepared to believe it.

16,322. Will you take it from me that it appears in the Reports?—Certainly.

16,323. Is it not the fact that the introduction of coal-cutting machinery into Scotland has enabled them to work more than otherwise would have been possible?—Yes.

16,324. They are working at the present time very thin seams?—They are.

16,325. Which could not have been worked out by hand working unless the price of coal had gone up enormously?—Yes.

16,326. Is it not a fact that many thin seams were left in in years past because they had not such a thing as coal-cutting machinery, and it did not pay them to work it out?—Why should they work thin seams when they have thick ones?

16,327. That is what we object to. You work the best and leave the worst.

16,328. But they could not do it. A lot of these thin seams, of course, are a very fine quality coal.

16,329. Whether you do so or not we look upon that coal as a national asset and say that the coal ought to be left to stand between the nation and the future, but if it is left in this way it cannot be?—But it is not going to be left in.

16,330. But it has been?—Yes, but you cannot take all the coal out in a week. You must leave some in. You cannot be at it all the time.

16,331. Is it not the fact that in Lanarkshire you had nine feet to work and you left three feet?—Are you referring to the upper Ell coal?

16,332. Yes, are they not working the Ell coal? They are getting a little bit here and there?—The upper Ell coal is being worked now.

16,333. I put it to you that the upper portion has all fallen into the waste and they get a little bit at an enormous cost. I put it that under State management it would have been worked at the time?—Why do you say that?

16,334. Because I know?—Tell me why.

16,335. Because we have not State management.—I do not believe State management would have done it.

16,336. But I can say it was a wasteful method of working?—I do not agree and I am giving you my opinion. It is done all over the country. If a thick seam has a bad roof there are often one, two, or three feet left on it in the first working, supporting the roof. If you tried to work it all you would lose far more.

16,337. Did you ever work at the Ell coal in Lanarkshire?—No.

16,338. Did you get it at the face?—No, I never got it at the face.

16,339. What happened to the work in the Ell coal and the other seams? I venture to say I know more about the working than you?—Very likely.

16,340. I say it was possible to work the full thickness?—Then what was the object of leaving it behind?

16,341. It was deliberately left behind.—Why?

16,342. Because it was thought six feet was enough to work at the time and that was where the roof was good and strong.—It is very extraordinary. All I can say is that it is quite incredible.

16,343. I only wanted to put the question in regard to your statement that you know, as a surveyor, and your assistants knew, whether there was coal being lost. You did not know and it was impossible that you should know.—I do not see your argument.

(The Witness withdrew.)

(Adjourned to Tuesday morning next at 10.30.)

13 May, 1919.]

MR. CHARLES EDWARD RHODES.

[Continued.]

SECOND STAGE—ELEVENTH DAY.

TUESDAY, 13TH MAY, 1919.

PRESENT :

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. ROBERT SMILLIE.

MR. R. W. COOPER.

SIR ALLAN M. SMITH.

SIR ARTHUR DUCKHAM.

MR. HERBERT SMITH.

MR. FRANK HODGES.

MR. R. H. TAWNEY.

SIR LEO CHIOZZA MONEY.

MR. SIDNEY WEBB.

SIR ADAM NIMMO.

MR. EVAN WILLIAMS.

SIR RICHARD A. S. REDMAYNE (*Assessor*).MR. ARNOLD D. McNAIR (*Secretary*).MR. GILBERT STONE (*Assistant Secretary*).

MR. CHARLES EDWARD RHODES, Sworn and Examined.

16,344. *Chairman*: I believe you are a mining engineer and have been engaged in mining for 54 years, and have been in practice as a mining engineer for upwards of 46 years?—Yes

16,345. Are you intimately acquainted with the coalfields of South Yorkshire, Nottinghamshire and South Derbyshire?—Yes.

16,346. Have you had a very wide experience in connection with mining royalties, and have you made exhaustive enquiries and obtained much information for the Royal Commission on Mining Royalties when that Commission made their report, which was issued in 1893?—Yes.

16,347. In addition to acting for a large number of royalty owners, are you consulting engineer for many colliery companies, the output from which in the aggregate is about 13,000,000 tons per annum?—Yes.

16,348. Are you also a director of a number of collieries, and also of iron and steel works and by-product works?—Yes.

16,349. Those being your qualifications, I will now ask you to be good enough to read your proof, beginning at paragraph 4.

"4. In the major portion of the coalfields I have mentioned above the average royalty is about 5d. per ton. In the more recently-developed areas round Doncaster, however, and to the west thereof the average royalty is less, and I estimate it at under 4d. per ton.

Underground wayleaves throughout South Yorkshire are comparatively rare, and in the newer leases free underground wayleave is invariably granted. Surface wayleaves are still more rare. Where wayleaves are payable under some of the older leases, they represent a very small charge, but, as I have said, wayleaves are few and far between. The clauses in the leases now granted relating to the allowances for bad coal are much more liberal to the lessee and fairer generally than they were 25 years ago. I have advocated for many years that it is right and proper that a tenant or lessee should be released from paying for coal which it is impracticable for him to work owing to its geographical situation, physical conditions, or by reason of it becoming too thin or of too poor a quality to make its working a commercial success.

5. Allowance clauses and many other clauses embodied in modern leases are now quite reasonable in their terms, as is the right given to lessees to break or terminate the lease if the undertaking cannot be carried on without loss.

6. I am in favour of the standardisation of leases as far as practicable, and think that there should be no difficulty in having a common form of lease applicable to each different coalfield in the Kingdom. The modern form of lease in South Yorkshire is the result of long experience and embodies all that is equitable amongst fair-minded men, and it constitutes in effect a standard form of lease.

7. The conclusions of the Report of 1893 are well known to me, and, speaking generally, I am convinced that it cannot now be said that the royalties in Yorkshire, Nottinghamshire, and North Derbyshire have in any way materially handicapped or interfered with the full development of these coalfields. I certainly admit that there are and have been cases where through an unreasonable attitude by a lessor smaller coal areas have been held up, and, though these cases are very few and far between, I am of opinion that it is desirable in the nation's interests that machinery should be established whereby compulsion could be applied to deal with cases of unreasonable conduct by owners. The same machinery could deal with all the existing defects of private ownership.

8. I am a member of the Committee appointed by the Ministry of Reconstruction to report on the acquisition of land for public purposes, including rights and powers in connection with mines and minerals. That Committee has drawn up an Interim Report, which is dated the 18th March, 1918, and has been placed before you. I believe that that report deals with all the existing defects of private ownership, and, if adopted by the Government, I am of opinion that it would meet all difficulties which now arise under the present system of individual ownership, such as they are, just as effectively and without the drawbacks of State ownership.

9. If in accordance with the report referred to statutory powers are conferred on the Home Office and the Sanctioning Authority, and a Mining Department

13 May, 1919.]

MR. CHARLES EDWARD RHODES.

[Continued.]

with an Advisory Council (including representatives of the workers) is established, the present situation would then be made in all ways satisfactory, and in my opinion could not be improved upon in the public or national interest.

10. My experience has proved to me that it would be a national misfortune if the mining industry was closed to private enterprise. The initiative of such men as the late Sir Arthur Markham and others has done great things in bringing about the large measure of success which I am convinced the nation has enjoyed from the coal trade of the country. Boreholes to prove unexplored areas have been put down in all directions by private enterprise. Earl Fitzwilliam bored to the coal to the deep of Doncaster, and that coalfield is now being developed. Many other boreholes have also been put down by royalty owners themselves and by prospective lessees. In some cases those borings or exploitations have been a success, in others the money so expended has been wasted. The result generally, however, of these borings has been the new developments of large areas, and prospective developments of further large areas between the towns of Bawtrey and Doncaster, and to the north of the latter town, and but for the war operations would have been much further advanced. The areas of coal taken up by various companies range from 5,000 to 15,000 acres, and are compact in shape, arrangements having been made for give-and-take lines between the various coalfields with the object of rounding them off. I fail to see how State ownership could have done more than has been done by private enterprise either in dealing with royalties or the development of mines. In some cases royalty owners have assisted their lessees when they have been in difficulties by the suspension wholly or in part of the minimum rents, and in some instances the rents have been altogether suspended on the understanding that the amount of money represented by such suspension should be expended in proving faults or driving through barren ground. In other cases, half royalty has been allowed in order to induce lessees to drift to areas which have been cut off by large faults, or the thinning out of the seam. I have known owners in some other cases help their tenants with advances of cash, for instance, Lord Crewe lent his lessees upwards of £22,000 to help them when in difficulties, and Mr. Wentworth gave similar assistance to his tenants. In fact, speaking generally, large lessors have been ready to assist their lessees whenever difficulties of an exceptional character have been encountered.

11. State nationalisation of mines would, in my judgment, be detrimental to the nation. It would mean the creation of a huge monopoly; individual effort and initiative would almost, if not entirely, disappear; and there would not be any check on the price of coal to the general community, as the incentive to practise economy which now follows private enterprise would to a great extent disappear. Nor would the State obtain the best brains for the development of the industry. Large financial risks are inseparable from the exploitation of new and unproved areas. During the past twenty years I have had a good many instances where enormous sums of money have had to be spent owing to the shafts being put down in a position where when the coal was reached it was found to be cut up by faults and dislocations. At Yorkshire Main Colliery, near Doncaster, one shaft struck the Barnsley seam, to which it was intended the shafts should be sunk, and the other shaft struck another seam, the two shafts being divided by a large fault. Some years of exploration took place, costly drifts have had to be driven, and a very large sum of money has had to be expended and much valuable time has been wasted before the colliery could be put into a position to pay its way, and had it not been for the backing of a strong and important company it must have resulted in a very large sum of money, running into hundreds of thousands of pounds, being lost to the original shareholders. At another large colliery, close to where the shaft struck coal, which was found to be of fine quality, a washout was discovered, the coal thinning down to little

over one foot in thickness, a large area being denuded of workable coal and for a very considerable number of years this colliery was handicapped by having to drive roads in all directions through this washout area, no dividends were paid, and although now it is a financial success, the original shareholders were for many years without any return for their expenditure. I could amplify these cases, but I think instances I have given are sufficient to show the highly speculative character of any enterprise in coal, whether looked at from the point of the lessor or the lessee, and that the State would be unwilling to embark on similar enterprises. The difficulty of obtaining the sanction of the Treasury to the expenditure of large sums of money in such hazardous enterprises is obvious.

12. Another point I have been asked to consider is, in the event of the country deciding to nationalise, what would be a fair compensation to be paid for the interests acquired. My views are as follows:—

Each separate royalty ownership should be valued independently, and it would be quite impossible with fairness to adopt the proposals set out in the essay issued by the Fabian Society entitled "The Nationalisation of the Coal Supply." My reasons for insisting on separate valuations may be shortly stated as follows:—

- (1.) The rate at which the minerals will be worked must be the basis on which any valuation can possibly be founded to get at the present cash value, and therefore every royalty must be valued separately.
- (2.) One royalty may have been worked to its full capacity for, say, ten years, and yielded, say, £3,000 a year, but it will be exhausted in five years more. Another royalty has only just begun to be worked, and has produced, say, £500, £800, and £1,200 per year for the last three years, but it will now yield £3,000 a year for twenty years. To get at the fair value, each of these royalties must be dealt with separately.
- (3.) To take an average over the whole country of so many years' purchase would give undoubtedly an approximate estimate of the value of the royalties considered as a whole, but it cannot be applied with fairness to all estates alike.

13. I have considered the evidence already given by Mr. W. Straker and by Sir Richard Redmayne. There are many things which I think have been somewhat exaggerated

(1.) PROFITEERING.

Prior to the boom which commenced in the early 'seventies trade was at its lowest ebb, wages were very low, and the price of coal did not average much more than 4s. per ton at the pit's mouth, and no profits were made in the districts I am acquainted with, but an extraordinary trade boom set in and in consequence of the demand very much exceeding the supply prices rapidly advanced, and large profits were undoubtedly made, the result being that collieries were disposed of at high prices and new ventures were started. The boom, however, collapsed almost as rapidly as it had grown, and large sums of money were lost by investors who had embarked in coal shares and the exploitation of new ventures. The boom, as I have said, caused new undertakings to be embarked on, and the supply rapidly overtook the demand, until in 1877 collieries were only working half-time and gave no return to their shareholders, and wages had again reached a low figure. This condition of things prevailed until 1889. No new developments were undertaken, and it was a period of stagnation. But another spurt in trade took place in that year, and from working at a loss, or no profit, collieries began again to make considerable profits, which condition of things continued for about two years. Then there was another slump, followed in 1893 by the disastrous strike of miners in connection with a demand from the owners for a large

13 May, 1919.]

MR. CHARLES EDWARD RHODES.

[Continued.]

reduction in wages. This strike resulted in a settlement known as the Rosebery Agreement, but coal still continued at a very low figure, and only the best collieries could show a profit. In 1899, however, another revival in trade took place and very considerable profits were made, and although there was a falling off in 1906, 1907, and 1908, the coal trade has been more prosperous since 1900 than in the whole of its history, but during the period I have reviewed there was never any profiteering, as such—it was simply the law of supply and demand—and as soon as over the demand fell off the price of coal as a rule fell more rapidly than it had risen.

(2.) LOSS OF SMALL COAL LEFT UNDERGROUND.

Speaking of Yorkshire and Derbyshire, up to a few years ago there was no market for the small coal produced at the collieries working the Top Hard, Barnsley Bed, and other coals, which was non-coking, and a good deal of small coal was undoubtedly left in the pits, most of the collieries filling the coal with either riddles or forks; but in recent years, mainly on account of the introduction of coal-washing machinery, the small coal can be now so washed and cleaned that it is sent away with the large coal, the prejudice against small coal for boiler firing and other uses having largely diminished, and at the present day forks and riddles have almost entirely disappeared from the collieries in the districts under review, the coal being filled with shovels, and very little if any small is consequently left in the pit; in fact, there is no inducement at the present time to leave any in the pit, as the collier is paid the same rate for the small coal as for the large.

(3.) LARGE COAL LEFT IN THE PIT.

This is a matter which can only be determined by the circumstances of each colliery, having regard to the character of the roof, and of the seam itself, but it is obviously to the interest of both lessor and lessee to work as much coal as they can, and I fail to see how nationalisation of mines could do more in this direction than private enterprise has done.

(4.) SAVING IN RETAIL DISTRIBUTION.

It seems to me that this can be done now by the Corporations or Councils buying all the coal required for the needs of their communities and distributing it to the best advantage, buying in the cheapest and most suitable markets, running their own wagons, and distributing the coal from stations most economically situated for the needs of the neighbourhood."

16,350. Do you propose to make these corporations or councils acquire siding accommodation at the stations for the purposes of distribution?—They would have, undoubtedly, to do that or take the present means of sidings and methods of distribution.

16,351. A corporation would have to be the owners of the wagons and the lessees of the sidings?—Yes.

16,352. Have you any idea as to what the expense would be?—I have not. At the present time these various towns are served through various sidings, and by means of distribution through coal merchants and the like, and I presume the same means would be available for the corporations if they took them over.

16,353. Would you leave the present distributors to go on just in the same way, side by side with the corporation distributor?—I should say if the corporation undertook its own distribution, it would do away entirely with what is now termed the middle-man.

16,354. What about the small man who buys and sells coal? Would the corporation do the hawking of coal?—I presume they would, if they dealt with the distribution of it to the whole of the community. They would have their own carts, for instance.

16,355. The councils or corporations would have, first of all, to have railway wagons, then to be lessees of sidings, and then owners of carts and horses for distribution?—Yes, or they could hire the railway wagons from the colliery companies, and they would have the same means of sidings as are now available.

16,356. Take a place like London, which has a great number of different authorities. Do you propose that the London County Council should do it, or the borough councils?—That is entirely a question for consideration.

16,357. I thought, perhaps, that you had thought of these things?—No.

16,358. Will you continue reading your proof?—

" (5.) BARRIERS.

The whole question of barriers is a complex one, and each set of circumstances must be examined and taken into account before condemning past or present management.

In practically every district the working of the minerals commenced at the outcrop, and the shallower areas were first worked. Any surface water which was encountered flowed into these workings and was pumped at various points from the deepest part of the workings from pumping stations suitably situated, the water being gathered to these pumping stations by levels.

Now sinkings took place further to the deep, and as a rule the water was tubbed back in the shafts themselves in order to avoid the expense of pumping, and having gone to this outlay, lessees naturally asked for the right to protect their workings by leaving barriers to hold up the rise water I have described.

No system of State ownership could have avoided the risk of flooding the deeper mines except by the leaving of a barrier.

There is no doubt that assuming an entirely new coalfield was being developed arrangements could be made by laying out water levels where water had to be contended with which would reduce the amount of coal necessary for barriers.

BARRIERS AND VENTILATION AND SAFETY BETWEEN MINES.

Down to a certain depth some barriers of coal are necessary, apart from the water question, in order to keep the ventilation of collieries separate, and no system of State ownership could obviate this necessity, but at the same time it is obvious that the larger the area that can be worked to one undertaking the less the proportionate area of barriers would be.

At great depths, in many cases we are now abandoning the practice of leaving coal barriers and instead are leaving "pack" barriers, where the local and physical conditions render that practically possible. By a "pack" barrier I mean an artificial barrier constructed of waste removed when working the pit.

The loss of coal left to form barriers could be minimised as far as is practicable, having regard to the matters I have discussed, by the adoption of the recommendations of the Report of the Acquisition and Valuation of Land Committee to which I have already referred."

16,359. *Mr. Herbert Smith:* In paragraph 3 of your proof you say: "I am also a director of a number of collieries and also of iron and steelworks and by-product works." Will you tell me what collieries you are a director of?—Brodsworth, Bullcroft, Hickleton, Hodroyd, Llay Main, Manvers, Markham Main, Mouckton, Staveley, Yorkshire Main. I think that is about all.

13,360. I take it you firstly give evidence that you are opposed to the nationalisation of minerals?—Yes.

16,361. That, secondly, you are opposed to the nationalisation of mines?—Yes.

16,362. And, thirdly, you are here to show that the industry should be a matter of private enterprise?—Yes.

16,363. With regard to distribution, I think you agree that there is need for some modification in that?—Yes.

13 May, 1919.]

MR. CHARLES EDWARD RHODES.

[Continued.]

16,364. I see in your paper that you quote Sir Arthur Markham. We knew him fairly well in Yorkshire, and I will quote him now against royalty owners, because you are here to defend royalty owners, as I understand, under present methods. Do you know that Sir Arthur Markham in 1900 said that at Hickleton Main Colliery they took a risk of £500,000 in sinking and equipping the mine and building a model village, and that he said before they reached coal they were paying £18,000 a year dead rent? Do you agree to that?—I think it was Brodsworth.

16,365. He names them both?—At Hickleton it was not the case.

16,366. He says that before the mines had reached their full output or got practically any coal at all they were paying the landlords £18,000 dead rent?—That did not apply at Hickleton, but I daresay it would apply at Brodsworth.

16,367. He goes on further to say: "Now that they are fully developed they are paying from £35,000 to £45,000 a year royalties"?—Well, they are not paying that at Brodsworth.

16,368. I am speaking now of Hickleton and Brodsworth jointly?—They will not be paying that much.

16,369. So that his statement would not be true?—I think there must be some other collieries included, and I will tell you why I say that. It is because the royalties average 6d. per ton at Hickleton, and they average rather less at Brodsworth, namely, about 4d., and they raised at Hickleton before the war over 1,000,000 tons a year, and they got about 1,200,000 tons a year at Brodsworth. That is the way in which I arrive at the figure they would be paying when they were fully developed.

16,370. They are his figures, and he gave them, but they are not only that because a royalty for bricks is charged and also surface rent £4 an acre, and ground-rent at about £660?—Yes.

16,371. Do you agree with that?—I daresay the figures are quite correct.

16,372. And he says prior to these collieries going down that land would be worth between 10s. and 15s. an acre?—I do not know what the letting value of it was. I should have thought it would have been worth a bit more than that, but not very much.

16,373. And still you agree that this ought to be in private owners' hands, and without any risk at all to them they should draw this large amount of money?—Yes, subject to the institution of some Court where the terms of the owners could be revised or there could be prevention of undue exploitation of the industry.

16,374. Do you agree further with the statement he made in 1906, when he said that at certain collieries that he had to deal with (he is now talking of Wales, because he was a colliery owner in Wales) they paid £17,460 in royalties to the landlords, and the landlords paid out of that £872 13s. in income tax, and the colliery company had to pay in local rates, etc., £5,613 14s. 6d.?—Yes.

16,375. Since then there has been another tax put on?—Yes.

16,376. Still, you agree with this method of private enterprise and royalties?—I agree that, as long as a reasonable rate is paid for the coal, whether it is payable to the State or private ownership, it is only right that it should be paid, as long as it is a rate which does not handicap the industry.

16,377. In your Doncaster area am I right in saying that at certain of your collieries, and at one colliery in particular, they charge £24 16s. 11d. per acre for land which was close to the town, and when the colliery company wanted to work it for colliery purposes it went up to £286 to the colliery owners, in addition to the royalty?—I do not quite follow. Was that for the sinking of a shaft?

16,378. No, simply to put the débris on?—I did not know of that.

16,379. But you know whenever a colliery is developed it increases the rateable value?—Undoubtedly.

16,380. And that without the royalty owner doing anything to increase it?—That is so, except to the extent of working his coal.

16,381. Except to the extent he allows us to work his coal which he claims?—Yes.

16,382. In your *précis* you name two gentlemen and you mention Lord Crewe first of all. Will you give us the name of the colliery where he lent that £22,000, because I happen to know of two collieries which had to close because they could not pay the royalties?—I am informed it was the Fryston and Wheldale Collieries.

16,383. But do you know whether he lent it on loan and he got it back with interest?—I do not know the details. I have simply been told.

16,384. No one would object to lend £22,000 on good security at interest, would they?—No.

16,385. Will you tell us where Mr. Wentworth gave assistance? Was it some small pits?—I understood he assisted them at Strafford Main.

16,386. Am I right in saying that the first boreholes put down between Cadeby and Southcarr were put down by Mr. George Dunston?—Yes; I advised him, and it proved the coalfield.

16,387. Yes. Was the coalfield 14 miles away from Cadeby?—Yes.

16,388. So that he was the pioneer of the coalfield in testing that coal?—Yes, in conjunction with the late Mr. Arthur Wilson, of Wilson & Sons.

16,389. That is right. That was put down in 1893?—Yes.

16,390. And they found the coal at about 1,000 yards deep?—Yes, 1,050.

16,391. It was found there was another seam?—Yes; they proved two seams.

16,392. And they leased the coal?—I do not know that they ever leased it. Mr. George Dunston had a considerable area of his own there.

16,393. Of course, if Mr. George Dunston is asked to give evidence here he will be able to tell us as to that?—Yes. He did a great deal to assist the development.

16,394. I think he was the main man to keep hammering away at the Doncaster Coalfield?—Yes.

16,395. If any credit is due, it is due to him?—I think a great deal of credit was due to him.

16,396. Now, coming to the nationalisation of mines, you tell us in your paper that you do not think the State would be able to obtain the best brains for the development of the industry. Why do you say that? Why would it not be able to obtain the best brains?—I think that in all probability it would be so managed by the State that there would not be the same competition, and the mining engineers of the country would not have the same opportunity of showing their ability as they have by working for private enterprise.

16,397. Do you know any mining engineers that would object to give the State the benefit of their brains if they paid them for it?—No.

16,398. So that they would be able to get as good brains as anyone else if they paid for it?—Yes. But they would not have the same opportunity of seeing what one man was worth as compared with another man.

16,399. Will you tell us why, because you have had a wide experience? You have made your way by your own energy, and I must give you credit for that. Will you tell me why they would not have the same opportunity?—I think that where you are in the position to compare costs between a number of collieries, one with another, and you find that working the same seam one colliery's costs are very much higher than another colliery's costs, you would naturally begin to enquire why it is. You take the physical conditions and you examine into those. You see what the method of working is which has been adopted, and you see that one colliery has been a success where another has been a failure, and eventually you find

13 May, 1919.]

MR. CHARLES EDWARD RHODES.

[Continued.]

out that it is due to the way in which the colliery has been laid out initially and the way in which it is being carried on. For instance, the success of some of the collieries in Yorkshire has been entirely due to the way in which they have been laid down, whereas others are failures.

16,400. Would not State payment enable the same thing to be done?—There are a number of collieries of which you are a director, and these collieries vary?—They do.

16,401. Some of these collieries would not have shut up if you had not looked after them?—I should not like to leave them at that.

16,402. Will you tell me what would prevent the Government, if they nationalise, doing that and enquiring at the various collieries, if there were any, the reason why they are not paying?—I do not see why the Government should not enquire into it, but I do not think they would be able to enquire into it to the same extent that a man enquires into it whose last shilling is dependent upon seeing whether he can get something out of his pit or not.

16,403. May I take it you have not changed your opinion even after being on two Committees? I see that on the Coal Conservation Committee you yourself, Sir Adam Nimmo, and Mr. Forster Brown, all three gentlemen interested in coal, signed this Report, saying: "We consider it necessary, therefore, that we should sign the Interim Report now submitted, and express the view that we are opposed to any State control over the mining industry in respect to its commercial and industrial interests"?—Yes.

16,404. That was a Minority Report which you signed along with Sir Adam Nimmo and Mr. Forster Brown?—That is so.

16,405. And you have not changed your opinion yet?—No.

16,406. It is quite true that there were two Minority Reports, were there not?—Yes.

16,407. I think Mr. Smillie signed one in favour of State ownership?—Yes.

16,408. Then you went on to another Committee and you took up a similar position. That was a Committee on which I think Labour was not represented?—I think Mr. Walsh was there. I was not particularly anxious to be on one Committee or the other. There was a great deal of time lost over them.

16,409. He is not mentioned in the Preamble or elsewhere as being appointed?—I rather think he was on it.

16,410. Am I right in saying that on that Committee there were, interested in mines, yourself, Mr. Forster Brown, Sir Thomas Ratcliffe Ellis, Sir Adam Nimmo, and Mr. W. Middlebrook?—Yes. So far as Mr. Forster Brown, Sir Adam Nimmo and I were concerned, I think we were invited to come on later.

16,411. Now, in the Report of that Committee you make certain proposals because you were satisfied that there were some difficulties that wanted dealing with and you proposed to set up a tribunal?—Yes.

16,412. If it is not going to stop private enterprise why should the State be called upon to set up any tribunal?—There were certain questions submitted to the Ministry of Reconstruction and the Committee was asked to report on these questions and to find the best way, in their judgment, of dealing with the points raised by the questions, and the result of our meetings was the Report which you have before you. We recognise that there are cases where the nation has been handicapped to some extent by the action of individuals and where there should be some means of preventing anybody holding up anything that is for the benefit of the community, either for his own purposes or through any other reason.

16,413. Does that apply to Government control during the war?—I do not think so; I should not like to say so.

16,414. If private enterprise can do all it wanted why should the Government control these mines during the war and still control them?—They did not control them so far as management is concerned in any way.

16,415. But the difficulty was that you were always complaining that they did control them so far as management was concerned?—They have never controlled so far as management was concerned in any pits I have had to do with; but they controlled timber and material to such an extent that we found it difficult to carry on, and we were handicapped in carrying on the outputs in consequence. In connection with that I should like to say that the Manvers Main which was producing one million tons a year before the war, during the last two years of the war produced 1,600,000 tons and the Government got the whole benefit of that both with regard to excess profits and everything else.

16,416. Is not the reason you are opposing nationalisation of mines because there are so many who are doing well under private enterprise?—There is no doubt we all take a somewhat personal view of these questions, and one is interested in the coal trade, and there is no doubt we all benefit by it, or we should not carry it on.

16,417. I think no one can doubt that the Carlton Main has been a good paying concern?—No.

16,418. They would not say the Wathstone Main was not a good paying concern?—It was a very bad paying concern for a great many years.

16,419. But for a great many years it has been a good paying concern?—Yes.

16,420. I know one man who invested £1,000 in it, and while he was in it he never drew less than 10 per cent. and he was able to sell his one thousand shares for £5,000. That would be a good investment, would it not?—Yes. I have not been able to sell my own at quite as much as that.

16,421. I think you will admit that Manvers Main was a good paying concern and is yet?—Yes. But in connection with that it must be remembered that that colliery started so far back as 1869 and it started with a small capital. They had the benefit of the first boom in 1872 and they used the money which that boom produced to a great extent in sinking their second pit, so that for a great many years they kept their capital down by doing all the development out of revenue and during the last twenty years the shareholders have undoubtedly reaped very large returns.

16,422. And they have sunk another pit during that time out of profits, have they not?—Yes.

16,423. It has been an extraordinarily good paying concern, has it not?—Yes.

16,424. The Hickleton Main will be a good paying concern, will it not?—Yes.

16,425. Will the Brodsworth Main be a good paying concern?—Yes. We have spent a large amount of money on Brodsworth, chiefly in cottages.

16,426. I think Bullcroft Main will be a good paying concern, will it not?—Yes.

16,427. What is the distance between Bullcroft and Brodsworth as the crow flies?—I should think it is about two miles.

16,428. There are two shafts down at Brodsworth and there are two shafts down at Bullcroft, are there not?—Yes.

16,429. What would be the Brodsworth area?—The Brodsworth area is, as nearly as possible, 7,500 acres.

16,430. What is Bullcroft?—Bullcroft has a very large area undeveloped and unsunk to, and taking that into consideration I should think Bullcroft control altogether about 15,000 acres.

16,431. When it was sunk what area had they?—I think they had an option over the whole area, but I am not certain. They would sink to at least five thousand acres.

13 May, 1919.]

MR. CHARLES EDWARD RHODES.

[Continued.]

16,432. And there are four shafts within two miles as the crow flies?—Yes. Of course the Bullcroft shafts were sunk nearly to their boundary owing to the speculative character of the coal going in an easterly direction and consequently those shafts were rather nearer together than otherwise would have been the case.

16,433. Am I right in saying that if Brodsworth works out to its full extent it will go more than two miles in another direction?—No, we are going to sink another pit.

16,434. At present it would go more than two miles?—Yes. If worked to the existing shafts.

16,435. And Bullcroft would go more than two?—Undoubtedly, unless they sink further shafts.

16,436. Is that your economical idea in private enterprise, to put down four shafts within two miles and cause men to walk two miles out and two miles in when the shafts could have been better adapted to put the men nearer to the work?—You mean if it were an amalgamated concern and if the two had been together?

16,437. Yes. They are largely amalgamated, and they are largely the same directors, are they not?—Yes.

16,438. And the consequence is that those shafts have been put down badly with regard to situation?—Undoubtedly you would have to put your Bullcroft shaft further away to the east if you had a free hand, but in any case they would have been put down further to the east unless it had been for the very speculative character of the coalfield in the easterly direction. As you remember, some boroholes were put down and that determined to a great extent the position of the Bullcroft shaft.

16,439. The reason I ask you is this; a statement was put in by the owners showing the distance the men travelled, was it not?—Yes.

16,440. And that showed that in South Yorkshire the men travelled three miles and over in and three miles out—six miles a day?—Yes.

16,441. And were riding a larger number of men to their work than any coalfield there is in Great Britain?—I think that is so.

16,442. You would not call it up-to-date mining, would you, to compel men to walk two miles in and two miles out?—No, but there are, as you know, reasons for it. Take, for instance, the Aldwarke Main. There we are cut off by a large fault, as you know, and we sunk a pit to let the men down.

16,443. But as a matter of fact at the Aldwarke Main you ride some of the men in?—Yes, and we have arranged to ride them in still further, and we ride them in and out at Roundwood.

16,444. May I put it that we are behind the times with regard to men travelling in and out in Yorkshire?—You are, and for this simple reason. The great bulk of the collieries are endless-rope-haulage. There is no other road in or out in most districts except the return, and there has been never any arrangement made for riding men in and out in the return.

16,445. Am I right in saying that when we attempted to get better facilities and wider roads and return air-ways and intakes, we were opposed by the colliery owners in the House of Commons on the ground that it would be an unnecessary expense?—I do not know about that. I never opposed it.

16,446. I am not speaking individually because I have too much respect to speak individually. I am speaking collectively. Is it not the fact that it was opposed at every turn which was possible when this proposition was made with the object of making it easier for the men to get in and out and to make bigger roads for the men to travel in?—I cannot understand any opposition on that ground.

16,447. I think you have taken a prominent part in all legislation that I can remember and you have opposed making man-holes, for instance, for safety?—You mean as a general proposition?

16,448. Yes, to-day there is an attempt to get the Home Office to agree to minimise the number of man-holes even in Yorkshire?—Well, I am not aware of it.

16,449. Asking them to do away with safety refuge holes in the main haulage roads?—I was not aware of it. It is a thing I should not do myself.

16,450. With regard to transport, do you admit that Yorkshire is fairly well behind the times so far as getting coal from the mine at the face is concerned, and that men are engaged in tramping in South Yorkshire from 18 years of age to 50 years, travelling in some instances 800 yards in and out?—That must be a very isolated case.

16,451. Take a few of your own cases where you have been and had a wide experience. Silverwood Colliery is a new colliery, is it not?—Yes.

16,452. You provide for tramping there, do you not?—Yes, but the tramping is limited.

16,453. That is my difficulty—that it is not limited?—I think there are no rises at Silverwood.

16,454. There are 20 yards, including in tonnage, and every additional 20 yards 2d., per 10 ton with no limit to it?—I do not think they are tramping any rises at all at Silverwood at the present time.

16,455. Take your Rotherham mine. That is 60 yards out and 60 yards in?—That is a maximum.

16,456. That is in tonnage. Then you have tramping rises in addition to that?—Yes. I beg your pardon! The old original rate in Yorkshire was 80 yards and then the tramping rises, and when the Rotherham main list was fixed, it was reduced from 80 to 60.

16,457. Can I get it from you that this method is absolutely out of date, taking a man who devotes 80 per cent. of his time to tramping tubs in and tramping tubs out instead of working at the face and getting coal?—It is practically out of date, and it is very little done now.

16,458. And the men are opposed to it, are they not?—They are, undoubtedly.

16,459. We ought not to expect men of 30 or 40 years of age to be doing this when they ought to be getting coal?—I think it is a very expensive method of getting coal in and out, working trams by manual labour.

16,460. *Chairman*: I want to follow this, because this is a very important question which has been raised by Mr. Herbert Smith. (*To the Witness*): What is the real reason of this? Is it a technical mining reason or some financial reason?—Do you mean where the tramping is done by hand?

16,461. Yes?—It is a custom which has grown up from time immemorial, and in the old days there is no doubt that the roads were such that in all human probability a horse or pony could not get into the working-place, and they were obliged to tram it out by hand.

16,462. Is it a good custom?—I should say not, because it is gradually dying out all over the country, and in the newer pits they are hauled by ponies, who go into the working-place, or it is done by small hauling engines.

16,463. Is it a financial reason which makes this bad custom continue?—It entirely depends upon the thickness of the seam. If it is a thick seam, I should say it is bad finance to allow men to tram any long distance. If, on the other hand, it was thin coal, putting on one side altogether what I may call humanitarian considerations, you would save the ripping of the roof by enabling men to tram in a low place.

16,464. What is the longest distance a man trams in your experience?—In the old days when they worked bank-and-pillar, and before we turned on to the long-wall, they used to tram the whole distance of the bank so far as ever it went up, and sometimes along to the gate as well. They would tram up to as much as (I have known) 10 rises, and that would be 180 to 200 yards of tramping each way.

16,465. What is the longest distance now that that exists?—That I could not tell you.

13 May, 1919.]

MR. CHARLES EDWARD RHODES.

[Continued.]

16,466. *Mr. Herbert Smith (to the Witness)*: Now I put it to you that why this method was adopted was simply from a financial point of view: that as a matter of fact you got men to tram tubs 80 yards out and 80 yards in for about 6d. for 10 tons? I think, as nearly as I can remember, before there were any rises or anything put on at all that the tramping rates ran to about 6d. for 10 tons.

16,467. That is what distance?—That is up to the first 80 yards.

16,468. And after that?—After that there was 2d. per 10 tons rise for every 20 yards put on. That 2d. in these days would be 4d. or rather more.

16,469. When you say there was 2d. put on, it was 2d. put on for 10 tons divided over 10 tons?—I think, if I remember aright, it was 2d. a score, so that 10 tons is right.

16,470. As a matter of fact it means taking 20 corves out and bringing 20 corves back to earn 2d.?—Yes.

16,471. I put it to you that it was done more from a financial point of view than anything else?—I should not like to say. I should think in all probability there were both reasons operating.

16,472. Now let us see if we can get this. The Barnsley Bed will be 6 ft. thick, will it not?—Yes.

16,473. Was there any need to tram with a 6 ft. seam?—When they worked bank-and-pillar to get up into the face, it was not suitable for pony work, and I do not know any of the old Barnsley Bed pits where they work 20 yard bank and 20 yard pillar where the ponies went into the gates at all.

16,474. But take your Rotherham mine. The Rotherham mine is not post-and-pillar, but it is ordinary long-wall?—Which seam is that?

16,475. Your Rotherham Barnsley Bed—I was down it not long since—and they tram there with a seam nearly 6 ft. thick?—It is not 6 ft. thick; it is not more than 4 ft. 2 in.

16,476. We measured it at about 5 ft. 6½ in. towards Low Stubbin. We went to see about the water that was supposed to be breaking in?—You mean towards Low Ground?

16,477. Yes?—I am very glad to hear it was as good a section as that.

16,478. Was there any need for tramping there with a thick seam there?—I do not think they tram very far there, if at all, though it is on the list.

16,479. As a matter of fact you have applied for every 20 yards over a certain distance 2d. per 10 tons?—Yes, but I do not think there are any rises.

16,480. Am I not right in saying that all pits in respect of the management of John Brown have tramping on the list?—All of them. They were on when I went there 50 years ago.

16,481. But you have suuk some since you went there?—Yes. They were really carried on from the original lists, and all the new prices are based on the old price lists.

16,482. What I put is that with regard to the old original list, after enquiring into it and sinking new pits, it was found more economical to tram by a human being than mechanical appliances?—Up to a certain distance.

16,483. Am I right in saying that in the Doncaster area they have abolished tramping?—Yes, except to a very, very limited extent.

16,484. And you abolished tramping for what reason?—We laid the places out so as to be as up-to-date as it was possible to be, and we have endeavoured to lay them out so as to conduce in every possible way to working them to the best advantage, not only from the point of view of the owner, but the point of view of the workman as well.

16,485. I suppose you knew Mr. George Blake Walker?—Yes.

16,486. This is what he said in a speech at the 29th Annual General Meeting of the Institution of Mining Engineers at Nottingham, when he was elected chair-

man in 1918: "The use of ponies in the mines had been reduced a great deal in recent years, and small mechanical haulage appliances had been substituted. This would be necessary in an increasing degree in very deep mines. The ponies suffered very much from the heat, and the manager of one of the deep mines near Doncaster told him they had taken out all their ponies for this reason, and small haulages and conveyors had taken their place"?—It may not have been an after-dinner speech, but it reads very like one, because I happen to know all about the York-shire Main Colliery, and, certainly, the ponies were never taken out for the reasons given there, or the hauling engines put in. It was all part and parcel of our scheme to work the place entirely without ponies, and they are working it to-day without ponies. It was only where they drove through the faults and were getting the roads made that they could not work without ponies. But now we have our permanent roads made, we are working absolutely without ponies. We are doing the same at Brodsworth, where the question of depth does not arise, because we are only 566 yards deep at Brodsworth.

16,487. Will you deny another statement which he makes: "He was informed that at the last of these collieries"—he is speaking of Doncaster—"many of the men suffer from boils and anæmia, and their working efficiency was reduced by 20 per cent. Could these conditions be mitigated on a practical scale so as to make physical exertion healthy and efficient?" Do you know whether that is true?—I do not know that there is any truth in the assertion as to boils, and at present I should not say that there is any truth in the assertion that the physical efficiency is not up to the mark, because that pit now will bear anybody's examination.

16,488. You have told us you are interested in the Yorkshire Main? We have had a large number of men complaining of the effect of these boils. Do you mean to tell us you do not know anything about it?—I do not. I have never had it reported to me.

16,489. There are not many things in the collieries which you are interested in which you miss, are there?—No; but I have missed that, or, at any rate, they have missed telling me.

16,490. It is getting so bad that we are starting an agitation that it should come under the Workmen's Compensation Act?—If it is correct, I think it is quite a fair proposal to put forward. I dare say I can give you some temperatures of the York-shire Main, if you care to have them.

16,491. The Yorkshire Main is fairly high, is it not?—Of course, it is a very great depth—1,000 yards—and until we got our arrangements completed it was undoubtedly very hot.

16,492. What would it be at the bottom?—At the pit bottom, of course, you have the full advantage of the air coming down the shaft, and you do not get the full heat at the pit bottom. It would be only about 10 or 12 degrees higher than at the surface, but when you get a short distance in it rises very rapidly up to as much as 90 degrees. But we have got it back in a great number of working places to between 70 and 80 degrees.

16,493. You have had Dr. Haldane down there a fair number of times, and he says that with regard to a man working under those conditions his physical ability is reduced more than 20 per cent.?—Well, they must be very good men to start with, because their average output per man at that deep colliery compares very favourably with any other colliery in the district.

16,494. I am confining myself now to Edlington?—I mentioned Edlington simply because it happened to be the deepest shaft in South Yorkshire.

16,495. Am I right in saying that at these deep mines in the Doncaster area no man in good physical condition does more than four days a week, because he is exhausted after he has done four days?—There is no doubt it is harder work working where you have a high temperature like that than where you are working at a shallow depth.

13 May, 1919.]

MR. CHARLES EDWARD RHODES.

16,496. So that, when we talk about absenteeism, without you take these conditions into consideration, it is not fair to the men, is it?—No, I do not think it is. I have always contended that, dealing with the question of absentees, the conditions ought to be taken into account.

16,497. I quite agree. Now turn to page 5 of your proof. You say: "Then there was another slump followed in 1893 by the disastrous strike of miners." Should that not be "lock-out"? It was you people who gave us notice?—You can substitute "lock-out" if you like.

16,498. We have plenty of sins without having any more put on us. You gave us 14 days' notice: is that not a lock-out?—Yes; if the term "strike" is objectionable, then substitute "lock-out" by all means.

16,499. Now in regard to small coal, on the same page you say, speaking of Yorkshire and Derbyshire: "Up to a few years ago there was no market for the small coal produced at the collieries working the top hard, Barnsley Bed, and other coals, which was non-coking, and a good deal of small coal was undoubtedly left in the pits, most of the collieries filling the coal with either riddles or forks." Then you say that the forks and riddles have almost entirely disappeared. How long is it since riddles were taken out in Yorkshire?—We began to take them out as far back in the gas-coal pits as 1884, and I think before that.

16,500. And in Barnsley Bed, how long since?—In the Barnsley Bed I think the first that were taken out, so far as I remember, would be about 1896.

16,501. Am I right in saying they have been out now for over 18 years?—Yes, that is about it. That is about the time; 1896 would be about the time.

16,502. Then with regard to large coal left in the pit, is there not a fair amount of large coal left in the Barnsley Bed now?—Yes.

16,503. Why?—We made a number of experiments at Frickley with the object of seeing to what extent we could work out the whole or the great proportion of the seam, and we tried in three or four different banks to see what we could do in the matter. The result was that we found we were obliged to leave up the top softs, and that would represent, as nearly as I can tell you, about 12 per cent. of the whole thickness of the seam.

16,504. Am I right in saying that this coal being left in is a danger itself and caused gob fires?—Of course, it is not all left in. There is a good deal of it picked out at the back of the timber when the timber is drawn, and as much is picked as is possible to be picked out.

16,505. Supposing the inspector came down and saw me picking out coal behind the timber, what would he do?—I do not say right back in the gob, but when the timber is drawn. The coal drops and the men in the next row can reach a very considerable quantity of coal that has been dropped and fill it, and they do it. It is impossible to work out the whole thickness of the Barnsley Bed seam at some of the collieries in the district.

16,506. You mean under your present method?—Under any method you can suggest.

16,507. Let us see. You mean under present methods?—I will accept that.

16,508. Am I right in saying that at Brodsworth, which is a safety-lamp pit, we have had over 20 fires in that pit?—We have had 20 gob fires, and that was the reason we started that investigation station at Doncaster, and we have spent altogether on that station £12,000 endeavouring to get at the root cause of gob fires, and I think the result of those operations is demonstrated by the fact that we have had very few gob fires indeed during these last two years.

16,509. Am I right in saying that at Bentley, which is a safety-lamp pit, we have had gob fires?—Yes. You had gob fires at one time very badly.

16,510. And an explosion?—Yes; but I have nothing to do with Bentley.

16,511. At the Yorkshire Main, which is a safety-lamp pit, have we had gob fires?—Yes.

16,512. And at Cadeby, which is a safety-lamp pit, was there an explosion and loss of life?—Yes, but I do not think the question of safety lamps has any thing to do with gob fires.

16,513. The point I want to make is this: If it is necessary for workmen to have safety lamps to prevent explosions or ignition of gas, is it not incumbent on some one to prevent the sudden outbursts of flame from the goaf which may cause an explosion and send hundreds of men to eternity?—I quite agree.

16,514. I think you sat on a committee some time ago to deal with this question, and you did not agree with my theory then, and I suppose you would not now; but would it not be far safer to work out to the boundary and retreat back and leave the danger behind you?—For various reasons it is not so easy as it appears to be on paper. We are doing it to some extent in some places, but you do not get rid of your difficulties then, because you can have your gob fires behind you, and then there is no way of getting at them.

16,515. I take it you and I would agree that if there were only one way out of this room, we should prefer to have the fire behind us instead of in front of us?—You are assuming the fire is at a working-place, but I consider that the method we are adopting now of making the return airways in a seam below the one where we have the gob fires is the safest method of dealing with them.

16,516. Can I take it that you do not agree even with colliery men of high standing that there is a large amount of leakage of air under your present method?—With the present method which I am adopting I do not think there can be any leakage, because the return airways are in the seam below.

16,517. That is only at one pit up to now?—But we are arranging to do it in one or two places.

16,518. Of course you have been compelled to do it at that pit, or you would have had a fire every day?—There is no doubt it has done away with the fires, and to that extent we have every reason to be thankful.

16,519. If we get 90 degrees at the face, which it was at Edlington when I was down there, it is time some other method is adopted?—Yes, and we did everything that was humanly possible to adopt other means, and successfully, and I think you will agree with that.

16,520. Now I want to suggest to you again, with all your experience, we have not had the system adopted, as I suggest, of retreating; and, secondly, you cannot give any opinion as to what has been done, because it has not been tried long enough. The point I want to make is this. If you want to make this place safe by retreating, under private enterprise the argument would be all against it: You would be two or three years going out to the extent of the boundary, and would be getting no return for your money. Which is most precious—the return on capital or the saving of human life?—Of course, it is perfectly obvious that the saving of human life is preferable, and a thing which everyone ought to strive for; but at the same time it is only an expression of opinion that you would achieve safety by going to the boundary and coming back home. I am not certain that you would not have a condition of things where, if you had gob fires in an abandoned area left behind you which you could not get at, it would mean stopping the whole pit for practically all time.

16,521. You know from experience as a mining engineer that there are three conditions under which you get a gob fire: first, you have grinding in the gob and air spaces left there; secondly, you get ventilation to it and circulating through your mine, which causes the fire. In retreating, it would short-circuit itself and keep the wind at the face, would it not?—There is no doubt the primary cause of gob fires is leaving timber or bits of coal in or something which prevents absolute and complete subsidence, and it is inevitable if you get a small interstee left that it will draw the air in, and if there is a prevalence to gob fire you will have it. If all the air

13 May, 1919.]

MR. CHARLES EDWARD RUODES.

[Continued.]

was circulated it would obviate that difficulty, but not the question of gob fires altogether.

16,522. Would you agree that it would have a tendency towards safety?—I think it might, but I would not say it would be as great a success as anticipated.

16,523. So that if private enterprise cannot do it, is not that a reason why we should nationalise the mines?—But supposing you are told we are taking forward now 600 yrd panels and leaving 600 yards, and propose to bring those other panels back again, that is to some extent carrying out your views.

16,524. But it is not: it is quite the opposite?—Each of these panels is absolutely independent from the rest. Each has its own independent ventilation.

16,525. And each of those panels has a grinding process going on which would not be so under my method?—You would have the grinding process under your method coming home.

16,526. *The Chairman*: Is there any financial reason against long-wall working? Do you get a return on your capital so soon?—You would not get it so soon because it would take you so many years to drive to the boundary and then come back.

Sir Arthur Duckham: Might I ask whether it would be more expensive in the end?—*The Witness*: In the end when you once get to the boundary and are coming home, I should say it is the more economical method of the two.

16,527. *Mr. Herbert Smith*: With regard to going to your boundary, you know there is a large amount of accidents on the main roads?—Yes.

16,528. Do you think if you drove your roads out and left your coal each side there would be as many accidents through falls of roofs as there are now?—I should not like to say definitely as to that. Where the ripping is done properly in these deep mines you get your coal and everything so buried that the roads are, speaking generally, as safe as they would be if driven in the solid.

16,529. Do you not get another thing if you drive solid?—You get the seam left with the solid coal at the side and the roof locking itself in, so that it cannot fall?—I think you cannot drive in the solid unless you take the roads twenty to forty yards in width.

16,530. That is where we differ?—I could take you to collieries where it is possible to drive a narrow road.

16,531. And I could take you to collieries where it has not been impossible?—Yes. But I can take you to a colliery, the Silverwood Pit, where you will see a road driven in the solid with steel bars set every twelve inches.

16,532. But before you got to the road driven with steel bars had you worked long-wall bank before you started to do that steel, and was that the cause of it?—The road I am speaking of is one and a half miles long.

16,533. You worked long-wall banks in close proximity to it?—No, there are no banks at all.

16,534. At any rate we differ?—That road has been driven for the very purpose which you have been advocating to enable us to bring the long-wall home and I will show you the plans if you come to that colliery.

16,535. And I suggest you could not travel a worse measure than you did with the false rock on top?—But I did not put the false rock there.

16,536. But you knew it was there?—Yes; but the road had to be driven.

16,537. There are parts in Silverwood where you can do it?—Yes, where there is a rock roof.

16,538. And you can do it. All you would have to do would be to arch and keep the roof where it is, if human life is worth saving?—I think these girders are just as effective as any arch you can put in.

16,539. That is where we disagree. Now look at your accidents in Yorkshire on roads in 1910, 2,579?—On the roads?

16,540. Yes. Not at the face. There were 10,971 at the face in 1910?—Yes.

16,541. These are injuries. In 1911 there were 10,915 at the face and 2,595 on the roads?—Yes.

16,542. In 1912 you had 10,000 at face and 2,173 on roads. In 1913 you had 11,044 at face and 2,698 on roads. In 1914 you had 10,123 at face and 2,465 on roads. Now we come to fatal accidents. We find in 1910 you have 636 fatal accidents at the face and miscellaneous accidents—largely on roads—396. You carry that *pro rata* out to 1916, when you have 706 fatal accidents on roads, and you have 391 miscellaneous. I want to put it that if you had a different system you would reduce these accidents materially, and it is a question of finance entirely that pits are not driven out to the boundary of the area?—I cannot go so far as to agree with you to that extent, because a lot of the roads you are speaking of are roads which are in the solid, and I do not know to what extent those accidents are due—to falls of roof or other causes such as runaways of tubs or being caught by the tubs.

16,543. Of course, some of them are runaways, and that is one of the things the employers fought us on when we asked for a bigger clearance at the road-side. Boys are injured by getting in the narrow roads and trying to stop tubs, are they not?—Yes.

16,544. All I wanted to point out is that there is a charge imputing against some members of this Commission that they have made a statement which has not been made, and that is that colliery managers were neglectful. We are not charging that?—We have not made any such statement.

16,545. The statement has been made. I daresay a member of the Commission got a letter from some colliery manager as to a statement Mr Sidney Webb made. The point we are making is this, that we get better reforms and better conditions of work, and we say we get coal more economically for the public under nationalisation than under private enterprise. We are not charging managers with anything. We have confidence in the managers. The manager does his best, but he has to do as the directors order as to how he should develop the property and other things?—It ought not to be so if it is.

16,546. There are many men I would not put in the same category as you. There are general managers who know nothing about a pit and who sit and meet the men on a deputation and pick the manager's brains when he meets deputations. When I talk to you I talk to a practical man in every degree with regard to pits. When your managers are going to do anything at your pits with regard to the method of working, I mean the general letting out of the colliery, as to whether he should go to the boundary or otherwise, would he not have to consult your people?—He would have to consult me.

16,547. And you are one of the directors?—I consider myself a technical director, or I should not be there.

16,548. I am not saying you are not. I say he consults you?—Yes.

16,549. I go further and make this statement, that he has to consult a man that knows nothing about it as to the method of working a pit, and you know it?—I should not like to say as much as that.

16,550. Do not you know it? Do not let us have to mention names to get it out. Do not you know of managers who have suggested a change in the method of doing their work, and they have to consult men who know nothing about the pit?—That I deny. The man whom he consults always holds a certificate and is acquainted with the whole of the work. Nobody can do it unless he holds a certificate.

16,551. I know the Act of Parliament says so. As a matter of fact, in practice, I say, is it not true?—It may be.

16,552. I want to give a case. You would admit it at once if I did?—I say it may be true.

16,553. You know a manager left because he would not take on this kind of management—a good pit man in the Rotherham district?—It may be so.

16,554. *Mr. R. W. Cooper*: You were asked a question at the beginning by Mr. Herbert Smith as to certain accumulations of dead rents of Brodsworth in your South Yorkshire leases have you what we call in Durham and Northumberland a short working clause?—Yes.

13 May, 1919.]

MR. CHARLES EDWARD RHODES.

[Continued.]

16,555. Had you to make up your short workings throughout the whole term of the lease?—Yes.

16,556. When in subsequent years the workings exceed the tonnage rates, at the dead rent of the year, the excess is not charged until the past shorts have been wiped off?—That is so. We are recouped at the rate, roughly, of 7,000 tons a year.

16,557. Your power of recoupment extends throughout the whole term of the lease?—Yes.

16,558. I know nothing about Brodsworth. How many lessors have you at Brodsworth; more than one?—Three I think, altogether. There may be one or two small ones in addition.

16,559. Generally speaking in South Yorkshire does a colliery—you know what I mean by a colliery—consist of more than one taking from one lessor?—Yes, I have cases where I have as many as thirty or forty takings but they are each small freeholds.

16,560. They vary according to the circumstances?—Yes, I have a tracing which will show one particular take.

16,561. For what term of years are leases granted in South Yorkshire?—All the newer leases, the deep mines, where you take in these large areas, which you must take in to justify the expenditure of capital, on applying to the Court we have had leases up to 80 years.

16,562. Where the collieries consist of a considerable number of separate takings do the terms of the leases vary?—No, as a rule we get them all to synchronise.

16,563. If you can?—Yes, we get them extended where short to bring them up to the limit of the others.

16,564. In the older collieries of which you have had experience for lessees or lessors, I suppose in the course of your profession you have renewed leases from time to time?—Yes. John Brown & Company's leases all expired in 1912, and we renewed the whole of those. Those were 40 years originally. I arranged them, and we have renewed the whole of those.

16,565. Had you any difficulty with any lessor in procuring the renewal of the lease?—No.

16,566. You mentioned also that in 1893 you took an active part in collecting information laid before the Mining Royalties Commission?—My brother was on the Commission and I collected the information for him.

16,567. You are familiar with the findings of that Commission?—Yes.

16,568. Do you agree with the second finding of the Commission on page 79, under the heading of "Summary of Conclusions and Recommendations"? The second conclusion is: "We are of opinion that the system of royalties does not interfere with the general development of the mineral resources of the United Kingdom or the export trade in coal to foreign countries." Do you concur in that conclusion?—I do, speaking generally.

16,569. Do you think that conclusion still holds good to-day?—I do.

16,570. You refer in your *précis* to the conditions in leases in Yorkshire, and you refer to the fact that the lessee has power to determine the lease if the undertaking cannot be carried on without loss?—Yes.

16,571. Have you experience of lessees having an unconditional power of surrender in their leases at stated periods?—Yes.

16,572. Has that unconditional power grown largely in South Yorkshire?—Yes, having regard to the speculative character of the district. There is an unlimited power in several of the new leases going towards Retford.

16,573. At stated periods?—Every seven years.

16,574. I know you have a certain amount of knowledge of Durham and Northumberland. Are you familiar with the Durham and Northumberland leases at all?—No.

16,575. You have used the expression once or twice, "a shallow depth." What do you consider a shallow depth in South Yorkshire?—The seams were originally worked from the outcrop, and shafts were sunk around Barnsley as little as 30 or 40 yards, and they

greatly increased in depth, until I should rather define a shallow pit finishing at about 150 yards.

16,576. I could not quite understand from your answer why you left coal below ground in South Yorkshire?—On account of the difficulty of dealing with the roof. There have been cases where it has been left for other reasons. I will be perfectly frank. Prior to 1900 the house coal colliery and gas coal colliery could not work full time; there was not trade for it, and, as the soft part of the Barnsley coal seam has to be worked *pari passu* with the hard part, some was undoubtedly left in the pit in the summer months in order to enable the hard part to be worked, although very large stocks of soft coal accumulated on the surface in addition. Since then there has been nothing of that sort, because there has been an ample market for the soft coal.

16,577. There has been a full demand for the soft coal?—Yes, there has been a full demand for the soft coal.

16,578. In paragraph 12 of your proof you speak about valuing every royalty separately. You mean by that, of course, every area of coal where you are valuing royalty interests?—That is so.

16,579. I take it your remark does not apply to what I call a colliery undertaking?—No, it is the individual owner's mineral area.

16,580. For the purpose of determining the present value of the mineral interest?—Yes.

16,581. Of course, the necessity for separate investigation of each royalty would not apply when you are determining the value of the profit interest in the undertaking?—No; in the case of a mineral owner, some coal may not be worked for 30 years. It is perfectly obvious that the present cash value in that case—

16,582. Yes, we understand about that.

16,583. *Mr. Sidney Webb*: On this last point you strongly suggest that each separate royalty ownership should be valued independently?—Yes.

16,584. Can you refer me to anybody who suggested anything to the contrary? It is such an obvious thing?—I rather gathered from, I think it was, an article by yourself—I may be wrong—that you were taking the royalties in a lump.

16,585. You refer to an essay issued by the Fabian Society entitled "The Nationalisation of the Coal Supply"?—Yes.

16,586. Have you read that?—Yes.

16,587. I cannot find anything in that that lends colour to the suggestion that each royalty interest should not be valued separately—on the contrary. To clear up the point, will you look at page 19 in the last paragraph? There is first of all a statement as to the annual gross profits including royalties. Then there is a statement that coal mines are very risky speculations, with an hazardous and terminating life, and particular mines are often sold for only a few years' purchase of the profits. Then there is a statement that 16½ millions, including incomes of different values, which must be taken separately. Then there is a consideration that the royalties now drawn by 8,000 separate owners, though fluctuating and terminating, are better secured than the colliery owners' net profits. Then on the following page you will find a series of calculations as the estimated value of the coal, but nowhere do you find any suggestion. I think, unless you can show it to me, that this compensation would not have to be calculated separately?—I accept what you say.

16,588. It is a small point, and I do not care. It is a preposterous idea to suppose that there should be a common number of years' interest for all the incomes?—I apologise if I misunderstood you; it was done inadvertently, certainly.

16,589. On page 5 of your *précis* you contemplate there ought to be, or might be, a saving of retail distribution?—Yes.

16,590. You suggest that course should now be done by the Corporation or Council buying all the coal required for the needs of their communities?—Yes.

16,591. They have no power to do so at present?—No.

16,592. You mean they could get power?—Yes.

13 May, 1919.]

MR. CHARLES EDWARD RHODES.

[Continued.]

16,593. And they would buy in bulk in any way they thought fit for the whole consumption of their citizens?—Yes.

16,594. And distribute the coal to their citizens without any middle man whatsoever?—Yes.

16,595. You suggest that?—Yes.

16,596. You suggest there might be an agreement with regard to that?—I follow on what Mr. Straker says in his evidence.

16,597. Were you depending upon Mr. Straker's evidence for that?—No, I was saying at the present time if they can do what Mr. Straker suggests they would do, assuming nationalisation took place.

16,598. I mean you were accepting, were you not, that there is extravagance in the distribution at present?—I think there is.

16,599. That extravagance is due to, well, competition. Is it not due to the fact that you have a large number of people concerned in the industry?—Yes, you have various competitive merchants in each town.

16,600. Apparently you think those could be dispensed with with advantage?—To the community, I should say so.

16,601. We do not talk of any other advantage, we are always thinking of the community?—Yes; but they might be thinking of themselves.

16,602. Naturally. You would lose the advantage of competition if you got rid of those separate people?—You would lose the advantage of competition possibly to some extent, but the Corporations would buy their coal to the best advantage exactly in the same way that they now buy their gas coal.

16,603. In your *précis* you say that nationalisation of mines would mean the creation of a huge monopoly. Of course, the municipal distribution would mean a monopoly which would seem huge in the case of Glasgow or London. You do not object to a creation of municipal monopoly, but you object to the creation of a State monopoly?—The municipal monopoly would have to deal with the coal trade as a whole, and they would protect themselves.

16,604. For the moment we may leave the coal trade out of account and consider the public interest. When you said you objected to State nationalisation because it would mean the creation of a huge monopoly, did you only mean it would be bad for the colliery owners? You thought surely it would be bad for the nation?—Yes.

16,605. When you recommend the creation of a municipal monopoly it would not be bad for the nation?—It would be no more a monopoly than the municipalities have now who buy their own gas coal.

16,606. I quite agree?—They buy their own gas coal, and the colliery owners in bad times sell to the various municipalities and have sold at an absurdly low price.

16,607. Do forget the colliery owner. After all, important as they are, they are not quite everybody?—I thought we were dealing with colliery owners.

16,608. You said when you objected to the creation of a huge monopoly you were not speaking of the interest of the coal owners, but the public point of view?—Yes.

16,609. When you proposed a municipal monopoly I was wondering how you made the distinction from a public point of view; they seem to be the same?—I do not think that is so.

16,610. What is the distinction?—In the case of the State owning the collieries they would own the productive part of the business. The municipalities buying coal would only be purchasers the same as any other body.

16,611. You are not merely making a distinction: you like monopolies in distribution, but you do not like them in production; is that what you mean?—I do not follow you.

16,612. You notice you said that the monopolies would be a bad thing in the case of the mines. You say it is a good thing in the case of municipal distribution?—Yes.

16,613. I am anxious to get from you why you think a monopoly is a good thing for Glasgow, London or Leeds Corporations, but a bad thing for the National Government. You told me one is production, the other distribution. If you mean you like monopolies

in distribution but you do not like them in production, is there any distinction?—I do not think there is.

16,614. You object to monopolies in the realm of production?—Yes.

16,615. You do not object to monopolies in the realm of distribution?—No.

16,616. That is interesting. In the realm of distribution a monopoly would lead to cheapen the coal to the consumer?—Yes.

16,617. In the realm of production you think that would lead to an increase of cost to the consumer?—I think it might do.

16,618. You do not feel very confident?—No, a great deal of the whole subject is somewhat hypothetical.

16,619. I agree with you. I am anxious to learn from you the ground of your objection to the creation of monopolies in the management of the mines. Apparently the objection is only partly because you think it might raise the price?—Yes.

16,620. Is there any other objection?—No, I do not know that there is.

16,621. I notice with regard to barriers and ventilation you point out the larger the area to be worked to one undertaking the less the proportion of barriers?—Yes.

16,622. That is obvious?—Yes.

16,623. Therefore it would seem that the getting rid of the private ownership and separate working would be an advantage in that respect?—There should always be remembered the present conditions of things has grown up during the last 40 years.

16,624. It is none the better for that?—No, it is none the better for that. You have difficulties created which you cannot sweep away all at once. If the State was to nationalise to-morrow you could not group a number of pits worked separately now and work them as one undertaking.

16,625. You would not have them so separate as they are now?—No, not necessarily.

16,626. There is that advantage to put against the fear of extra expense. You suggest the State would not be willing to embark on new mines apparently?—I think there would be a great deal of humming and hawing, if I might say so, when you are dealing with highly speculative and hazardous ventures such as sinking a pit at Thorne near Doncaster.

16,627. You have had experience of Government departments in various capacities. Suppose the Manager of Mines was informed by the expert official it was necessary to provide an increase of coal to the extent of so many thousands of tons, and by ascertaining and sinking a number of new shafts which would have to be opened, would you not imagine that would be the regular procedure of the Minister of Mines?—Yes.

16,628. If a certain number of new shafts had to be opened each year, does it not mean the Minister of Mines has to be advised which have to be opened?—It is more a question of proving the areas.

16,629. I know that. I know if the Minister says he must sanction such and such amount of new workings it is only a question then, not of his making a speculation, but which speculation?—I think he would go in for the one with the least risk.

16,630. Of course he would go in for the one with the least risk. Do you suggest private capitalists go in for the one with the most risks?—No. When his next door neighbour has got hold of a good thing he looks about and gets the next good thing, and the man next to him gets the next good thing to that.

16,631. Do you think the mining advisers of the Minister of Mines would not do the same?—I hardly think it would follow the normal course of development under Government control as under private control. I think the initiative that has been displayed in sinking to the deep would not be undertaken by the Government in the same way as private enterprise. The Government would see their way to get all the coal they wanted for the next 20 years.

16,632. You look forward to quite a different set of mining advisers being employed by the Government than those employed by the capitalist?—From the point of view of the rising generation I hope not.

13 May, 1919.]

MR. CHARLES EDWARD RHODES.

[Continued.]

16,633. If you have the same advisers do not you think they would give the same advice?—I presume they would. I presume they would give their advice to the best of their ability.

16,634. *Sir Adam Nimmo*: Your interests have been specially in South Yorkshire, Nottingham and North Derbyshire. May I put it to you the South Yorkshire coalfield affords very remarkable evidence of the skill and enterprise of individual initiative?—Yes.

16,635. The sinkings there are deep, are they not?—Yes.

16,636. And a large amount of capital has had to be laid out?—Yes.

16,637. And great risks have been accepted?—Yes.

16,638. I think your view is that but for the fact that that development had taken place under private enterprise it would not have taken place at all, at any rate, not to the same extent?—I do not think it would.

16,639. You do not think the risks which have been accepted would have been accepted by the State if the mines and minerals had been under their control?—There would have been no necessity for the State to take on these risks, because they would have been sufficient coal in advance for a good many years without branching out as has been done.

16,640. Is your view that private enterprise has been equal to all the development necessary to meet the national requirements in coal?—I think undoubtedly.

16,641. Would you say if private enterprise is left to itself it will give you all the coal it requires?—It is only a question of labour.

16,642. And also upon an efficient basis?—Yes, more efficient in the future than in the past.

16,643. I see you express the view that the workmen have benefited very largely from this aggressive enterprise which has taken place, that is to say, employment has been found for them?—Undoubtedly there has been a very large body of employment found in South Yorkshire.

16,644. That employment would not have been found but for this enterprise in mining?—That is so.

16,645. I see you are evidently very thoroughly convinced that nationalisation of the mines would be detrimental to the nation, and you give a number of reasons: that individual effort and initiative would be withdrawn; there would be no change in the price of coal; no initiative to practice economy, and the State would not obtain the best brains for the development of the industry. You were asked a question by Mr. Herbert Smith as to the State securing the best brains for the management of the industry. I put it to you that under the State there will be a disposition to standardise salaries?—I do not know what the procedure under the State would be. I hardly think they would begin to discriminate between one man and another to any appreciable extent so it would result in some form of standardisation.

16,646. Is not that why they proceed by classification?—I am not aware of the methods by which the Government deal with their salaries.

16,647. If they deal with salaries in that way, would it not have an important effect in withdrawing initiative and enterprise?—Unless a man could see he was going to get full reward for his efforts, I think he would be inclined to slack off.

16,648. Do you know whether as a matter of fact in connection with the present Government control there has always been considerable difficulty in dealing with the salaries, that is to say, since the salary question was controlled?—I think there has been; I do not know of any specific instances.

16,649. And enormous difficulties are always put in the way of dealing with the question of salaries?—Yes, so far as colliery staffs are concerned.

16,650. That is what I mean?—That is so. We have been held up as far as our clerical staff is concerned. We have not been able to advance their salaries.

16,651. And also with regard to the administrative staff?—That is so.

16,652. Certain limits being fixed where these limits were regarded by the particular owner as reasonable or not?—Anything over £250 a year I think it was.

16,653. Would not the position be a great deal worse if the whole of the mines were nationalised and run under one national system?—I cannot say.

16,654. Would you say, however, that every mining engineer always has the hope that he will become interested in the company or companies he is serving?—Everybody has naturally a hope that by experience he will be able to demonstrate his usefulness, and rise in the scale of his profession.

16,655. Does not that bring the best out of the men?—I think it does. I think the reward has always the effect of that.

16,656. There will always be a strong incentive behind the man in these circumstances?—There is always a great deal of humanity about us all.

16,657. You have not any faith in carrying out a scheme for the redemption of the world based upon the fact that there is to be no longer work for private gain?—I think I shall not be able to see it fructify.

16,658. Do you think the State would hold together under any such principle?—I do not think it is possible to eliminate the natural competition between human beings.

16,659. Have there not been a lot of theories put forward in the past based upon that principle that have come to nothing?—I have read of a great many theories but I cannot recall them all to mind.

16,660. Do you not think the motive of private gain will continue to supply the cause that will lead to development and enterprise in this and other countries?—I am afraid it is so.

16,661. You were asked questions by Mr. Herbert Smith as to whether control had not been set up during the war to prevent coal being held up? May I put it to you the real reason for the control having been set up was first of all to secure a distribution of the coal to meet the national necessities?—That is so.

16,662. And to prevent the price of coal rising unduly against the consumer?—Yes.

16,663. This was a serious matter at the time.—Yes.

16,664. Mr. Herbert Smith asked you a good many questions as to whether you were in an efficient position in the areas you represented in regard to the placing of shafts and also in regard to the working of coal. Is it your view that you could not afford to put down an unlimited number of shafts?—Undoubtedly. If you increase the shafts to such an extent you would make the capital so enormous that even the State could not carry on.

16,665. Should you not always lay down your shafts in relation to the working of an adequate area of coal?—You are bound to do that.

16,666. And in the working out of that coal especially where the sinkings which you would require were deep the workings would have to be carried forward for a considerable distance from the pit bottom?—Yes, the prudent manager would see that these roads were laid out.

16,667. Has there not been a levelling up of mining opinion with regard to this matter within recent years?—Undoubtedly.

16,668. Has there not been a constant and steady evolution of the practice?—I think the practice has been improving largely.

16,669. Leading to better results?—The better collieries have set the example to the poorer ones.

16,670. Your view is that that progress will be steadily maintained?—I think you will see a great improvement in the next decade.

16,671. And as rapidly as they would be maintained under any system of State management or control?—Yes, I think so.

16,672. I think you said the State could not be indifferent to the outlay of capital?—It could not.

16,673. It cannot do things regardless of expense?—No.

16,674. It would require to carry on the undertaking on a reasonable economic basis?—Yes.

13 May, 1919.]

MR. CHARLES EDWARD RHODES.

[Continued.]

16,675. No doubt, having regard to the question of safety?—That is so. With regard to the question of economical working, we are linking up now, and a cable is being erected for a circle of something like 30 miles to connect a group of collieries so as to deal with the mixed waste heat and by pressure turbines to collect the whole power required for the various collieries, and by that means to dispense with a large number of boilers.

16,676. If the State is to deal with the various mining problems regardless of expense, would it not mean the price would be put up against every consumer in the country?—If they did it regardless of expense it must follow.

16,677. Would not that be a serious matter?—Yes, that would.

16,678. Would not the first business of the State be to consider the effect on the price of coal in relation to the consumer?—It must either come from the taxpayer or the consumer.

16,679. The State, in dealing with the working of the mines would require to keep that very much before it?—I think it would.

16,680. You were asked by Mr. Herbert with regard to the question of leaving round coal underground. I take it for the most part there has always been a good practical reason for that?—That is so.

16,681. I think one of the chief reasons you gave was that it had to be left in in many cases to protect the roof?—Yes.

16,682. That is for safety?—Yes.

16,683. The State would require to do that the same as any individual owner requires to do it?—That is my opinion.

16,684. Does it not come to this, you have to judge of each particular case by the circumstances surrounding it?—You must do. Every coal seam must be judged entirely on its own basis.

16,685. You cannot say in general terms that coal is being wasted or lost because it is being left in?—No.

16,686. You have to consider the actual facts in each individual case surrounding the leaving in of that coal?—Undoubtedly.

16,687. I think you indicated as another reason, and probably you will be criticised for this, that you left in the coal in some cases because there was no market available?—That was so.

16,688. You mean no market available for that particular quality of coal?—During the one or two or three months.

16,689. Can you see any way by which the State could have forced that coal on the market?—Not in those days, because the price of coal was extraordinarily low; an average selling price of about 4s. a ton.

16,690. So that as far as nationalisation is concerned you gain nothing by falling back on such an example as that in the past?—That is so.

16,691. Is it not the case that as markets are discovered for the coal, the coal is put up?—That is so.

16,692. Whether it is round coal or small coal?—That is so. It is stacked to as great an extent as possible.

16,693. And as engineering uses are found for round coal and small coal that was previously left in, that is brought to bank?—Yes.

16,694. And is being utilised?—Yes. A large percentage of soft coal which the consumers would not use before is now used for steam raising purposes and in other ways.

16,695. The road of progress will go on as knowledge increases in regard to the use of that particular coal?—I think so. The result of the last 12 or 14 years proves that.

16,696. You were asked about the question of working first of all to the boundary and coming home, what was called the retreating system. Do you know whether the system has been already in operation in a number of collieries?—Yes, not to any extent in South Yorkshire; but it has been done and is done now in Staffordshire in some parts of the district.

16,697. Is a portion of engineering directed to that?—Yes.

16,698. Was the practice unknown until a comparatively short time ago?—Except I think in Durham. I think they opened out large areas there in the old pillar and stall, and they bring home pillars that had been left for 30 or 40 years.

16,699. Is it a system that can be carried out only as knowledge increases?—Yes, I think it is a matter that wants approaching with considerable precaution.

16,700. Is it an expense to the owner in the long run?—Not in the long run. If you have to wait five or six years before you get anything back it means finding more capital, and you have to increase the capital of the colliery, although you may recoup that in later years.

16,701. In leaving it narrow to the boundary the roads are more easily maintained to begin with?—They are.

16,702. When you return home from the boundary the coal will be got cheaper?—I think it will.

16,703. Therefore, although the owner may have to wait for a return on the outlay of his money in the long run he will make more money if the circumstances are such as to permit him to go to the boundary first?—I think he may. When he gets to the middle he might not see the result of his driving to the boundary.

16,704. In your view, it is a matter for determination in each case whether that line of policy is wise or unwise?—I think the two systems could be combined to working out, and, at the same time, pushing forward to the boundary. You would get to the boundary then and come back home, and then abandon your outgoing work altogether.

16,705. It is not really a question of finance as put by Mr. Herbert Smith?—It is a question of finance in the first instance if you go straight to the boundary. You must find the money to drive the road to the boundary, and find the capital interest on, say, the £500,000 or £600,000. That interest would have to be found by the persons owning the undertaking, and they would have to wait their return until they were in a position to come home.

16,706. With regard to the large companies you are connected with in your district, they would be quite ready to drive to the boundary in the first instance if they were convinced it would be to their practical advantage to do so?—They would.

16,707. They would not hesitate to do it?—If I advised them I do not think they would hesitate for a moment.

16,708. You must deal with each case on its merit as to whether the method can be adopted or not?—Yes.

16,709. You are asked with regard to the question of accidents. Is it to be suggested that any system of mining will entirely dispense with accidents?—I am afraid whatever is done mining will always be a dangerous occupation. I think a great deal can be done to minimise accidents; but comparing accidents in this country with those in other countries, with, I think, the one exception of Belgium, they compare very favourably.

16,710. Is it your view it is a matter of opinion as to whether these accidents will be reduced in number by nationalisation as compared with the continuance of the present system?—It must be a matter of opinion. It would be confessing the present system was wrong and that men were sacrificed for the mere purpose of keeping down costs. With that proposition I absolutely disagree. I say the ordinary colliery manager is a capable efficient and hard working man. As a rule he has sprung from the colliers themselves, a great bulk of my own managers have, and the under managers it applies to still further. I believe they have as much interest in maintaining their workings in safe order as any system that could be brought about by nationalisation would have.

16,711. You do not think in this country the managers of the collieries are influenced by financial considerations?—I do not think so.

16,712. Is it your experience that any director of a company would interfere with the manager in a matter of safety?—I do not know of one.

16,713. Is it not the case that in all these matters and also in the bigger question of development the

13 May, 1919.]

MR. CHARLES EDWARD RHODES.

[Continued.]

manager generally consults with the general manager?—Yes, he does.

16,714. Is the technical director a man of large experience?—Yes, there is generally a technical director or consulting engineer who is responsible for the general lay out. That is taking all the fair sized collieries in the district.

16,715. So that he gets the benefit of all the skill and knowledge that can be brought to bear upon the practical proposition he has to deal with?—He has to get the benefit of what has been done at a large number of other collieries and apply it as far as possible to his own conditions.

16,716. And everything is done for the maximum of safety and efficiency?—That is my opinion.

16,717. That is your experience?—Yes.

16,718. You were asked with regard to the question of distribution by Mr. Sidney Webb. The question of distribution is not a coal owner's question?—No.

16,719. The coal owner as such very seldom undertakes the problem of distribution at all?—No, he does not.

16,720. He manages the industry on the productive side?—That is so.

16,721. And he hands over the coal to quite a different body altogether?—Yes, that is so.

16,722. Who are interested in its distribution?—Yes.

16,723. It was suggested to you that a scheme of distribution undertaken by municipalities would be the same in character as a national distribution under State ownership. Do you think there is any connection?—I do not.

16,724. Would you not have a very large number of municipalities dealing with their own problems?—In exactly the same way as the gas works do to-day.

16,725. Would they not be buying and distributing their own coal?—Yes.

16,726. Would there not be for all effective purposes quite free competition in coal in the market?—The same as in railways.

16,727. There would be in no sense a monopoly such as there would be if the mines and minerals were nationalised?—If times were bad they could get their coal cheap.

16,728. You say no comparison can be drawn between a State monopoly and a municipal monopoly?—I do not think so.

16,729. Now one or two questions on the efficiency of the mines. I see you refer specially to the evidence given by Mr. Straker and Sir Richard Redmayne. May I ask you if you regard this problem which they specially refer to as being exceptional in the working of the industry or the rule?—I think they are not exceptional at all.

16,730. Do you suggest they are not limited in their extent?—Which particular one?

16,731. I take it the problems you refer to as mentioned by Mr. Straker and Sir Richard Redmayne are the cases where coal was being held up in various ways, or lost or wasted. It is in paragraph 13 of your *précis* on page 4. You say that you have considered the evidence already given by Mr. Straker and Sir Richard Redmayne, and there are many things which you think have been somewhat exaggerated. The particular points that are being dealt with, I understand, relate to instances of loss of coal in various ways?—Yes. The first part deals with profiteering, and then that loss of small coal left underground.

16,732. As you know, Sir Richard Redmayne expressed the view in that connection that the system of private ownership was wasteful and extravagant?—Yes.

16,733. Do you hold that view?—No.

16,734. Do you consider it a quite unjustifiable view?—I consider it is a quite unjustifiable view having regard to what private ownership has done and is doing in connection with the development of the by-product industry.

16,735. Would you say that the reasons given by Sir Richard Redmayne were inadequate to justify that proposition?—I think to say wasteful and extravagant is not a fair way of putting it.

16,736. Are you aware that that statement by Sir Richard Redmayne has caused a considerable amount of indignation in the industry?—Yes.

16,737. You are aware of that?—Yes.

16,738. You are not surprised, are you?—No.

16,739. You were a member of the Mining Sub-Committee of the Land Acquisition Committee which dealt with this class of property?—Yes.

16,740. And you know the proposals that have been made for disposing of these difficulties?—Yes.

16,741. Do you regard the proposals as entirely adequate for the purpose?—I think so.

16,742. Do you look upon the machinery that was set up there as being simple and practical?—Yes, I think so.

16,743. And as likely to be inexpensive?—Yes.

Chairman: I think Mr. Rhodes has signed the Report; therefore he would naturally say he regards them as adequate.

16,744. *Mr. R. H. Tawney:* You were asked certain questions about the salaries of colliery managers to which I think you assented. Can you tell us the facts about them? For example have you any figures or any tabulation of the salaries of colliery managers?—I have no figures tabulated. I know they vary very much.

16,745. Within what limits do they vary and how are they grouped?—The man who holds a first class certificate, and then there is the man who holds a second class certificate. With regard to the man who holds the first class certificate it depends on the size of the colliery, the experience he has had and his qualification in other ways what he is paid, and his salary will run for that class of man in Yorkshire from £500 or £600 a year up to £1,000 or £1,200.

16,746. I want to know something quite simple. Whatever may be the disadvantages of Government employment one of the advantages is the public knows the facts. Are figures about the payment of the colliery managers accessible or not?—You can get them by applying to the colliery what they pay their colliery manager. I have not the figures here.

16,747. I have not the facts. You gave rather a rosy assent to the question put to you and I assumed you had. Certain comparisons were made between managers under private and public employment. It was suggested I think that in private employment a man, to quote your words, could demonstrate his usefulness and rise in the scale of his profession, and in public employment he would not. Was not that the question?—I do not think in public employment he would have quite as good a chance as in private employment.

16,748. Could you elaborate that? You say with regard to what is the practice in public employment possibly does not demonstrate their usefulness and rise in the scale?—I have no great experience of public employment at all.

16,749. That is a perfectly good answer. I put it if that is the case the comparison which you draw is the comparison to which you assented, I think it was not more than that, was made a little hastily, was it not?—I do not quite follow you.

16,750. A comparison was put to you between the advantage of private and public employment. You said in private employment a man would get on and in public employment he would not, to put it shortly. That does not correspond with your experience, and I should like to know what you were thinking of. Does not a man get on in public employment?—In private employment if a man shows himself to be really a good man at his colliery and another man is on the look out for a capable man, he says: So-and-so has done well at that particular colliery. I will get hold of him and offer him some inducement to come to us. There is a good deal of selfishness about it, but it is done.

16,751. Would not that apply to a Government department too?—I do not know.

16,752. I suggest when the man has made a success at one Government department another Government department says: That is a good man; I should like to tempt him to come to me?—That may be so.

16,753. It seems somewhat analogous to private employment in that respect?—Yes.

13 May, 1919.]

MR. CHARLES EDWARD RHODES.

[Continued.]

16,754. The next point is as to the mineral owner. You have given us certain cases in which mineral owners have taken the initiative in the development of coal at the bottom of page 2 and the top of page 3. Can you tell us how far that is the general rule?—I should not say it is the general rule. It has been done, and is being done, but to say it is a general rule I could not say.

16,755. Would it be fair to say that though this valuable action is taken and is taking place, on the whole it is somewhat exceptional?—I agree.

16,756. In the majority of cases, that is to say, the cases in which it does not take place, what exactly is the position of the mineral owner *vis-a-vis* the industry—what is his function in it?—He practically has no function except leasing his coal and giving the necessary facilities for working it.

16,757. You say he has no function. Probably you are a working man as much as anybody else?—Yes.

16,758. If he has no interest what should he be paid? Excuse me asking you a leading question. It is a point that is always coming up, and I cannot understand the point of view. What is he paid for?—He is paid because under the law of England he owns the coal. That is the reason I gather he is paid.

16,759. Do you think it is a good thing that people should be paid if they perform no function?—I should not like to answer that question.

16,760. It is not nearly as large as some of the questions you have answered. For example, you were asked if you had heard of or considered a scheme for the redemption of the world where men will no longer work for private gain?—I do not admit I knew anything about that.

16,761. That is quite sufficient. I understood your answer to the question, what does the royalty owner do, was in the normal case he does not do anything?—No.

16,762. Mr. A. Balfour: I take it from paragraph 11 on page 3 of your proof, you think it is of great importance that the consumer should be protected with regard to the price of coal?—Yes.

16,763. In the present conditions competition protects the community?—Yes.

16,764. Under State control it does not?—At the present time by private enterprise in a falling market there is the competition, which has the tendency to bring the price of coal down, and the consumer benefits to that extent.

16,765. Would there not be another thing, the Chancellor of the Exchequer might put a tax on coal to increase the Revenue?—They have put a tax on export coal, and it lost us a very considerable market.

16,766. Is there any difficulty in the consolidation of collieries and coalfields in counties, so as to get more economical working?—Speaking generally, no, but there are cases, undoubtedly, where by a combination of small collieries you could get more economical working.

16,767. You think there is something to be done in that direction?—I do.

16,768. Can you suggest how the workers' ambitions, to be more closely connected with the coal production, can be carried out without interfering with efficient and economic production?—I cannot grasp what your question is.

16,769. You do know the workers desire to be more closely connected with the industry?—Yes.

16,770. Can you suggest any way in which that can be done?—I have never been able to see any objection to the workers being consulted and taken into consideration in dealing with the general carrying on of the colliery, so long as they do not interfere with the management.

16,771. Give us, more particularly, your view and how you would go about it yourself?—I could not give any particulars. I used to see the men myself when at the colliery regularly and talk to them about everything going on.

16,772. Do you approve of pit committees?—I do, personally; I have not the slightest objection to them.

16,773. Is there any reason why the Miners' Federation should not own collieries of their own and work

them, and test some of the theories which Mr. Herbert Smith put forward?—There is no more reason why they should not do it than the Co-operative Society. The Co-operative Society are going in pretty largely for coal exploitation.

16,774. They get some valuable experience?—I do not know what their experience is up to now. I think they took a large coalfield in South Yorkshire and they are going to sink.

16,775. Would not the Miners' Federation get very useful experience?—I suppose their Federation was formed for a totally different purpose.

16,776. Would it not be useful to test these theories?—If they like to embark as coal owners, it would be useful. They would reap the plums and also have the sour grapes at times.

16,777. Sir L. Chiozza Money: I think you said, as a mining engineer, if you had to decide the system for a new mine, you would drive to the boundary for the coal and work on the retreating system?—I did not say that.

16,778. Then what did you say?—I said the whole question was one for consideration. There would be advantage in driving out to the boundary and then retreating home, but that while carrying out that process you would be holding up for a number of years the development of the colliery so far as the production of coal is concerned, although you would reap the benefit later on when you began to come home, and you would increase the capital whilst you were doing the driving out to the boundary.

16,779. Generally, and, save in exceptional cases, you would drive out to the boundary?—It entirely depends on financial considerations.

16,780. It depends upon financial considerations. You talk about human nature in that connection, as many others have done. Is it not human nature to demand a quick return for your money?—I think it is very common to us all.

16,781. In that case, human nature that has been talked so much about at this Commission is directly opposed to driving out to the boundary?—I should not like to say that. I am driving out to the boundary now, but I am doing it, while at the same time I am keeping up the output by going away from the shaft.

16,782. Is it not the fact that the desire to get a quick return on capital is directly opposed in the general case to the system of driving out to the boundary and working the coal on the retreating system?—I think probably that would be necessary for the first 10 years of the life of the colliery.

16,783. That is exactly what I mean?—It has not been proved yet that driving out to the boundary in all cases is going to be either a financial success or one that is going to reduce accidents.

16,784. You agree generally it is quite an engineering proposition?—It is, I agree.

16,785. Is it not the fact that human nature, which has been introduced so often on this Commission as working the national interest, would in that case work against the national interest, because you would want a quick return on the money?—That would be necessary if you want a quick return.

16,786. Is it not the fact that human nature has prevented the proper working of the national resources, because you do not get a quick return for your money?—I think that is so.

16,787. With regard to the managers' salaries, do you mind telling me what the range of the managers' salaries are in Yorkshire. What is the smallest salary you have heard of?—The smallest salary I pay myself is £550 a year.

16,788. What is the smallest salary you have heard of?—In some of the small collieries, I could not say, but take the ordinary collieries I should think about £500 a year.

16,789. Do you think that is sufficient at the present cost of living?—They are getting bonuses upon that.

16,790. With the bonuses, come, Mr. Rhodes. Do you think on your human nature theory that is sufficient to get the best out of a manager of the mine?—I daresay they get, with the bonus, their

13 May, 1919.]

MR. CHARLES EDWARD RHODES.

[Continued.]

house and coal—that is about the lowest scale I know of. Some of the higher ones go to as much as £1,500.

16,791. Are you aware there are complaints made by the Mines Managers' Association with regard to managers?—Not in Yorkshire.

16,792. I am not speaking of Yorkshire?—I have seen it in the papers.

16,793. Do you suggest the State would reduce the salary?—I do not suggest that.

16,794. Have you heard of any cases of nationalisation or municipalisation, which is practically the same thing, of other industries where the salaries have been reduced?—No.

16,795. Has it not been the experience, taking the telephone system and the London trams, that wages and salaries were not decreased when they were taken over?—I do not know. I take it from you that is so.

16,796. Have you heard the Government is introducing an Electricity Bill?—Yes.

16,797. Do you think that a very foolish thing?—No.

16,798. Why not a foolish thing if that incident of private gain is needed and by such an extraordinary basic undertaking when under the Government. Why is it a foolish thing to make electricity a State monopoly?—I do not know they are making it a State monopoly. We are doing a great deal of electrical work for the collieries round Chesterfield.

16,799. Have you heard they have electricity in Cologne?—I do not know. I have some sons there.

16,800. Do you know our soldiers ask why the working people have electricity and they have not at home?—No.

16,801. To come back to the Government Electricity Bill, if the incident of private gain is necessary to make that industry give the best result, is it not a deplorable thing that the Government has nationalised electricity?—I should not say so.

16,802. Why?—There are districts where private enterprise has not developed at all. There are districts where private enterprise is dealing with electricity, and the Yorkshire Power Corporation is one. There is a large enterprise in the north of England, Newcastle.

16,803. Electricity, you know, is coal in this country?—Yes.

16,804. Why human nature applied to coal in the form of electricity should fail in the case of coal nationalisation and should not fail in the case of electricity is not clear. What was the difference in your mind?—There is no objection at all to the Government to do that if they like. So far as coal is concerned they can take 100,000 acres and sink shafts and work the coal pits themselves just in the same way as they can start and deal with certain areas of electric undertakings themselves.

16,805. That is not my point. You do not oppose the Government nationalisation of electricity?—No, so long as they give facilities for private enterprise as well.

16,806. They are not going to do that.

Sir Arthur Duckham: Have you evidence of that? I should like evidence whether the Government is going to nationalise the electrical undertakings. This discussion is on the question whether the Government decides to nationalise electricity in this country. I know of no decision of the Government with regard to this.

Sir Leo Chiozza Money: We did not know of many of the things Sir Adam Nimmo put, but Sir Arthur Duckham did not intervene then.

Chairman: We had better keep to the question of coal.

Sir Arthur Duckham: This question of electricity has importance.

Sir Leo Chiozza Money: I submit I ought to have the same protection as Sir Adam Nimmo. Sir Adam Nimmo was putting leading questions, and I asked if we might have the answers. I am not putting leading questions.

Sir Arthur Duckham: Sir Leo is asking if the Government is dealing with electricity.

Chairman: We need not trouble about electricity in this Commission. Perhaps there will be another

Commission with regard to that. Sir Leo, you do not want to introduce electricity. This witness has now taken over three hours, and I have still over 60 witnesses to call. We shall never finish.

Sir Leo Chiozza Money: I have not taken three hours.

Chairman: You have been most considerate.

16,807. *Sir Leo Chiozza Money:* If the Government decided to nationalise, would it not be important to buy coal on the best possible terms?—Yes. It ought to obtain the available sources of power at a large number of collieries and other works which are available and which would go to waste if not utilised.

16,808. Do you think it would be a good thing to have big district coal trusts or a number of trusts, and the country buying coal or electricity from the trust or trusts?—It would buy its coal from the trade as well.

16,809. Would not the trust have the power and opportunity, unless special provisions were taken, of holding up the supply of coal?—I hardly think that could be so.

16,810. You know that has occurred in other countries?—Yes. I do not know myself it could occur here unless there was an enormous demand for coal.

16,811. The German Government had to protect itself against coal trusts, for example?—I believe that is so.

16,812. Is not that up against the formation of coal trusts in this country?—That is up against the formation of coal trusts in this country.

16,813. With regard to the matter of the thin seams, I understand you to say as much as 12 per cent. is left?—Yes.

16,814. You do not contend in your answer that was necessary?—I do, because we work a number of hanks in different ways, and if I had known I was going to be asked as to this I should have produced the plans and the method of working we adopted. We tried three ways of working: the working of the coal seam out and leaving in the top portion and leaving the next portion.

16,815. Was it engineering difficulties or financial?—Engineering entirely.

16,816. Financial difficulties having nothing to do with it?—No.

16,817. You have not advised any engineering people to save that 12 per cent. for you?—No, it was entirely a question of the roof.

16,818. With regard to costing, you said it was a great advantage to compare costing and operations at different collieries?—Yes.

16,819. Do not you think under nationalisation the opportunities you have had to compare different companies' methods would obtain throughout the entire country?—I think it probably would.

16,820. Would not that be a greater advantage under nationalisation to compare methods and costs?—It would be an advantage.

16,821. With regard to the efficiency of the mines in Yorkshire; you know Mr. Mottram?—Yes.

16,822. Do you think he is a man of good judgment?—Yes.

16,823. Are you aware he told us he puts the proportion of mines where up-to-date plant is employed at about one-third?—I should think he is about right.

16,824. Is not that rather a serious reflection on the efficiency of mining in Yorkshire?—I should like to say this. The two-thirds were sunk 40 or 50 years ago. They put down what was fairly up-to-date plant at the time, and at that time the wildest dream in the way of output was 1,000 tons a day. That has risen to 4,000 and even more than that. We are winding 7 tons where they used to wind 1 ton. Comparing the two things, no doubt he was proving that.

16,825. Do you agree with Mr. Mottram that in many cases it could be brought up-to-date?—I do not agree with that.

16,826. With regard to the riding in of the men, tell me what in the case of your own collieries stands in the way of riding the men underground?—We ride a great number of our own colliers.

16,827. What is the cause of the majority where it is not practised? What stands in the way? Is it conservatism, financial difficulties or what?—I do

13 May, 1919.]

MR. CHARLES EDWARD RHODES.

[Continued.]

not know exactly what the difficulty is. In many cases they have not suitable roads in which they could run a rope to go faster than about one mile or two miles an hour, which is an endless rope rope, which is useless for riding men in and not a suitable road. No doubt those roads could be made to do it, but it would take a long time to make them.

16,828. That is not a matter of engineering difficulty?—No.

16,829. It is a matter of bringing the method up-to-date and providing the money?—Yes, and I think it would pay to do it.

Sir Arthur Duckham: Before I ask any questions, there has been the question brought up again of Mr. Walsh. Can we find out why Mr. Walsh was not on the Committee?

Chairman: I will try and find out.

16,830. *Sir Arthur Duckham:* With regard to this question of the difficulty of the private ownership of minerals, could you tell us in what percentage of cases difficulties arise from private ownership? Do you have a case a year?—No.

16,831. You do not have a case a year brought to your knowledge of difficulties arising from private ownership?—No.

16,832. It does not mean you as a colliery proprietor or owner are in any great difficulties?—No.

16,833. There has been a discussion here with regard to the difficulty some mines have of paying their way. Can you suggest any method of assisting those mines, short of nationalisation or unification, in which those poorer mines could be assisted?—They could only be assisted by a group system under which the better mines assisted their poorer brethren.

16,834. They could assist them with advice?—Advice would not go very far.

16,835. Would the assistance have to be financial?—When you are *in extremis* mere advice does not help very much.

16,836. Could they do it by joining up the workings?—I do not think so.

16,837. It would have to be finance?—It would have to be finance.

16,838. With regard to the small coal which is left in the mine, has there been a co-operation amongst coal miners to provide new methods of dealing with it?—In connection with the small coal left in the mine, the introduction of washeries revolutionised the trade altogether in South Yorkshire. Prior to the introduction of washeries, small coal could not be dealt with, except to a very limited extent. With the introduction of washeries, something like, in many cases, 50 per cent. of the output was washed and the small coal was re-mixed with large, after being washed and collected. That got rid of the difficulty of small coal to a certain extent. That, coupled with the development of the coking industry, and it is a question of what is the market for the coke in the future.

16,839. There is still a quantity of small coal left on the pit bank?—There is none to a great extent.

16,840. Is it the war that has cleared that off?—It was the introduction of the washeries. In Yorkshire there were large dumps, but these have nearly all disappeared.

16,841. You do not know anything about Nottingham?—I do.

16,842. They have a lot of small coal there?—Yes.

16,843. Is there any co-operative work being done amongst the coalowners for handling the small coal?—No.

16,844. With regard to walking; it is an advantage to have the men walk as little as possible?—It is. When the time is limited, the question is to get the men to and fro as quickly as possible. It must be an advantage to the men to get there fresh instead of tired.

16,845. Is it harder walking or working?—I should say working than walking.

Mr. Robert Smillie: May I clear up the position of Mr. Walsh? Mr. Walsh was not a member of this Committee.

Sir Arthur Duckham: Was he asked to be?

Mr. Smillie: He is not on the list. You said there was no Labour member on the Committee.

Sir Arthur Duckham: I asked the question, and the Chairman said he would try and find out.

Chairman: You want to know if he was asked?

Sir Arthur Duckham: And his grounds for refusing.

Mr. Robert Smillie: All those co-opted were mining men.

Chairman: Yes. The additional members were Mr. Forster Brown, whom we have had here, Sir Adam Nimmo, Mr. Rhodes, and Sir Thomas Radcliffe Ellis.

16,846. *Mr. Robert Smillie:* We have heard it suggested this report of the Committee on which you served was drawn by the Chairman, and it is a report you signed. Is that true? It is the Committee's report. Did they meet to deliberate on their report?—Yes.

16,847. You met from time to time and discussed this report of the Committee?—Yes.

16,848. There is no truth in saying it is not the report of the Committee?—The Committee sat and discussed the report from beginning to end.

16,849. It has been said this Committee was set up to deal with such questions as this Commission is dealing with now. Is it not the fact at the same time, shortly prior to this Committee being set up on which you served, there was a Coal Conservation Committee sitting dealing with the question of barriers, flooding of mines, and all questions of waste of coal and the working of coal?—Yes.

16,850. Are you aware of that?—Yes.

16,851. Did you see the report of that Committee?—Yes.

16,852. Was there not a number of mining men upon it?—Yes.

16,853. Practical mining engineers?—Yes.

16,854. They did deal with the barrier loss and of small coal and all those questions?—Yes.

16,855. Was there any necessity for this Committee being set up subsequent to it, and set up by men who knew nothing about the question and dealing with such question?—I do not know what the reason was for setting up the Commission at all. It was set up, and I was asked to come and sit upon it.

16,856. Was it not the Acquisition of Land Committee?—Yes.

16,857. What had it to do with the loss of small coal and barriers?—I do not know why it was set up or anything. I know I was asked to sit upon it and did so.

16,858. Is Sir Adam Nimmo correct in saying that the retreating method of working coal has only recently been thought of? Is it not as old as 40, 50 years or 60 years?—I did not gather that Sir Adam Nimmo said that.

16,859. He said it was only of recent date?—I know in Durham I have been working there. That must have been driven 30 years ago, and the pillars are coming back now.

16,860. 30, 40, or 50 years ago there was worked pillar and stall. Did you get to the barrier first and bring back?—I think that is right.

16,861. Did you work to the barrier and bring it back for the purpose of leaving the waste behind you?—Yes.

16,862. It is not of recent date?—No. It is quite on all fours, if I may venture to say so, with long wall.

16,863. I know that. What you require to do in opening up a seam is to sink as near to the centre as possible, things being equal, to get to the dip of the field and drive narrow places and have your extreme benefit?—Yes.

16,864. And then drive away long wall and bring it back?—Yes.

16,865. That would prevent the weight which is such trouble to mining managers over your main roads?—Yes, undoubtedly.

16,866. I believe you feel sure that it is a financial difficulty which prevents that being done. If that is done probably in addition to the sinking of the shaft it may take 2, 3 or 4 years to drive narrow to the boundary, according to the distance, you have to go?—Yes.

13 May, 1919.]

MR. CHARLES EDWARD RHODES.

[Continued.]

16,867. It would depend whether it was 5 yards or 6 yards as to its taking 2 or 3 years?—Or more.

16,868. You would be paying your dead rent to the useless royalty owner all that time?—That would be so unless you provided for a minimum rent.

16,869. Under your present leases if you broke away, in which case this would be the best way to work the coal, you would be paying £10,000, £20,000 or £30,000 during the time you were endeavouring to get to the extreme end?—In some leases the minimum rent rises up to the 10th year; that would give time for development.

16,870. I daresay there is hardly anything in connection with the industry of mining or inspection you have not read or have knowledge of. Do you remember any reform at all that has been proposed since the year 1842 down to the present time that has not been opposed by the mine owner and land owner in this country. I was reading during the week-end history with regard to the whole question of mines and miners. Do you remember anything not opposed? The same system that Sir Adam Nimmo put to you was not made without opposition. From the year 1842 right down to 1862 it was proposed again and again by skilled men in the mining industry that there ought to be two shafts, or three or four or five. Then an explosion took place in which a large number of men were killed, and after every explosion from 1850 to 1862 it was said there ought to be two shafts, and did not the employers oppose that?—They may have done.

16,871. Did they not oppose the second shaft?—I could not say from memory. They may have done.

16,872. Do you remember in 1862 the Hartley disaster took place?—Yes.

16,873. Do not you know that had to take place in which 204 men lost their lives before we had the second shaft down?—That is so, I believe.

16,874. Up to that time did they not oppose it on the ground of expense?—That may be so.

16,875. The mine owners said there would be too much expense to put a second shaft; one shaft was sufficient on the ground of expense. I put it to you, on the ground of expense you did not develop the coal fields in this country on the retreating system, and every mining engineer believes that would be the safest as far as life and limb is concerned. Is it not always a question of expense?—I do not think it is altogether a question of expense. There are physical difficulties which are not quite certain to be got over.

16,876. If you are convinced it would lead to greater safety and saving of lives or limbs of the men employed underground, would you not say it ought to be done?—I should do it.

16,877. I feel sure you would. I think you are a director of 11 companies?—Yes; I could not say the exact number.

16,878. Most of which are fairly successful?—Yes.

16,879. I am going to hint because you are a director they are successful, or is it because they are successful you are a director? I am not a director. I suppose there is a salary paid to directors of companies?—Yes.

16,880. In every case, as far as you know?—Yes.

16,881. Would I put it too high if I were to say mining managers like yourself get as high a fee in every case where you are a director of 10, 12 or 20 companies as the average colliery manager holding a first-class mining certificate gets?—No, the remuneration of a director is not on such an elaborate scale as that, so far as colliery directors are concerned.

16,882. Would I be right in saying your position with regard to the average remuneration, say, for 10 companies comes out at £300 a year?—No, not quite as much as that. Put it a little bit less; there is not much in it.

16,883. Would you be surprised to know a very considerable number of managers hold first-class certificates and are responsible for the management of mines who before the war had less than £300 a year?—Yes, I think it is a very great shame if they had.

16,884. We asked for the return from all mines of first and second class certificated men. With regard to the whole free owners of the mines and the holders of the royalties, you say there will be no incentive to gain, and consequently you would not get the best from men under nationalisation as under private ownership. You agree with that?—I think the incentive to gain does make a man put forward his best efforts.

16,885. What, would you say, men do not put forward their best efforts unless financial gain is behind them?—I am afraid, speaking generally, that I should not like to say that everybody does not work as hard when paid day wages as when he gets a little bit on the top for extra effort.

16,886. Are you aware there are 12 others here serving on this Commission without any hope of gain?—I am very glad to hear that.

16,887. Do you think Sir Adam Nimmo is doing his best?—I think so at the present time, but whether he would go on year after year doing that—he would get rather tired.

16,888. Did you not serve for some years on the Coal Organisation Committee?—I did.

16,889. Do you think you did good work on that?—I did my best.

16,890. Would you allow me to say you did very good work indeed, and the Government thought so too. Was it for financial gain you served upon it?—No.

16,891. Do you think I served upon it for financial gain?—We did not get much financial gain.

16,892. Did you not agree with Mr. Pease and other coal owners' representatives and three miners' representatives to ask the Government to fix the limit of the price of coal?—We did.

16,893. Were you not afraid that under competition the coal being scarce the price would go up out of the reach of the poor people of the country to get it?—That was our opinion.

16,894. Would it have been in your interests or the miners' interests if the price of coal should have gone up?—It might have been.

16,895. Did not the miners and the owners sacrifice themselves to see that the poor consumers of the coal got their coal at a reasonable price?—I think they looked at it from patriotic lines.

16,896. You have told us here and re-told us in your *précis* that under private ownership the consumer was protected?—I think he is.

16,897. By competition?—Yes.

16,898. There was nothing to protect the consumer until we stepped in and advised the Government to stop it?—That was the abnormal state of things.

16,899. The Government had to actually step in; then do you remember what you added to the recommendations? You asked the Government to fix the price at not more than 4s. higher than pre-war times. Do you remember that that was done on the condition that the Government would fix the price on each commodity in which the coal was to be used? Did the Government do that?—I am not aware they did.

16,900. I agree they did not. We fixed the price of coal to the communities that depend upon coal such as shipping and steel. Are you really afraid nationalisation cannot successfully undertake the production of coal? Are you afraid the nation would not get the assistance of such men as yourself and Sir Adam Nimmo and Mr. Cooper and the other gentlemen who know all about coal?—I do not know why they should not get the services of those men. At the same time I doubt if they would get any better results than they do to-day.

16,901. Would it not be putting men like yourself who know all about the coal trade down at a very low value if you said you would serve individuals but would not serve the State? Everybody during the last few years have given their services to the State and you are not afraid they would not get the best men in the country?—I think they would do their best to get the best men.

16,902. Do you know the real state of the accommodation the miners and children have been kept in for years and the great danger to life and limb underground? Do you not know that these things could be

13 May, 1919.]

MR. CHARLES EDWARD RHODES.

[Continued.]

improved by State ownership? If you believe that is so would you not fight for State ownership?—If I believed it was so I should fight for State ownership.

16,903. You do not think there would be any improvement in the conditions of the miners and their wives and children by State ownership?—I think they can be improved, and ought to be improved, without State ownership.

16,904. *Mr. Herbert Smith*: Did I understand you to say with regard to Sir Leo Money's question that the majority of the men working at your collieries ride to work?—I said I thought the great bulk did. They do at Monk Bretton.

16,905. At Frickley and at Grimethorpe?—I think they ride down one district.

16,906. Only one part. Three parts of the men there do not ride at all?—They can go down two ways.

16,907. North Staveley?—They do there.

16,908. Monkton?—I really do not know.

16,909. Monk Bretton?—They do there.

(The Witness withdrew.)

(Adjourned for a short time.)

Sir L. Chiozza Money: May I suggest that there should be circulated to the Commission the Government Bill establishing the control of electricity? I forget the exact title of it.

Chairman: Yes, I am much obliged to you. That is a very good suggestion.

Mr. THOMAS HENRY BAILEY, Sworn and Examined.

16,916. *Chairman*: If I might suggest to my colleagues on the Commission, perhaps when it comes to the cross-examination of this witness two gentlemen on one side and two gentlemen on the other would be quite sufficient to ask questions. Up to the present moment the Commission has asked 17,000 questions. I think perhaps we might have a little restriction in the number of questions.

Mr. Bailey says: "I am a Member of the Institution of Civil Engineers, Member of the Institution of Mining Engineers, Fellow of the Surveyors' Institution, Fellow of the Geological Society, and Senior Partner of the Firm of S. and J. Bailey, Mining and Civil Engineers, of Birmingham. My firm are mining advisers to the Duke of Buccleuch, the Earl of Dartmouth, and many others owning mineral properties in North and South Staffordshire, Warwickshire, Shropshire, Montgomeryshire, Northamptonshire, Rutlandshire, Yorkshire, Lancashire, Carmarthenshire, Dorset and Kent."

That is, *Mr. Bailey's* description and his many qualifications. I will ask you now, *Mr. Bailey*, to be good enough to read your report to the gentlemen of the Commission, beginning at paragraph 3.—There is a part of paragraph 2 that I should like to refer to.

"I have been a member of the firm for forty years. Of that time I was sixteen years resident in Glamorganshire, being general manager of the Hills Plymouth Company, Limited, when I developed the lower coal seams, and raised the output from about 250 to 800 thousand tons a year."

16,917. *Sir Allan Smith*: May I ask whether that is 250,000 to 800,000?—That is so.

"3. I have negotiated and carried through very many coal and ironstone leases, and I am well acquainted with the letting values as to royalties and wayleaves, and I have had many difficult and intricate problems to deal with, but only in one or two isolated cases have the negotiations fallen through. In not a few cases I have found it necessary to advise owners of minerals to give their lessees substantial assistance. Such cases as those mentioned by *Sir Richard Redmayne* are, I think, negligible and do not affect the necessary national output.

4. The proof and development of minerals of the nature of speculations have frequently been carried

16,910. Silverwood?—At Silverwood they do not. We are putting in a main and tail haulage now.

16,911. In five or six of the John Brown pits they only ride two?—Yes.

16,912. And in two or three other pits they do not ride?—They are making arrangements at those places, and the roads are being driven so that when they get further away they will be able to ride straight in.

16,913. The majority do not ride?—No.

16,914. *Sir Leo Chiozza Money*: On that, the answer given to me obviously was inaccurate and I want to put my question again. In the minority, and not in the majority, what is it that has stood in the way for the last 10 years in preventing such an obvious economy being adopted?—The newer collieries have not got far enough to make it worth while to run them in.

16,915. What has stood in the way of riding the men to work underground? Has it been conservatism, inertia, financial difficulty, or what is it that has stood in the way?—There is nothing that has stood in the way.

out by the mineral owners themselves, and the following are some of the instances where present or former clients of my firm have done so:—

(a) The Earl of Dartmouth, between 1865 and 1869, had a series of boreholes put down on his Sandwell Estate near West Bromwich when his initial expenditure was about £2,000.

Upon this proof the Sandwell Park Colliery was established, and in 47 years has produced an output totalling nearly ten million tons.

Following this enterprise, my father initiated the Hamstead Colliery further to the north-east of the Eastern Boundary of the visible coalfield.

Lord Dartmouth has also made substantial reductions in the minimum rents of the Sandwell Park Colliery Company, and has also reduced the royalty from 6d. to 5d. a ton.

(b) Lord Calthorpe in 1875 instructed my firm to undertake the proof of the Thick coal under his estate at Perry Barr, near Birmingham, and some £40,000 were expended thereon. The coal thereunder has for many years past been worked from the Hamstead Colliery.

(c) *Mr. A. L. Vernon*, of Hilton Park, Wolverhampton, has on various occasions given substantial assistance to his lessees. Holly Bank Colliery, for instance, were exhausting the best seams on the east side of the Western Boundary Fault of the old coalfield, and *Mr. Vernon* contributed £40,000 out of royalties and has spent £68,523 in purchasing minerals under this area for the purpose of assisting the colliery company in their developments, straightening the boundary of his mineral estate, and leaving barriers for security against flooding his deep mines.

While little or no return has yet been received by *Mr. Vernon* from the money expended, the result has been that the mines on the down-throw side of what used to be known as "the Western Boundary Fault" near Wolverhampton have been proved, and workable coal extending under

13 May, 1919.]

MR. THOMAS HENRY BAILEY.

[Continued.]

many square miles outside Mr. Vernon's property is ready for development, from which Mr. Vernon will get no pecuniary advantage—in fact, for some time past the principals of the Holly Bank Company have been taking up leases and purchasing minerals under this area.

- (d) Lord Hatherton, the owner of the Teddesley Estate, situated to the south of Stafford, in 1897 gave my firm instructions to attempt the recovery of the lost shafts sunk sixteen years before at a cost of £100,000 by the Kindt Chaudron system, and which had been lying derelict. A sum of £35,000 was spent in recovering one of the shafts by securing the tubbing below the water-bearing strata, and sinking to a depth of 550 yards through all known seams of coal in the Cannock Chase district, which were found to be of exceptional quality and of an aggregate thickness of 97 feet. The result was the establishment of the Littleton Collieries, Limited, which have produced an output totalling 5 million tons up to the end of 1918.

The coal seams thus proved have been correlated with those of the Lilleshall Collieries in Shropshire, lying twelve miles to the west of Littleton, and there is no doubt that workable coals of great value are continuous throughout this area, and possibly extend to the North Staffordshire coalfield, many miles to the north. The royalty Lord Hatherton is receiving is 4d. a ton.

- (e) Sir Francis Newdigate, on his Arbury and Astley Estates, Warwickshire, in 1903 put down a borehole and proved the Warwickshire Thick coal. Afterwards Sir Francis Newdigate established the colliery, expending thereon about £190,000.
- (f) Lord Crewe helped the Madeley Coal and Iron Company with £12,000 when they were in difficulties which threatened the closing of the colliery.

5. Instances of such proofs and developments by owners of minerals up and down Great Britain could be multiplied, some even, like Lord Londonderry, Earl FitzWilliam and others, working their own minerals, to the present day.

The State has never undertaken either proof or development of the mineral resources of the country, and it savours of usurpation to suggest nationalisation now that mineral owners and private individuals have explored vast areas and recovered vast mineral wealth which was unknown only a few years ago. Such a policy is above all detrimental to the miners' best interests, for wages are kept up by the natural demand for labour, and capital expenditure upon colliery undertakings must be encouraged so that the increasing population may be absorbed and not come into competition with the men employed in existing collieries.

No matter what systems are devised for the distribution of wealth it will come back into the pockets of people who take care of it. It would, therefore, be wisdom on the part of the representatives of labour if they encouraged the use of capital upon industrial concerns instead of putting obstacles in the way of private enterprise.

6. In my experience royalties generally are now much lower than in former years, and, further, the percentage which royalties bear to the selling price of coal is continually falling.

The Holly Bank Colliery royalties in 1869 were 9d. to 6d. a ton, and are now 4s. to 3d. (75 per cent. or the output being at 3d.).

Lord Hatherton, in 1869, obtained 6½d. a ton royalty on coal in the Great Wyrley district, whereas 4d. a ton only is now paid in the adjoining area by the Littleton Collieries.

I put in three diagrams* :—

A general diagram showing the average selling price of coal from the pit head from 1882 to 1916 inclusive and the percentage which a royalty of 6d. a ton represents. A diagram 'A' showing the average selling price at the pit head of coal from a particular colliery from 1905 to 1918 inclusive and the percentage which the royalty of 4d. a ton represents."

May I explain that?

16,918. *Chairman*: If you please.—You will see a dotted line marked at the bottom of the paper—6d. a ton. Then you have a black line representing the average selling price from about 5s. 9d. to the present price, 15s. 9d., in 1916. When I made these diagrams I had not got the figures for the years 1917 and 1918 or else I would have added them. The shaded line shows the percentage of the selling price to the royalty. You get nearly 9 per cent. in 1882, down to a little above 3 per cent. in 1916.

16,919. What does that 1904 line show? The hatched line goes above the plain line.—It simply means that I have used the figures for the two purposes on each side; I have used it for the selling price and the percentage.

16,920. They have no relation to one another?—No, no relation.

16,921. Now to go to Diagram A.—Diagram A shows the selling price at the pithead of coal from a particular colliery from 1905 to 1918 inclusive and the percentage which the royalty of 4d. a ton represents.

16,922. *Mr. R. H. Tawney*: Is this a particular colliery?—Yes, one colliery.

16,923. The other Table was all the collieries?—The whole of the Kingdom.

16,924. *Chairman*: Now Diagram B.—

"A Diagram B showing the average selling price at the pit head of coal from a particular colliery from 1905 to 1918 inclusive and the percentage which the royalty of 6d. a ton (and the reduced royalty of 5d.) represents."

16,925. Now would you go on to paragraph 7?—

"7. Wayleaves are, as a rule, easily arranged, and in my experience vary from 3/16d. to one penny a ton. Immediate lessors are entitled to compensation of the nature of wayleaves as :—

(a) Their mines have usually furnished the proof of foreign mines."

16,926. *Sir L. Chiozza Money*: What is a foreign mine?—A foreign mine is an adjoining mine.

"(b) Wayleave workings interfere with and limit the getting of their own mines." That is to say, if a colliery is put down for an estate, the output of that colliery would all come from the estate were it not that roads were put into the mines beyond, so that the output from the property is reduced.

"(c) Surface wayleaves are frequently necessary and interfere with surface premises.

Wayleaves do not increase the price of coal—as the minerals subject to a wayleave charge usually pay a correspondingly smaller royalty."

16,927. *Chairman*: What sort of premises do you mean when you say "surface premises"?—The surface lands :—

"A Sanctioning Authority is desirable where wayleaves cannot be arranged.

8. I am of the opinion that nationalisation of mining royalties is bad for the following reasons :—

(a) As Mr. Smillie said at the Royal Commission on Mining Royalties in 1893 :—

"I do not think mineral royalties ought to be abolished at the present time. My reason for that is that in some districts there is a great deal more difficulty in getting coal: the coal may be thinner than in other places, and if mineral royalties were abolished altogether it would prevent

13 May, 1919.]

MR. THOMAS HENRY BAILEY.

[Continued.]

the thinner coal being wrought at the present time. Some employers, to my knowledge, would require to stop altogether, and the workmen would be thrown out of employment, because the employers could not compete in the market with those who were working thicker seams and a better class of coal. If royalties were abolished altogether, I believe it would lead to the stoppage of a good many mines that are going at present because the employers could not compete in the market with those who were more advantageously situated" (Smillie 5971).

(b) Royalty owners, in my experience, take a keen personal interest in the undertakings of their lessees, and under the powers of their leases exercise, by their agents, considerable beneficial control over the development of the mineral resources.

(c) It is entirely against the interests of the royalty owner that coal should be left unworked or wasted, and the royalty owner's surveyors, by making inspections and surveys of the colliery workings and seeing to the proper exploration of faulty ground, assist the State in securing the fullest possible output.

(d) In the event of nationalisation, all this work must cease unless a huge department is established and paid by the Government. The officials of such a department could not take the keen personal interest in the work such as is taken by royalty owners.

(e) In the majority of cases the surface and minerals are in one ownership and severance would lead to the following difficulties:

The surface owner, having no pecuniary interest in the minerals, would necessarily have all the common law rights of support and be entitled to compensation in the event of damage to land, drains, water supply, buildings, &c.

(f) Nationalisation would involve a loss to the public revenue.

At present royalty owners pay income tax on the gross amount of royalties received (in addition to mineral rights duty on the net amount, and possibly Increment Value Duty and Super Tax).

Strictly speaking, royalties are partly rent or income and partly capitalisation of assets. Valuations are always based on this fact, and the purchase price received for mineral properties provides the capital for a perpetual annuity in lieu of a terminable annuity.

The annual income from such perpetual annuity must necessarily be much less than that of the terminable annuity, and the revenue would lose the income tax on the difference, as well as the mineral rights duty.

Take the case of a mineral property producing a gross income of £1,000 a year to the royalty owner:—

The taxes are—

Income Tax at 6s.	£300
Mineral Rights Duty... ..	35
	£335

Possibly Increment Value Duty and Super-tax would also be payable.

Strictly speaking, only about £750 a year ought to be considered income, and £250 a year invested to replace diminishing assets.

Assume that these royalties are nationalised by the payment of 15 years' purchase of the income—i.e., £15,000.

The dispossessed royalty owner will be lucky if he can invest this in as safe an investment to produce

an income of £750 gross; that is £15,000 at 5 per cent.

The Income Tax on £750 at 6s.—£225—there would be no Mineral Rights Duty or Increment Value Duty—and the Super-tax (if any) would be less, so that the Revenue would lose at least £110 a year in the transaction."

That is to say, if you take £225 from the figure above £335, you get a difference of £110.

"I have no hope that the Government would reap any compensating advantages.

9. To arrive at a figure representing fair compensation for royalties, in the event of nationalisation, each case would have to be taken on its merits and investigation made of all the facts connected therewith, such as—

- (1) The state of development.
- (2) The number and character of the seams.
- (3) The regularity or otherwise of the measures
- (4) The royalties reserved.
- (5) Compensation for surface occupied, &c.

The settlement of claims would involve the employment of a large expert staff and the setting up of numerous arbitration tribunals. This work would take many years to complete.

The Finance Act (1909-10), 1910, under which it became necessary to make valuations of mineral properties, is nearly 10 years old, and there are still very many valuations remaining unsettled. Further, only those mineral estates which were not in lease at April, 1909, have had to be valued, and, consequently, there are numerous cases where no valuation of the mineral property exists.

The problem is by no means a simple one, and cannot be settled by a mere multiplication sum such as so much a year in royalties by so many years' purchase.

The question of undeveloped minerals is a more simple matter, as a valuation of most of these properties has already been either settled or discussed with the Inland Revenue Valuation Department.

It is difficult to understand how, in fairness, the Government could do otherwise than pay for all undeveloped minerals. It would involve an enormous capital outlay, from which no public revenue could be obtained for many years.

The Government have in many instances been paid Estate Duty on valuations which include the value of undeveloped minerals. In order to pay these duties in a great many instances the estates are burdened with mortgages, and royalties are the only means by which interest and the repayment of principal can be discharged."

16,928. *Chairman*: Will you kindly tell me what you say with regard to properties in which the existence of coal is uncertain but is suspected?—It has a value but a limited one.

16,929. How do you assess that value?—Where it is suspected?

16,930. Where the existence of coal is uncertain but is suspected?—In making valuations with the Department we sometimes put £3 an acre on it.

16,931. At a nominal sum?—Yes, at a nominal sum.

16,932. That means added on?—Yes, added.

"10. In my opinion no Government Department could supervise colliery operations with regard to barriers so effectively and conscientiously as the royalty owner. Moreover, the royalty owners, by their mineral advisers, have usually a complete knowledge of the problems involved in the settlement of local barriers and the dangers to be apprehended from any weakening thereof.

This knowledge could not well be available by a Government Department.

Nationalisation will not dispense with the necessity of barriers, and alteration of existing barriers would in necessary instances involve extreme danger to existing workings.

13 May, 1919.]

MR. THOMAS HENRY BAILEY.

[Continued.]

In my own practice I have never known any difficulty arise when a colliery company desires to work barrier coal when they are able to provide a substituted barrier or a safe scheme of working.

Barriers are not arbitrarily left round properties like ring fences, but are carefully designed by arrangement to the mutual interest of all persons concerned in the working of coal.

11. My idea of procedure to determine a fair value is as follows:—

- (1.) There should be a Commission appointed to determine the rates of interest to be allowed in calculating the value of royalties, and a table should be settled giving the number of years' purchase from one year upwards.

I find in practice that considerable differences of opinion exist, especially between Government valuers and private valuers, as to the proper basis of calculation.

- (2.) Each case must be considered and valued separately entirely on its own merits.
- (3.) The mineral valuers of the Inland Revenue should be empowered to meet the mining advisers of the royalty owners for the purposes of discussing, and (if possible, agreeing) on the nationalisation price. In the event of disagreement each party should make a report which should be considered by an independent tribunal consisting of, say, an independent mining engineer, a barrister, or solicitor, and an actuary—such tribunal being empowered to hear evidence and arguments and make awards as in arbitration.

Costs should be taxed and paid in all cases by Government on a predetermined scale.

I have read the Interim Report of Mr. Leslie Scott's Committee made to the Ministry of Construction in March last and referred to by Mr. Westgarth Forster Brown, and substantially agree therewith."

16,933. *Chairman*: Supposing the independent tribunal awards less than the Government offers, are costs still to be paid?—Yes, I think that the taxed costs certainly ought to be paid by the Government, unless of course there may be cases, as we all know, where people make absurd claims. Then if they do that and cause a lot of expense, I do not think they ought to be allowed costs.

16,934. That is what I was asking you, because you say "in all cases"?—I mean in all cases as a rule. What I mean is this: There may be cases where people act wrongfully in putting forward claims.

16,935. I see what you mean, but I thought you had not said that quite?—I know of a case that went to an arbitration about coal left under a railway. The owner claimed the actual value of the coal, as if it could be all got to-day. The arbitrator threatened to nonsuit him for it:—

"12. Royalty owners are not always persons with large incomes.

Some of my clients are people of limited means who depend very largely upon the mineral royalties they receive from small properties, and I also know that in many cases cottagers and small holders, including working miners, own the coal under their little properties and enjoy financial advantages therefrom.

13. At one time dues (amounting to 1s. a ton) were levied on all water-borne coal coming into London, the receipts therefrom enabling many public works and buildings to be constructed (Holborn Valley Improvements, for example).

These duties were abolished by Act of Parliament in 1889, and I would very much like to know into whose pocket the 1s. a ton ultimately found its way."

16,936. *Mr. Robert Smillie*: I notice you do me the honour of to some extent basing your opinion with regard to royalty rents on views which I have expressed in giving evidence before the Commission on royalties?—I do not think I could do better.

16,937. I sincerely hope you will keep of that opinion for a few minutes. You quoted my answer to Question No. 5971 on page 81. You quote the whole of my reply to that question?—Yes, I do.

16,938. The question that was put at 5970 was: "Do you generally agree with the opinion he has given?"—that is Mr. Robert Brown, the previous witness—and I say, "No, I do not." The next question is: "Will you explain where you differ from him?" Then you, in your *présis* to-day, quote the whole of my answer?—That is so.

16,939. The next question following that is: "What then would you propose? I think you would propose nationalisation of the minerals?" My answer is "Yes." Then all of the additional question is that the State should own the minerals. You were aware of that when you quoted this answer?—Quite so.

16,940. Do you think it was altogether fair to try to lead the Commission to believe that that was all that I expressed?—I take your answer for what it means—that the royalties ought not to be abolished for those reasons.

16,941. Why did you not quote further if you were really going to be guided in any way by my opinion? Did you not know my opinion with regard to the nationalisation of minerals?—I knew that, certainly.

16,942. Have you been guided to any degree at all by my opinion?—Yes, because you show that in certain instances it would be a mistake to abolish the royalties.

16,943. Are you in favour of nationalising the minerals?—No, I am not.

16,944. Then you have not been in any way guided by the evidence which I gave before the Royal Commission?—Yes, I think so.

16,945. I suppose you would agree with me that merely to abolish the charge for mineral royalties might have been then and might be now a serious matter to some owners. It would mean the shutting down of some pits?—Yes, I think it might, certainly.

16,946. I mean the difference between 3d. per ton royalty in one case and 1s. 3d. a ton royalty in another—that is 1s.?—Quite so.

16,947. That shilling may be the very factor which enables the colliery to be worth going on with?—That is so.

16,948. You know that is the reason for that reply—that I did not desire mineral royalties to be abolished—that they should continue, but that they should be taken by the State. You know that that was my opinion?—Certainly.

16,949. I think you said your firm were mining advisers to the Duke of Buccleuch?—Yes—not his Scotch mines—his English ironstone mines.

16,950. If you were advisers for the Duke of Buccleuch you would have to be responsible for all the sins of the Duke of Buccleuch, if he has any, whether in Scotland or anywhere else?—Quite so.

16,951. Do you remember the time when the late William Ewart Gladstone stood for Midlothian?—Yes, quite well.

16,952. You remember he stood against a Buccleuch?—You say so, but I had forgotten that.

16,953. Do you know that the Duke of Buccleuch said that if Gladstone won he would shut down his pits and that they would never be opened again?—I did not know that.

16,954. Do you know that Gladstone did win and the pits were shut down and the villages where the miners lived were demolished?—I did not know that.

16,955. Will you take it from me that that is so?—Yes.

16,956. And that you can see the ruin of the village there now. Do you think that is a power that ought to be in the possession of the Duke of Buccleuch or even of the King, to do a thing like that?—I should think it was a foolish thing to do if it is true.

16,957. What I asked you was: Do you think it is a power that they should have?—No.

16,958. Do you agree with me that they have that power?—Yes, they have that power.

13 May, 1919.]

MR. THOMAS HENRY BAILEY.

[Continued.]

16,959. Do you agree with me that that power should be taken out of their hands?—Yes. The proposal that is before the Commission puts forward a Sanctioning Authority, which would get rid of that.

16,960. I want, on behalf of the Miners' Federation, to thank you for the little sermon you preach on page 3 of your *précis*. You say: "No matter what systems are devised for the distribution of wealth, it will come back into the pockets of people who take care of it." Do you know that wealth from mineral royalties to the extent of from £120,000 to £130,000 a year goes into the pockets of certain individuals?—I do.

16,961. Do you say that they take care of it?—Are you not aware that some of them spend more than that amount every year?—I am quite aware that there are spendthrifts among the rich as well as among the poor.

16,962. Are those the people you say take care of it when it comes into their pockets?—No; what I mean is this: supposing you distribute the whole of these high royalties among the population to-day, it would come back again into the pockets of a few.

16,963. Would it come back into the pockets of the present holders?—That I do not know; I cannot say.

16,964. Your opinion is that supposing you divide up, as some foolish people say you should, all the wealth you have within fifty years some people will be rich and some people poor?—That is so.

16,965. That is so clear that it does not require any preaching to enable an intelligent person to know that it would be so; but in this case we find that the fact that some people are getting £120,000 or £130,000 a year without rendering any service to the country or to the State in any shape or form prevents the money produced by labour going into the pockets where it ought to have gone. Do you think that is a fair thing?—Yes, I do. It is the property of the owners, and they are entitled to whatever they can get for the sale of their property.

16,966. It is not the property of the owner till the miners go down the pit and go to the coal face and risk their lives to produce the coal?—I beg your pardon, it is the property of the owner when it is in the land. It does not become a chattel till the miners have cut it.

16,967. For instance, you cannot eat it so long as it is down there. It is only when it is produced that it is real wealth, is it not?—Quite so.

16,968. You say that it would be wisdom on the part of the representatives of labour if they encouraged the use of industrial concerns instead of putting obstacles in the way of private enterprise. Do you think that the leaders of labour do not encourage the use of capital?—Yes, I do.

16,969. Are you aware that we realise as fully, probably more fully than you do, that the best machinery that capital can produce ought to be used for the production of the commodity?—I know, but if there is this constant worrying of people who have got capital with regard to the conditions of the employment of the men going on, then if it prevents people from putting their capital into concerns which will benefit the working classes, that is not good.

16,970. Do you know that the leaders of labour protest, not against the use of capital in industry, but that they only protest against the division of the results of combined capital and labour—the division of the production? We protest against the wage-earners, miners or any other class of wage-earners, who work all the year round, finding themselves continually in poverty, badly housed, in bad health through bad housing, while people who invest their capital only and do not give any other service are living in luxury in mansion houses. Is labour entitled to protest against that?—You have certainly got certain difficulties that want righting. I love the miners, and some people say that working down the pit is a very difficult and very hazardous employment. I say I am never happier than when I am down a pit. I think it is one of the greatest treats I can have to go down a pit and go through the workings.

16,971. Perhaps if the miners were down the pit on the same mission as that on which you are down in

the pit, they would be happy too. Do you not think it makes a difference what persons are doing when they are down the pit, as to whether they are happy or not?—I do not think so.

16,972. Perhaps if the miner could change places with you at home, he would be happier?—I do not think they would be happy in my circumstances if they are not happy in their own.

16,973. Do not you think that the condition of lacking food or having plenty of food would make a difference?—I think that the cause of happiness depends on what a man is and not on what he has.

16,974. Do you think the environment has nothing to do with it?—No, and I will tell you why: It has been my privilege to go into many miners' cottages for tea and to visit, throughout my life, and I have been into cottages inhabited by men who have been getting perhaps their 30s. or their 25s. a week, with perhaps three or four children—beautifully clean cottages; and I have had cakes and things put on that table for tea which they could not beat in Buckingham Palace.

16,975. I agree. I could take you to houses of that kind, thousands of them; but would you say to a child to-day without boots, suffering from cold, "No, my dear, you are not suffering from the cold at all: you think you are"?—You do not mean to ask me whether I should be glad to see a child without boots?

16,976. A hungry miner cannot feel very happy?—I should want to go into the case and see what was the cause of his hunger.

16,977. I put it to you that you, going down into the pit and saying that you are quite happy there, have no right to say to the miners' children that they should be happy?—I have seen the miners down in the pits and I know they are happy to a great extent.

16,978. Very well, we will go home and tell them that they ought to be happy?—I did not say that they ought to be happy.

16,979. In what way have the representatives of labour in your opinion interfered with private enterprise?—By the constant strikes and the constant troubles that have been exerted against the employers, which have worried them out of their lives in a great many cases, and not reasonably. I quite agree with you that there are things which want putting right. I will give you a case when I went down to South Wales. I wanted to introduce systematic timbering into the mines there, and the colliers said no; they would not have it, and they struck, and they were out for some time until they gave way. Then they were working pillar and stall in the 9-ft. seam and they had got a sheet between each one of these in the road, and turning the air zig-zag all through the stalls till the atmosphere was not fit for the men to work in. I wanted to put in the long wall system, but no, they would not have it; they struck and they came out; but afterwards, when they tried it, they would not go back to the pillar and stall system. Then take, for instance, another case. There was a clod 9 inches thick in the 9-ft. seam. I went down and I settled 3d. a ton allowance for putting this clod aside. Then the clod went out of the seam, and I gave them notice to give up the 3d. Not they! They were going to stick to the 3d., and they were out for three months till it was sent for arbitration, and the arbitrator, a gentleman in Merthyr Tydvil, gave the men a halfpenny, which I had already offered them. Those are the things that want putting an end to.

16,980. I am sure you could go on for a week with that kind of thing?—Yes, I could.

16,981. Is that what you mean by saying the representatives of labour should not put obstacles in the way of private enterprise?—Yes.

16,982. Do you think we are here to-day still putting obstacles in the way of private enterprise?—I am hopeful that this is not going to be a still-born scheme. I hope that this is going to be something that will put an end to it.

16,983. It will put an end to it if we have our will?—I think you ought to be able to consider both sides without saying "our will."

16,984. I feel sure that there will always be trouble under the existing methods of working mines. I

13 May, 1919.]

MR. THOMAS HENRY BAILEY.

[Continued.]

think you are putting it too high when you say that the owners are complaining about it. I have never heard them complain about the matter, and I meet them very often. I do not think the mine-owners of Great Britain will bear out your statement when you say that we are putting obstacles in their way?—That is my opinion about it.

16,985. Were you a manager in South Wales?—I took the management of the works for the mortgagées: the company was bankrupt.

16,986. If they come to hear the views that you have expressed here to-day it would not astonish me in the least if there was trouble?—It is my view after the experience I have gained.

16,987. *Sir Adam Nimmo*: You were just dealing with the questions as to the relationship between owners and workmen under the existing system. Do you consider that if the mines were nationalised there would be less trouble between the workmen and the State than between the workmen and the present employers?—I think it would be worse.

16,988. Do you think that there would be more pressure by the workman upon the management under State ownership than there is at present?—I do. Supposing the royalties were taken over by the State, if Mr. Smillie could do it I believe he would worry the Members of Parliament and the Department until he got the whole of that money put into the pockets of the men.

16,989. Do you think that the very fact that the mines were owned by the State would supply additional reasons for the men making additional demands?—I do. I cannot see why five millions of the population should have preferential treatment. Why should not the seven millions of London come for preferential treatment? I cannot see why the mining class should ask for it.

16,990. Would the officials of the mines under State control and management have any real interest in resisting the claims of the men?—No. I think they would be placed in a more awkward position, because they would feel that the political interests would be against them.

16,991. That means, in other words, that there would be less likelihood of resisting demands in the direction of bringing about a strike?—Quite so. We had one case—a colliery that I know of—where the owner was a Member of Parliament for the Division. The result was that the management of the men was almost impossible.

16,992. So that you do not agree with the view that there is going to be a sudden reformation in the character of the workman simply due to the fact that he is working for the State and not for a private employer?—I do not.

16,993. I see that you believe in encouraging the workmen to save?—I do.

16,994. Do you think that if every workman became a capitalist to some extent and had an interest in the collieries that that would have a most beneficial effect?—I certainly do. I should be very glad indeed to see it.

16,995. Do you think that it would be more likely that we should have industrial salvation along these lines than along the lines of the demand of nationalisation?—I do.

16,996. You would like to see it worked and encouraged?—I should.

16,997. For the workmen to have a financial interest in the mining industry?—I should.

16,998. I see that you represent a good many interests in different parts of the country. May I take it that your view is that private enterprise has been quite equal to the mineral development that has been necessary to meet the national requirements in coal?—Certainly.

16,999. I suppose you agree that very large risks have been taken by those who have gone into mineral undertakings?—I do. Take the case of the Littleton Colliery: that was started and ten years went by before there was any dividend whatsoever paid to the shareholders. That is not an isolated instance. In many cases where these big developments have taken place it has taken years before the shareholders have got anything for their money.

17,000. Do you think we should have had the developments which have taken place under State ownership and control?—I do not.

17,001. So that the workmen and the citizens of this country have benefited to a very large extent by reason of the development having taken place through private enterprise?—Yes I should like to give this reason for that. What have the Government done? They have done nothing up to the present time to prove mines or minerals. They have not even taken the trouble to do anything for testing such questions as coal dust. Who was it tested the coal dust? It was the colliery owners, who at the expense of over £10,000, through Sir William Garforth, put down that testing plant and then found out everything about the difficulty and the danger of coal dust. Then the Government stepped in and put up the plant at Barrow-in-Furness to continue these tests, but what have they done? They have done nothing. The coalowners have found out everything that has been found out up to the present. Take, for instance, the Home Office on the question of the rescue apparatus. What happened with regard to that? It was foisted on the coalowners and found to be a deathtrap. It really does not make me have any faith at all in Government procedure when I see such things.

17,002. You think the owners are desirous to have the fullest possible development?—I do.

17,003. They have done everything they possibly can to prevent accidents?—Nationalisation will not get over the carelessness of men. The men will be the same. Take the Abercarnaid explosion in 1891. How did it occur? When we got back into the workings we found that the men had unscrewed the top of their lamps and that had caused the explosion. Then take, for instance, cases of falls of roof. You have in Mr. Johnson's district Report No. 8 for 1912 20 per cent. of the accidents from falls of roof are said to be through the carelessness or negligence of the men. I think it was Mr. Sidney Webb who said it was better for the colliery owners to have an accident than to spend money to put things right.

17,004. You do not believe that, I take it?—Of course I do not.

17,005. *Chairman*: Mr. Sidney Webb is not here at the moment. I think that was a misunderstanding of what he said. We will ask him about it when he comes back?—What I should like to put before you is this: there was the overwind at Littleton Colliery that cost £2,000 and the pits were idle for six weeks. We had to keep the whole of the underground workings in order through that six weeks and lost the money for the coal as well.

17,006. *Sir Adam Nimmo*: I suppose it is the case in the coal mining industry as it is in other industries that a certain number of men devote their lives to the industry?—They do.

17,007. And the working of the industry runs very largely in the families that have been associated with mining?—That is so.

17,008. They really become devoted to the working of the industry so as to secure the maximum of efficiency in every direction. Do you agree with that?—I do.

17,009. Do you agree that a great deal of individual enterprise has been put into the mining industry?—I do.

17,010. And that it has been steadily progressing on the side of scientific knowledge and skill?—I do—and practical skill, not merely depending on theory, but practical skill.

17,011. You have mentioned a point that I should like to expand a little bit. I understand you to say that you think in this matter of nationalisation the interests of those industries require to be taken into account as well as the interest in the mining industry of the miners?—I do.

17,012. How many men do you think in the industry of the country one miner's output of coal will keep going? How many men are resting on the work of each individual miner—would you say 6 or 7 or 8? That is to say, coal as a piece of coal is of no value in itself; it has to be destroyed and used before it becomes valuable?—That is so.

13 May, 1919.]

MR. THOMAS HENRY BAILEY.

[Continued.]

17,013. It is being used throughout all the industries in the country?—Quite so.

17,014. A miner, therefore, in putting out his coal has a large number of men who are dependent on his work?—That is so.

17,015. Would you agree that the interests of these men have to be very much looked into?—I do.

17,016. And taken into account in dealing with the question of nationalisation of mines?—Certainly.

17,017. And that we must have regard essentially to the effect of nationalisation upon the whole of these other industries?—Quite so.

17,018. As a matter of fact, would you agree with me in this, that inasmuch as one miner may keep 6, 7 or 8 men going we ought to have more regard to the interests of these other men than to the interests of the miners if we are to maintain the industrial position as a whole?—Certainly.

17,019. Is there not an additional reason for carefully considering the question of the nationalisation of the mines from the point of view of the character of the problem in this respect, that each particular colliery is presenting a separate problem of its own?—That is so; managed by people who have for years studied those problems, and if they were removed from that colliery I do not know what would happen.

17,020. And each colliery has to be studied by itself in relation to its own problems?—Certainly.

17,021. And the facts surrounding it?—Certainly.

17,022. Do you think these problems would be likely to receive the same close attention under State ownership as they do at present where the individual is closely watching them?—I think not. A case came before me a little while ago of a Government Office. There was an Army wagon with four horses, a corporal and six men, sent to an office in Whitehall to receive 1 cwt. of paper and take it to another office. If that sort of thing went on in collieries, I want to know how long they would last. It is the individual owner and employer who looks into these details and sees that there is no waste going on.

17,023. Where an individual owner has to face his difficulties, knowing that his money is at stake in connection with the solving of these problems, is he not likely to take greater care in dealing with the matter?—Certainly.

17,024. And to exercise more personal supervision?—Not only that, but his first care is the safety of the men and his second care is the safety of his property.

17,025. With regard to royalties, I understand you have very little experience of a sliding scale royalty?—Very little. We have had one or two, but we have none now.

17,026. May I take it that throughout your district it is regarded as an unsound principle?—It is, because the royalty goes up to an enormous figure with such prices as are being got now for coal, and the colliery owners do not like to pay such royalties.

17,027. I suppose the price, taken by itself, is no measure of the ability of the colliery to pay royalty?—No, because the difference between the high cost at the present time and the high selling price is a hardship on the colliery owner if he has to pay a sliding scale royalty.

17,028. I understand you have had very considerable experience with regard to the detailed working of collieries, as you have gone about the country, and you have come into contact with the managers?—I have.

17,029. Is there an increasing camaraderie among the managers throughout the country?—I should say so.

17,030. There is a kind of developing Freemasonry, is there not?—There is: they have their own associations now.

17,031. Are they contributing, constantly, papers to various institutes connected with the industry?—They are.

17,032. Is the knowledge developed in that way made available throughout the whole of the district,

and, ultimately, throughout the whole of the country?—It is.

17,033. Are the records of these proceedings published from time to time?—They are.

17,034. Do you deal constantly with the detailed problems of mining which are of interest to the whole mining industry?—I do.

17,035. Would you say that the facilities in that respect which are available just now are very considerable?—Very considerable, and increasing.

17,036. I take it that, as we go on, assuming the present system to be continued, this information will be more and more available and more and more disseminated?—It will.

17,037. *Mr. Sidney Webb*: I think you have made reference to something that I have been supposed to have said with regard to the prevention of accidents?—Yes, I did.

17,038. I think you have quoted a statement which purports to have been made by me to the effect that owners of mines neglected precautions because they were expensive. I am putting it summarily. You have rather suggested that I have said that?—I understood you to say it.

17,039. You have not heard what I said, perhaps?—Yes, I was here when you were examined.

17,040. May I read to you what I did say? The first reference was on page 493: "A whole generation of financial experience of the Employers' Liability Act—a couple of decades of the Workmen's Compensation Act—have demonstrated a fact of momentous significance, namely, that it usually costs less to compensate for accidents than to prevent them. This applies to a capitalist trust and to a separate ownership." That was my statement.

Mr. R. W. Cooper: Your previous statement was: "The enormous number of accidents caused by insufficient use of pit props to prevent falls of side or roof is very significant. Pit props are now expensive."

17,041. *Mr. Sidney Webb*: Yes, and there is a good deal more to that effect: "Such mechanical appliances as automatic contrivances to prevent over-winding, detaching hooks and cage gates are still not universal." Taking those statements, do you think those are incorrect in point of fact? Take the first one, for instance: Are automatic contrivances to prevent over-winding universal?—Yes, I think they are.

17,042. You are not prepared to say that they are in all collieries?—No, because I have never been in all collieries. They have to be put up under the Mines Act, and I cannot conceive that inspectors would go round the collieries and not compel them to be put in.

17,043. Of course, I have not been through all the collieries, but my information is that they are not universal?—I doubt it.

17,044. Then there is a further thing that I am indicted for, where I say that "the experience of the Employers' Liability Act—a couple of decades of the Workmen's Compensation Act—have demonstrated a fact of momentous significance, namely, that it usually costs less to compensate for accidents than to prevent them"?—I cannot understand where you got the information from. How do you say that it shows that it costs less?

17,045. Let us go on. "Of course, it is obvious that it is not possible to say what it would cost to prevent accidents"?—I should be very glad indeed if you could show how you are going to get over the carelessness and the wilfulness of the men.

17,046. That is another point?—Yes, but it is the accidents.

17,047. Do you say that all the accidents are due to the carelessness or wilfulness of the men?—No, I do not.

17,048. Let us leave those out of account and consider only those accidents that are not due to wilfulness and carelessness. I venture to put it to you that some of those accidents could be prevented: do you think that is an unfair statement?—Of course there are accidents which can be prevented: for instance, if I am crossing the Strand, I can prevent an accident by being careful.

13 May, 1919.]

MR. THOMAS HENRY BAILEY.

[Continued.]

17,049. I said, let us leave aside the accidents which are due to the carelessness of the workmen and their wilfulness, of which I admit there are a great many, and keep our minds on the other accidents, of which there are also a great many?—Yes.

17,050. You admit that some of those accidents could be prevented?—I think so.

17,051. It is clear we cannot say what expense would prevent them?—I can quite see that accidents could be prevented without any expense at all.

17,052. I say accidents not due to the wilfulness of the workmen which could be prevented without any expense at all. If I may quote a royal example, I would say, if they are preventable, why are they not prevented?—It is simply human nature on the part of both the manager and the men.

17,053. I am asking you to leave out those accidents which are due to the carelessness of the men?—I can take, for instance, the electric light cables: they may get worn and the tubs may rub against the cables and rub off the material which insulates them, and that causes a spark or something like that.

17,054. How could that be prevented?—That could be prevented by the manager seeing it as it goes down and having it repaired.

17,055. And also by more frequent inspection?—I doubt whether you could have more frequent inspection than you are doing at the present time.

17,056. Now let me go on to read you another thing that I said, at Question 12,178?—Before you read that, may I say something?

Chairman: The Commissioner is asking you a question on a certain passage, to which you will kindly give your attention.

17,057. *Mr. Sidney Webb:* On p. 522, at Question 12,178, I say this: "May I put it in my own way: I would say that a number of managers and owners of mines have desired to prevent accidents and have wished to discover means of preventing accidents, and have co-operated with the Home Office in preventing accidents. Some others have not, and the permanent pecuniary interest of the owners has been necessarily and innocently against any expensive precautions for the prevention of accidents, and they have, as a matter of history, resisted a number of proposals of the Home Office for such precautions"?—I do not wonder that they have resisted the Home Office in a great many instances. I gave you an instance of the rescue apparatus.

17,058. You do not think that that is at all an unfair way of putting it?—If you gave me the case, I think we should find that they resisted the Home Office proposal for a very good reason.

17,059. Yes, I have said so. Now let me read on; "Do you suggest really that owners object to putting in appliances that are prescribed because of the expense?—(A) Yes, certainly they do. They would not be profit-makers if they did not. They would be bad people of business if they did not object. There must be always an objection to any improvement, however valuable the improvement is, when it costs a great deal of money, and it is quite a proper objection." Do you think that is true?—All I have to say, as a practical man, with regard to this is that no owner would risk not putting in what he thinks is proper for the safety of his workmen.

17,060. Quite so. Now let me take the next question: "Are you not aware that the objection of the coalowners generally has been to the prescription of a certain kind of appliance?—(A) Quite so; that is the form the opposition always takes. No one is opposed to improvement in the abstract. It is only when a suggestion is made of a concrete improvement that it meets with opposition." Do you think that is an unfair way of describing it?—Because the particular thing that has been brought forward, I have no doubt, has had some very grave defects in it.

17,061. In the opinion of the owners?—Yes.

17,062. Then a few years elapse in the history, and we find that it has been adopted and is found to work quite well?—You get improvements in the particular thing and then it becomes a useful thing.

17,063. My point is that proposals that have been made have been objected to strenuously by the owners

because of the expense. They have given reasons why it is not a good improvement. They have been overruled. The improvement has been prescribed. They have adopted it and it has been found quite a useful thing?—The point I object to is this: You say because of the expense I do not think that is true.

17,064. Let me give you an instance. Some time ago I went into the question of the requirement of a second shaft. That was proposed for a good many years, and was resisted by the coal-owners on very specious grounds indeed—I mean quite apparently plausible grounds, that it would be no use to prevent accidents, and it was very expensive. In 1862 it was required, and now I do not suppose any colliery owner would dream of having a mine without a second shaft?—No, because the state of mining to-day is a very different thing from what it was then.

17,065. Do you suggest that the second shaft was not as necessary in 1862 as it is now?—For ventilation?

17,066. Yes, for the purpose of ventilation. Do you suggest that it was not necessary in the ignorance of ventilation that existed then?—It depends on the size of the workings.

17,067. Do you think any mine ought to be without a second shaft?—Yes, I have seen lots of little mines without a second shaft.

17,068. Do you think it ought to be so?—Yes.

17,069. At any rate my statement does not bear the interpretation, does it, that owners have refused to put in appliances to prevent accidents from any desire to have accidents? There is no imputation on the humanity of the owners there: have you found anything of that in what I have said?—I can only tell you the impression it left on my mind when you were giving your evidence. If you said you did not intend that, of course, I would take it from you.

17,070. Was there anything that I said that would lead you to believe that I thought owners were not concerned to prevent accidents?—I should like you to look at Question 11,792 on page 503.

17,071. Will you quote it, as I have not it before me?—"In the case I am putting to you, the loss which an employer suffers in the way I have described much outweighs anything he suffers under the Workmen's Compensation Act, against which he may be innocent? (A) Yes, I can believe that that is so. (Q) Therefore, to put it on the lowest grounds, there is the strongest possible motive, on the part of the employer, to obviate accidents? (A) To obviate fatal accidents. (Q) Now let us come to the non-fatal accidents. As you know, under the Workmen's Compensation Act there is a long-continuing liability? (A) Yes. (Q) That cannot be altogether satisfactory to the employer? (A) I quite grant that an employer has to pay for accidents. My case was that he would have to pay more for preventing them. (Q) There I join issue with you: I do not think he would. I notice that you refer to the Employers' Liability Act. That, I suppose, is a sort of historical reference. You know, do you not, that that Act was very limited in its scope?—(A) Yes, I remember that it was bitterly fought by the employers for a whole generation."

Chairman: Now need we pursue this subject?

17,072. *Mr. Sidney Webb:* Just one final question: Is there anything in that statement which at all implies that owners were not anxious to prevent accidents?—You say, "I quite grant that an employer has to pay for accidents: my case was that he would have to pay more for preventing them."

17,073. Do you doubt that?—I say in a great many cases he would not have to pay anything.

17,074. For preventing them?—Yes.

17,075. If he can prevent accidents without paying anything, is not that a worse indictment of the owners?—No, because accidents will happen without people being able to stop them.

17,076. You say that some accidents could be prevented at no expense to the owner?—I have no doubt of that.

17,077. Then why does not he prevent them?—An accident is an accident.

13 May, 1919.]

MR. THOMAS HENRY BAILEY.

[Continued.]

17,078. If it can be prevented, your statement is not accurate?—What I mean is that no amount of money you would spend would prevent an accident.

17,079. I am not talking about accidents which cannot be prevented, but accidents which can be. You have said that accidents which occur in the mine, other than those which are due to the carelessness or wilfulness of the workmen, can be prevented by the owners without any expense. Have you said that?—Yes.

17,080. *Sir Arthur Duckham*: You have seen a lot of mining?—I have.

17,081. I have not seen very much mining or mining conditions. I have been fearfully shocked by Mr. Smillie's statement about the starving miners and their wives. How many starving miners or miners' families have you seen in the last ten years?—Not one.

17,082. Then they must have been in Scotland?—Years ago I made a valuation of Merry Cunningham's works and collieries, and I never saw a starving miner then.

17,083. *Sir L. Chiozza Money*: Is it not true that in such an industry as mining, and in any industry generally, the financial pull on the capitalist is against safety conditions?—No.

17,084. How do you account for the Mines Act and its many clauses which enforced safety conditions: why were they necessary?—Because of human nature. It is like the Ten Commandments, or the Criminal Acts and the police and so so. If you have a standard up to which you can live, that standard is a help to everybody.

17,085. What part of human nature do you refer to?—I mean, human nature.

17,086. Forgive me, I asked you quite plainly this: Is not the financial pull against conditions of safety?—No, I should say not.

17,087. Are you aware that the very experienced mining engineer who preceded you did say that the financial pull was against the long wall system? Is that your opinion?—No, it is not. I was the one who made the report with regard to the fires at Bentley and Brodsworth Collieries. They were very serious. Through that report those fires have been absolutely got under.

17,088. *Mr. Herbert Smith*: That is not correct: those fires still exist?—They had about 40 or 50 there.

17,089. *Sir L. Chiozza Money*: Is it not the fact that in the opinion of a man well qualified to speak—namely, Mr. Stanley Jevons, the only disadvantage of the long wall retreating system of mining is that there is a poor return for a long time to the shareholders?—Take the case of the Sandwell Park Colliery.

17,090. I must ask you to answer my question. Are you aware that Mr. Stanley Jevons has said that?—I have never seen it.

17,091. May I ask you to read this passage: "The disadvantage of the matter is that a huge amount of capital must be expended and a considerable time lost before any considerable output can be obtained and the shareholders receive any return on their investments"?—Was he a mining engineer?

17,092. Mr. Stanley Jevons, like his father, was a very earnest student of mining. I thought, as his opinion was considered by your predecessor in the Chair to be valuable, we might treat it with consideration; but you do not agree with it?—No, I do not. The Sandwell Park Colliery has been opened on the retreating method of working.

17,093. Is it not the fact that you drive your roads right through and then retreat, closing up as you go, and is it not the fact that the roads are open a shorter time than they would be under the advancing system?—No, it is just the other way about.

17,094. Is it not the fact that if you retreat and close up as you go, you have not to travel over the road?—You have to get up to that back end.

17,095. In the other system you have to keep the whole road open up to the very end of the boundary?—It does not make any difference. We find the great difficulty is that fast roads do not stand as well as gob roads.

17,096. The fact is that you have to keep your long roads open up to the very time you reach the barrier, and in the other case it shortens in extent?—At a very slow rate.

17,097. You do admit that it does; indeed, it is obvious that it does?—I should say it is infinitesimal; it is not worth talking about.

17,098. In so far as it exists, it shortens the danger of the road, does it not?—I do not agree. I would much sooner have the gob roads than the fast roads. If I could take you down a pit where they have driven out to the boundary, like at Sandwell Park, and show you the difficulty with fast roads and the difference between that and gob roads, you would have a very different idea of the actual facts.

17,099. Is it not the fact that the long wall retreating system is a system which is gaining ground?—Yes.

17,100. Does that not mean that experience has confined its advantages?—Certainly.

17,101. Why do you disrate those advantages?—I do not.

17,102. You admit them?—Let me understand what you mean. The long wall system can be worked in two ways—out from the pit, or worked retreating.

17,103. I am speaking of the retreating system, and I am asking you whether it is not the case that the retreating system, as compared with the advancing system, gives you a shorter road?—It is not worth consideration.

17,104. Is it not obvious that the road closes up as you retreat, whereas, as you advance, you have to keep your road open?—You want to become a mining engineer, and then you would know that the arguments you are using now would not hold water.

17,105. They were admitted by your predecessor in the box?—I cannot help what he admitted; I cannot agree with him.

Mr. Robert Smillie: Mr. Chairman, would you allow me to say that Sir Arthur Duckham put a question to the witness as to whether or not he had known of any starving miners in the last 10 years. I never suggested that the miners were starving during the last ten years. I understood Sir Arthur Duckham said to Sir Adam Nimmo that it was scandalous.

Chairman: Sir Arthur Duckham is not here now, so we will leave it till he returns.

17,106. *Mr. Herbert Smith*: I want to ask you some questions about Yorkshire. Do you say that fires are not known at Brodsworth and Bentley?—I say no; practically they have been got over.

17,107. When you say "practically," what do you mean by "practically," because they have them now?—Yes, they have some, I know.

17,108. So that they have not got over them?—But practically they have done.

17,109. What do you mean by "practically"?—Before I made my report they had had some 50 or 60 at Brodsworth, and something like that at Bentley, and they have had nothing like it since.

17,110. As a matter of fact since your report we have had some fires as before?—At Brodsworth?

17,111. In those areas?—I have not heard of them.

17,112. What do you say has overcome them?—It is a long business to discuss.

17,113. What has overcome them?—I have not the report here to refer to. If you remember I gave evidence before the Gob Fire Commission, and put a tremendous lot of information before them. You can have the report if you desire it.

(The Witness withdrew.)

13 May, 1919.]

MR. CHARLES EVELYN FORESTIER-WALKER.

[Continued.]

MR. CHARLES EVELYN FORESTIER-WALKER, SWORN and Examined.

17,114. Are you a member of the firm of Bassett & Walker, Mining Engineers practising at Cardiff, and have you had 25 years' experience in the South Wales Coalfield, and are you a Fellow of the Surveyors' Institution and a member of the South Wales Institute of Engineers?—Yes.

Chairman: I will ask the Secretary to read your proof.

Secretary: "My firm act as mining engineers and mineral advisers to owners of large mineral estates in Monmouthshire and South Wales, comprising in the aggregate between 40 and 50 thousand acres with an average annual output of approximately 6 million tons, and the average fixed royalty works out at 5.408d. per ton, or about 2 per cent. of the cost of production, and the underground wayleave, where based upon tonnage, works out at about .805d. per ton.

In recent years, however, in many cases wayleaves have not been charged at all, and in other cases a nominal lump annual sum is charged for wayleave rights when exercised.

3. I have had considerable experience in letting minerals in South Wales, and the cases where negotiations have fallen through have been exceeding rare.

In my experience owners of minerals are only too ready and anxious to let their minerals on reasonable and fair terms, and the cases of "holding up" minerals have been very exceptional.

4. Where it might be contended that owners are holding up their minerals capriciously or are acting unreasonably I would suggest that an impartial tribunal should be set up to deal with such cases.

5. Generally speaking, mineral leases in South Wales are for a term of 60 years, which is the term authorised by the Settled Land Acts.

6. In the generality of cases the royalties are fixed, but there are cases where royalties are reserved, depending according to a sliding scale on the market price of the coal, but these are exceptions to the rule, and in the whole of the areas managed by my firm there is only one such case, and that on an insignificant area—viz., 264 acres.

7. The dead rents in most cases amount to £2 an acre, and this is generally the maximum, while the power to make up "shorts" is granted for terms of 3, 5, and 10 years, and in the case of smaller properties over the whole term of the lease.

8. In practically the whole of the leases which my firm deal with the lessee has the right to determine the lease by 12 months' notice, on the coal either being exhausted or found unworkable at a profit, and this I think prevails generally in South Wales.

9. In my experience royalty owners have been very ready to grant reductions of royalties and rents where the lessees have brought to their notice *bona-fide* reasons and arguments for some concession, and I may say that concessions amounting to over £100,000 have been granted by my firm's clients during the past 40 years.

The following are instances of concessions made:—

- (a) Between June, 1880, and June, 1895, the late Lord Tredegar granted to the United National Collieries, Ltd., concessions amounting to £39,426 4s. 5d.
- (b) In the years 1900 to 1908 the late Lord Tredegar, with the concurrence of the present Lord Tredegar, granted to the Tredegar Iron and Coal Co., Ltd., concessions equivalent to £50,500
- (c) In or about the year 1911 the royalty payable by the Main Colliery Co., Ltd., to the Lords of Neath Abbey was reduced from one-twelfth of the selling price to 5d. per ton through coal.

10. I am not aware of any difficulty arising in regard to lessees assigning their leases even when the covenant not to assign is unqualified, as lessors are generally quite ready to give their consent to assignments provided the assignees are respectable and financially responsible people. In practically all our leases there is a provision that such consent shall not be unreasonably withheld.

If a landlord should place obstacles in the way of an assignment I would give the lessee power to appeal to the tribunal.

11. Generally speaking, when leases expire there are seldom any "shorts" to recover, but in my experience mineral owners are quite ready to grant renewals of leases on reasonable terms and with power to make up shorts under the expired lease, and I have quite recently had occasion to advise this.

12. I have given careful consideration to the question of the nationalisation of minerals so far as it affects the South Wales Coalfield. Practically the whole of this field has been taken up and is being actively worked and developed, and this seems to me to weaken any arguments advanced in favour of State ownership or management.

13. The mineral owners do not insist on barriers being left round their respective properties, but only make it a condition that the lessee shall leave proper and efficient barriers round the taking as a whole, so that even assuming that the minerals were nationalised similar barriers would have to be left between the respective colliery takings as a protection against gas and water and to prevent the spread of explosions. In a fiery district like South Wales there would be a great risk of disastrous loss of life and great destruction of coal if sufficient barriers were not provided.

14. Generally I am of opinion that royalties have not interfered with the development of the South Wales Coalfield, but on the contrary have tended to equalise matters between those collieries where circumstances are favourable and those where the circumstances are not so satisfactory, and this has tended to the production of coal from low-grade mines, which might not otherwise have been worked.

15. The development of the South Wales Coalfield has been greatly due to the enterprise and expenditure of the owners of the minerals. A start was made by John, Marquess of Bute, the grandfather of the present Lord Bute, to whose expenditure on the construction of docks at Cardiff the development of the coal of the Rhondda and Aberdare Valleys is almost entirely due. The same applies to Newport, where owing to the promotion of the great docks there by the first Lord Tredegar, the grandfather of the present Lord, and the late Lord Tredegar, his uncle, and the expenditure by them of upwards of £1,000,000 in cash, the development of the Monmouthshire field has been much hastened and facilitated. The same applies to a great extent to the docks at Penarth, owned by Lord Plymouth, and the Barry Docks, in which his Lordship is also much interested. In more recent years the late Miss Talbot, of Margam, with the object of developing her minerals, spent an enormous sum of money in the construction of docks at Port Talbot, and of a railway leading to them. But for the fact that the Bute, Tredegar, Plymouth, and Talbot families owned large tracts of mineral property, it would not have been to their interest to make the great expenditure which they have in the development of ports through which the coal could be exported.

16. The present Lord Tredegar succeeded to the Tredegar Estates on the death of his uncle in 1913, and consequently has had to pay to the State 16 per cent. of the capital value of the minerals owned by him. The amount of this value has not yet been ascertained, but Lord Tredegar has already paid sums on account far exceeding any duty which can be payable in respect of the minerals. Miss Talbot also died

13 May, 1919.]

MR. CHARLES EVELYN FORESTIER-WALKER.

[Continued.]

quite recently, and a very large sum became on her death payable to the Government as duties in respect of the capital value of her mineral estate.

17. I object to nationalisation on the following grounds:—

- (a) The personal interest of the royalty owner in the development of the coal will be lost.
- (b) The difficulties which will arise by reason of the severance of the minerals from the surface.
- (c) If royalties are abolished altogether I believe it would have a tendency to discourage the working of a good many collieries that are worked at present.
- (d) If royalties are nationalised the inducement to owners to spend the compensation monies received in the neighbourhood of the minerals would be lost.
- (e) Loss of revenue to the State.
- (f) The creation of a large new Government department run at great annual cost which at the present time is borne by the royalties received by the owners.
- (g) That any mischiefs which exist to-day with relation to royalty owners are of a minor character and can be efficiently and satisfactorily remedied by means other than nationalisation.

18. Assuming mineral rights are nationalised, it is my view that for both let and unlet minerals all the circumstances relating to each particular case would have to be taken into consideration in arriving at a valuation.

19. I should like to refer to certain questions put to Mr. Arthur Francis Pease by Mr. Robert Smillie on the 13th March, 1919.

One of my clients is Lord Tredegar, who is the owner of the "Park Mile Railway" referred to in questions number 7745 to 7750.

Every statement of fact in those questions is incorrect and misleading.

The Park Mile Railway, though nominally a mile in length, consists of three double lines of railway, or six miles in all. The whole of this railway has been constructed, repaired, and renewed by the present Lord Tredegar and his predecessors in title at their own cost.

The original double line was constructed under the authority of the Sirhowy Railway Act, 1802, 42 George III., C. 115, under which Sir Charles Morgan, the great-grandfather of the present Lord Tredegar, was authorised and required to make that part of the Sirhowy tramroad passing through Tredegar Park. All persons were entitled to have free use of this tramway, and Sir Charles Morgan and his successors were empowered to charge in respect of the traffic the same rates, tolls, and duties as the Monmouthshire Canal Navigation were empowered to charge by that Act.

Under 8 and 9 Vic., C. 169 (1845), Sec. III., Sir Charles Morgan was required within three years to adapt the tramroad for the use of the engines and carriages of the Monmouthshire Co., and the powers given to that company to improve their railways were conferred upon Sir Charles Morgan with regard to the Park Mile. Under Section 129 the Monmouthshire Co. were required to carry passengers, animals, and goods over the Park Mile and to account to the owner for the tolls which might equal but should not at any time exceed the railway tolls for the time being taken by the company for their portions of the tramroad.

Under the Monmouthshire Railway and Canal Act, 1853, 16 and 17 Vic., C. 195, Sec. 42, the Monmouthshire Co. were empowered to convert the part of the tramway passing through Tredegar Park into an edge railway.

Under the Great Western Railway Act, 1875, 38 and 39 Vic., C. 124, Sec. 12, if the Monmouthshire Co.

should construct two additional lines of railway between Nine Mile Point and Waterloo Junction at Newport, and Lord Tredegar should do the same with regard to the Park Mile, then certain railways authorised by the Act should not be constructed.

Under this Act an agreement with the G.W.R. for the second double line through Tredegar Park was made.

Under the Pontypridd Caerphilly and Newport Railway Act, 1883, 46 and 47 Vic., C. 180, it was provided that the original double line then used by the G.W.R. should be handed over to the Pontypridd Co., that the second double line not then yet constructed should be provided for the G.W.R. Co., and that a third double line should also be provided for them instead of the second double line originally agreed to be provided for their use.

Under this Act Lord Tredegar was entitled to mileage road tolls in respect of their traffic passing over his line at a rate not exceeding the lowest mileage road toll charged by the Pontypridd Co. for the use of their railway adjoining.

Disputes and litigation having taken place between Lord Tredegar and the Pontypridd Co. under the Alexandra, Newport, and South Wales Docks and Railway Act, 1896, 59 and 60 Vic., C. 192, Sec. 13, the Pontypridd Co. were to pay to Lord Tredegar instead of the tolls payable under their Act of 1883, a toll at the rate of 26d. per ton per mile on traffic of all descriptions other than passenger or coaching traffic passing over the Park Mile except in cases where a higher through mileage rate than 60d. per ton per mile was charged by the Pontypridd Co. or other companies using their railway.

Consequently Lord Tredegar is, under the various Acts, in the position of a statutory railway company, and is entitled to charge in respect of the railways constructed and maintained by him the same road toll as is charged by the companies using his railway in respect of their adjoining railways and no more. It is quite immaterial to the freightier that this particular piece of the railway route happens to be owned by Lord Tredegar as he only pays exactly the same for carriage on his goods as if it were owned by the company through whom they are consigned.

In respect of this one mile (or six miles) of railway Lord Tredegar is in exactly the same position as any railway company over whose lines another railway company have running powers."

Chairman: The members of the Commission will be able to see the various Acts of Parliament referred to in that statement.

17,115. *Mr. Frank Hodges:* Are you what one might regard as one of Mr. Pawsey's witnesses?—I represent a considerable number of the royalty owners in South Wales, and I am associated with Mr. Pawsey's Mineral Association.

17,116. Are you financed by the members of the Mineral Owners' Association?—We have a separate Association in South Wales, which is more or less associated with Mr. Pawsey's Association.

17,117. Do you remember when you became affiliated?—Quite recently.

17,118. Since this Commission has been sitting?—Yes.

17,119. In other words, you formed yourselves into a sort of trade union?—That is what it amounts to. We are following your good example.

17,120. Is it not a trade union in restraint of trade?—No, I do not agree with you there.

17,121. I see, acting for your clients, you apparently represent an output of something like six million tons per annum?—That is so.

17,122. Do you agree with a previous witness that your clients do not perform any real economic function in coal production?—They do not actually produce coal, but they let their coal and let their minerals to various lessees who actually work the coal.

17,123. But they employ human legal agents and mineral agents to do all that for them?—But we take

13 May, 1919.]

MR. CHARLES EVELYN FORESTIER-WALKER.

[Continued.]

their instructions. We advise them, and in some cases they follow our advice. Sometimes they differ a little.

17,124. For example, did you ever have to put it to the late Miss Talbot as to how she would develop her mineral property?—I am afraid I did not act for her.

17,125. I thought you did, because you refer to her?—I referred to her as developing part of the Port Talbot Docks and Railway.

17,126. As a man of business, does it amount to this, that because mineral owners are so inadequately equipped to look after the proper administration of their mineral rights, a lot of people, mineral agents and lawyers, are quite as much interested in maintaining the royalty system as the owners themselves?—Of course the owners are obliged to employ some one to do their work; they could not do it all themselves.

17,127. So that the only function they perform is the function of letting?—Yes.

17,128. We will not go into the question of the rights of property, because that has already been exhausted in this Commission. So far as I know, you have, as I think I ought to say, an excellent reputation for the class of work which you are engaged in?—Thank you.

17,129. Would you be less efficient if you were exercising your abilities for the benefit of the State instead of exercising them for the benefit of the people who own this property at present?—No doubt I should do my best, but I tell you quite frankly I should not like to work under the State.

17,130. Have you had an opportunity of testing it?—I never want to if I can avoid it.

17,131. It is a case of taste and try. Then the next point you make in your *précis* is this. You devote some space to showing what concessions have been made by your clients from time to time?—That is so.

17,132. Am I right in drawing the inference from that that royalties have been gradually lessening in amount?—No; you are to draw the inference that royalty owners on the whole treat their mineral lessees very reasonably.

17,133. No; you say concessions have been made. That is to say, I presume, that the amount per ton was reduced?—In one instance, yes. In Instance No. (c) the royalty was reduced there.

17,134. And in the case of the other two I noticed in 15 years Lord Tredegar granted concessions to the United National Collieries, Limited, amounting to £39,426?—Yes.

17,135. And Lord Tredegar also made a concession to the Tredegar Iron and Steel Company of £50,000 in 8 years?—Yes. That concession to that company was with the object of trying to get them to reinstate the ironworks at Tredegar.

17,136. What is the inference that one must draw from this? Is it not a right inference to draw that the colliery owner, the lessee, is always feeling a sort of strangling hand round his neck—the strangling hand of the mineral owner—and that from time to time he gets a little relief, because the owner relieves the pressure and lets him the coal at a little less amount per ton?—Not at all.

17,137. Is that not a right inference?—No.

17,138. What inference is one expected to draw from the statement?—As I told you, that £50,000 was waived to the Tredegar Iron Company in the hope of persuading them to reinstate the ironworks at Tredegar, so that employment might be given to the workmen at Tredegar Town.

17,139. Purely in the interests of the workmen?—Absolutely.

17,140. Let me accept that for the moment because I have no means of verifying it in any other way?—You may take it from me that I would not tell you if it was not so.

17,141. Quite so. Where you have a concession made from 8d. a ton down to 6d. a ton it is the result of an application made to you by the colliery proprietors, is it not?—Yes, generally speaking.

17,142. I have noticed, not only in your *précis*, but in the *précis* of the mineral owners previously in the box, that they make a point of the readiness of the land-owners to make concessions?—We do that because, I think, you are a little inclined to treat us as if we were avaricious and greedy, and we are not.

17,143. Under pressure you make concessions to colliery owners who are in difficulties?—No, not any one of these were given under difficulties.

17,144. I am speaking of the rate per ton. Have you among your clients any particular mineral owner who has granted concessions to a colliery owner without being asked?—No, I cannot recollect one at the moment.

17,145. That is to say, when colliery companies are in difficulties they make application for concessions?—Some of them make the application before they are in difficulties.

17,146. And do they get them?—Sometimes.

17,147. Even when they are not in difficulties? Now my whole point—and I think it is rather borne out in your evidence—is that the colliery owners feel the weight of this system more than anybody else and that in order that they may live they have to make application to you for concessions and in order that your clients may live you give concessions, and you will continue to give concessions until you have only a penny a ton on your royalties. Is that not the fact?—We give them concessions where we think the case is such as to warrant it, but I do not quite accept your statement that they feel this weight as if it were strangling them. I do not quite agree with you there.

17,148. As a matter of fact, out of the 6 million tons at 5½d. above named, after paying all your taxation, I gather your net income for your clients would be something in the neighbourhood of £34,000. Approximately you draw £137,500 per annum at 5½d. a ton?—Yes.

17,149. It has been estimated that the taxation is three-fourths of that. Do you agree with that?—I daresay it would amount to that, but it would not in all cases.

17,150. Have you ever regarded that taxation as unjust?—Under the circumstances and having regard to the fact that we have been at war, one cannot regard it as unjust. Everyone has to pay their proportion. I may say at once I should be very glad to see a relief.

17,151. So that, as a matter of fact, it is wrong to value your property, or the income of these people, at anything like the gross amount, when in actual figures the actual return to the owners is only one-fourth of the total amount?—It is at the moment.

17,152. So that if the nation were compelled to buy out the interests of your clients, as they might have to do later on, the fact that three-fourths of the gross amount are already taken into the Exchequer by taxation would have to be a big factor in determining the amount?—Yes. I am hopeful, however, that that three-fourths are not going to continue for ever.

17,153. *Mr. Evan Williams*: A considerable amount of the State taxes is in the nature of Income Tax and Super-tax, is it not?—Yes.

17,154. Is the question of Super-tax or taxation of that sort taken into consideration in fixing the value of the property?—In valuing we generally value the thing as a whole amount.

17,155. Without taking the rate of Income Tax for the time being into account?—Yes.

17,156. So that it would not be fair to take it into account?—Yes; for valuations for Government purposes we value it on the gross, and do not take the Income Tax into account.

17,157. Nor Super-tax?—No.

17,158. So that it is not fair to suggest that the compensation to be paid to a royalty owner should be based upon the net amount he keeps in his own pocket?—It hardly seems so, seeing we are valuing every day on the gross for Government purposes.

17,159. *Mr. Hodges* asked you some questions. Every colliery owner knows every other colliery owner pays royalties?—Yes.

17,160. So that there is a burden on the coal industry to that extent?—Yes.

13 May, 1919.]

MR. CHARLES EVELYN FORESTIER-WALKER.

[Continued.]

17,161. And he knows the position can be relatively improved by getting a concession if he can?—Yes.

17,162. So that he is in rather a better relative position to someone else if the occasion warrants it?—Yes.

17,163. If there were no royalty, would there be anything of the kind which could change the relative position?—No, there would be no elasticity whatever.

17,164. I gather you are in favour of setting up an authority which would have jurisdiction over the letting of coal?—Yes.

17,165. And future lettings?—Yes.

17,166. Do you agree that the body should have interference in the present lettings?—If there was anything unreasonable cropping up, I think I should be prepared to agree to some authority such as is suggested in this Interim Report.

17,167. You would give also the right of appeal?—Yes. No one can cavil at anything which is reasonable. If anyone behaves unreasonably, it should be put right.

17,168. Even in the case of a lease which had been running for some time?—Yes, if there is anything unreasonable in it. I presume no one wants to be unreasonable.

17,169. Any point of difference which might arise between lessor and lessee you agree should be referred to this body in the absence of settlement between themselves?—Yes.

17,170. Would you extend that to the case of the making up of shorts, and so on?—Yes.

17,171. Generally do you find that lessors are averse to granting extension of average clauses where the company cannot make up the shorts?—No; not a single one of my clients has ever objected to extend the average clause where shorts have not been recovered.

17,172. Although the prescribed average period in the lease may have expired?—Yes.

17,173. And a great many of the modern leases have a period extending over the lease?—Yes.

17,174. In your experience would there be many cases in the past where appeal to a body of that sort, which we have been talking about, would be necessary?—No, it would be only in very, very rare instances. I do not think I can call to mind one in my experience where it would be necessary—certainly not more than one or two.

(The Witness withdrew.)

Mr. THEODORE VACHELL, Sworn and Examined.

Chairman: This witness is Mr. Theodore Vachell, who is a mining engineer of Cardiff and Newport. He says:—

“1. Witness has been in practice as a civil and mining engineer at Cardiff and Newport for upwards of 40 years.

2. The South Wales Coalfield is about 650,000 acres in extent. Of this area, not more than 10 owners hold over 10,000 acres—the remainder, and far the larger portion, is held by smaller owners, varying in area from 5,000 acres to as little as five acres.

3. During the last 25 years very large areas of mineral properties have been sold by public auction, and, within my own knowledge, over 15,000 acres were sold by two auctioneers—and considerable areas have also been sold privately, the purchase moneys being investments of capital.

4. The average royalty in Monmouthshire and South Wales is rather under sixpence per ton.

Wayleaves vary very considerably—in a very great number of instances no underground wayleave is payable. In others a fixed annual sum is payable when wayleaves are exercised while in some cases a tonnage wayleave is payable.

In numerous instances owners have received no income from their minerals. It would be manifestly wrong and unfair that, after waiting for several years, they should now be deprived of their minerals unless they are paid for at a fair valuation.

5. I act as mineral agent for many different owners of mineral properties in Monmouthshire, Glamorganshire and Carmarthenshire, comprising an area of about 12,000 acres. The output of coal for royalty from the properties I represent, for the last completed year was 2,665,980 tons, and the gross income derived was £70,520. The quantity of coal subject to wayleave for the last completed year was 1,277,533 tons and the income derived from wayleave was £5,242.

6. In one instance the properties were purchased for the purpose of working the coal. A large sum was expended upon developing collieries, and a very large quantity of coal has been worked, and one of the collieries is being worked at the present time.

7. Another property for which I act belonging to a limited company comprising iron works, collieries and a large area of mineral property was purchased in the year 1872, and with additional properties purchased subsequently, cost about £500,000. The iron works and collieries were worked until 1878, when, owing to the working being unprofitable, they were closed.

The iron works and iron mines were never restarted and were dismantled, but the coal property was leased to various lessees at moderate royalties, averaging about 6d. per ton, and thereby the Company has since been able to pay instalments of dividends to the Preference shareholders. The Ordinary shareholders have received no dividend.

If these minerals are nationalised without the payment of full compensation the Ordinary and Preference shareholders may lose the money they have invested in the undertaking.

8. Another property for which I act was purchased and left under the will of the late Charles Williams for the endowment and support of schools at Caerleon, where about 450 children are educated. This property includes some mineral property, which at present brings in an income of about £670 per annum, but when the minerals are worked the income will be about £1,500 a year or more.

9. Another property was bought in 1878 for £33,000. For many years after it was purchased no income was obtained from the minerals, and it was not worked until the year 1892.

10. I know of no instances where minerals have been held up unreasonably, neither do I know of any cases where power to determine or assign leases has been unreasonably withheld, but if such cases have arisen I see no objection to the matter being referred to an independent tribunal for settlement, and think that the proposals of the Mining Sub-Committees' Report, *re* the Acquisition of Land for Public Purposes, cannot be improved upon.

11. In my opinion nationalisation of minerals is absolutely unnecessary, it will be a great loss to the State because the Income Tax will be largely reduced, Mineral Rights Duty, Excess Mineral Rights Duty, and in some cases Super-tax will be lost. There will be no saving in barriers or in the quantity of coal worked, and I am quite satisfied that the properties are worked efficiently under private ownership, and there is no doubt, in my opinion, that the properties are more expeditiously developed under existing conditions than they would be under State control.

12. *Housing*.—I have had considerable experience as to this and for many years have taken great interest in the subject, and in the last 20 years I have leased many hundreds of plots of land and houses to colliers and colliery workmen.

13. I have also, on behalf of mineral owners, been interested in assisting to establish garden cities at Oakdale and Markham.

13 May, 1919.]

MR. THEODORE VACHELL.

[Continued.]

The Oakdale Garden City was established in 1912, and up to the present time about 200 houses have been erected. These houses are of a superior character and the scheme is progressing.

The Markham City was also started in 1912, and there are about 100 houses already erected and a large area of land has been acquired from Mr. Brewer Williams for the extension of the village.

Pengam Garden Village also contains about 100 houses, all of which have been erected within the last 10 years.

The land is let on most reasonable terms, and modern and suitable houses have been erected in all cases, the workmen being encouraged to purchase their own houses.

My experience is that good workmen have good and comfortable houses, but the unsatisfactory workmen have poor and uncomfortable homes.

14. It has been generally recognised that improvement in housing is necessary, but it is very wrong to say nothing has been done in the years immediately preceding the war."

17,175. *Mr. Frank Hodges*: You are mineral agent for Lord Tredegar?—No.

17,176. I see in paragraph 11 of your *précis* that in your opinion nationalisation of minerals is absolutely unnecessary?—Yes.

17,177. It would be a great loss to the State because the Income Tax would be largely reduced, mineral rights, duty, excess mineral rights duty and in some cases super-tax would be lost. It is because you fear that those will be lost to the State that you oppose nationalisation?—My opinion generally is that if you remove the competition and do away with private enterprise it will be a very great national calamity.

17,178. Look the facts in the face. The things that you refer to in paragraph 11 take 75 per cent. of the gross return to the mineral owner into the Exchequer?—I agree.

17,179. What great impelling force is there for private mineral owners to work their properties if the State takes $\frac{3}{4}$ of the proceeds from them? Where does the incentive come in?—They only take $\frac{1}{4}$ of the income to-day on account of the war-taxes. They do not in normal times.

17,180. That is the whole point. You said that the reason why you oppose nationalisation is because this $\frac{3}{4}$ will be lost to the Exchequer?—Yes, clearly.

17,181. When I put it to you that the net income is only $\frac{1}{4}$ of the gross income, you say, "Yes, that will not always be so"?—Only $\frac{1}{4}$ of the income now. It will not be after things settle down. It was not so before the war.

17,182. I trust you will endeavour to keep the argument consistently in your mind. You oppose nationalisation because of this loss to the Exchequer. You are still hoping, are you not, that that form of taxation will not exist for very much longer and that you will be relieved of having to pay that?—That portion of it.

17,183. Do you think one quarter of the gross income is sufficient to supply the mineral owners with the money for their agents, for their lawyers, their land agents and their bailiffs; do you think that is a sufficient income for them to live upon?—For the time being it has to be. That is all we can get out of it.

17,184. Do you mean to say if there was a little more than one-fourth available these parties who really administer the minerals would be out for a larger share in the proceeds?—Clearly.

17,185. You would gradually squeeze the poor owner out of existence?—Not at all. We hope to get relief from taxation. That is when we should get our increased income. We should not get any more from the lessee than to-day, but we should have to pay less in taxation.

17,186. Your position is this, if I may put it in a brief sentence. You are pitting your individual interests against what are urged to be the national interests?—I do not agree with you there. I do not follow you quite.

17,187. You hope by relief of taxation you will get a bigger pull out of the proceeds of the minerals?—Yes.

17,188. *Mr. Evan Williams*: With regard to the housing, you know South Wales from one end to the other?—Yes.

17,189. Would you say the housing conditions in South Wales are bad?—I consider in the colliery districts they are not bad. Of course, there are bad spots, I agree, but taking it generally my opinion is that the housing of the colliery class is quite as good, in fact better, than any other class of workman.

17,190. At the time the houses were built colliers' houses in South Wales have been rather in advance of the ordinary houses built?—Quite as good.

17,191. Quite as good, if not more so?—Quite, at the time they were built.

17,192. The houses put up at present for colliers are very good houses?—The house that is put up to-day is an excellent house. I have a scheme for the Oakdale Village. There they put up semi-detached houses or blocks of 4 or 6, and those houses are excellent. There is plenty of air-space left for them. I do not know if you care to look at this plan that was prepared in 1912. We are working on the scheme at the present time and already 200 of these houses have been put up. (*Handing plan to the Commission.*)

17,193. That is the Oakdale Village?—Yes.

17,194. *Chairman*: What is the nearest station to that?—Blackwood. It is on the top of the hill.

17,195. *Mr. Evan Williams*: You have not a photograph showing the type of house?—I could get one; I meant to have had one.

17,196. How many rooms have they?—A good parlour, a good kitchen, and a good back kitchen, and scullery, and 4 bedrooms upstairs.

17,197. A bathroom?—No, that has not been found necessary because in this district we are very short of water, and it is impossible to supply baths with water. There is really hardly sufficient for drinking purposes and ordinary domestic purposes, so it would be useless to put up baths in a district like that at present.

17,198. A large number of houses in South Wales have been built, and a great many more owned, by the workmen themselves?—I have let hundreds of plots of land to workmen for erecting their own houses, and within the last 20 years I have sold houses to workmen who, if they had been bad, could adapt them to their own requirements, and they are all perfectly satisfied living there in their own houses now.

17,199. Do you know from your experience whether the collier in South Wales does build or buy his own house rather more than any other class of workmen?—My experience is, a collier prefers that class of investment to anything else; he likes to live in his own house.

17,200. And in proportion more colliers own their house than any other trade in South Wales?—There is no doubt the collier owns a great many more houses than other artisans.

17,201. Anything said at this Commission about housing in your opinion does not apply to South Wales?—I do not deny there are spots in South Wales that are very badly supplied with houses.

17,202. With regard to the supply of houses?—Some of the houses are very inferior in character, but they are being improved as fast as is possible. In fact, I have before me three schemes for the Local Authority in South Monmouthshire district to put up about 500 houses as soon as they can get power to build them.

17,203. Are they being put up by a colliery company?—No, by the Local Authorities. That is in addition to the schemes that are going on for garden villages.

17,204. *Mr. Hodges* in his question to you put to you that three-quarters of the gross royalty is taken from landlords at the present time. Is not that an exaggeration?—I accepted that figure. A very large proportion has to go in taxation. I do not know that it is three quarters.

17,205. I do not know if you heard some of the big landowners give their evidence. Did you hear that from the Duke of Northumberland 11s. 6d. was

13 May, 1919.]

MR. THEODORE VACHELL.

[Continued.]

taken?—I think three-quarters was an exaggeration. It amounts to a very considerable amount in taxation.

Mr. Frank Hodges: The figure one-quarter has been put in evidence by witnesses on behalf of the mineral owners and three-quarters was taken up by taxation. If Mr. Williams looks up the proceedings of the last day or two he will find that is correct. Mr. Williams said I was exaggerating when I said three-quarters; I was quoting from previous witnesses.

Mr. Sidney Webb: It depends whether you take insurances, &c.

Mr. Evan Williams: That would make it less than 11s.

(The Witness withdrew.)

Mr. JESSE WALLWORK, Sworn and Examined.

Chairman: Mr. Jesse Wallwork is the mining agent for the Bridgewater Estates, owned by the Fourth Earl of Ellesmere. I will ask the Secretary to read his *précis*, and then I shall ask Mr. Herbert Smith and Mr. Cooper to examine this witness.

Secretary: "Lord Ellesmere is the owner of the Bridgewater property, comprising 16,593 statute acres situate in Lancashire.

Mines have been worked in the Lancashire estate for centuries past, and are still being worked.

The Worsley and adjoining area has always been worked by the owner. The average royalty now is 4.03d. per ton.

The outside mines—situated chiefly in the Wigan District—are worked by lessees at an average royalty payment of 4.9d. per ton.

Coal exists under the whole of the Lancashire estate.

The ancestral estate is at Worsley and contains 6,006 statute acres. It was purchased from the family of Worsley in the time of Queen Elizabeth.

The third Duke of Bridgewater (of canal fame) purchased mineral estates adjoining the ancestral area, between the years 1749 and 1803, amounting to 6,869 statute acres, for the purpose of extending and developing his colliery workings from the underground canals, which ultimately reached a length of 40 miles.

The third Duke built, between the years 1759 and 1786, the Bridgewater Canal, 40 miles long, at considerable expense and at a uniform level—crossing the River Irwell (now the Manchester Ship Canal) by the famous aqueduct at Barton, near Manchester. To complete this canal the Duke borrowed money from his farm and other tenants at interest. It is reported that for some time he lived at the rate of £400 a year. The canals connected at the same level his collieries, right from the working coal face to Manchester and to Liverpool, reducing the price of coal at these towns by one-half, and so paving the way to the commercial prosperity of both towns."

Witness: May I make a correction there?

Chairman: Yes.

Witness: It is at a uniform level to Liverpool. It ought to be to Runcorn. We "lock down" from the Bridgewater Canal to the River Mersey at Runcorn, about 16 miles on the Manchester side of Liverpool.

Secretary: "From the year 1803 to 1903 the trustees of the Third Duke of Bridgewater purchased 2,149 statute acres of additional mineral property (nearly the whole area being in the Worsley district) in order to further develop the collieries. As the seams to the rise of the canal were worked out, it was necessary to sink and equip shafts from the surface to work coal at greater depths than the canals, and this was done.

The Third Duke's successor—the First Earl of Ellesmere (Lord Francis Egerton)—withdrew women from the pits many years before there was any legislation on the subject, and opened schools for their instruction and the instruction of others in various ways, and also made them temporary monetary allowances until they could earn a living. No women have been employed at the collieries since. He also built schools, dispensaries, and institutes on the estates.

The Third Earl of Ellesmere purchased 1,568 statute acres of mineral property in the Worsley area, inside

Chairman: No, the other way round.

17,206. Sir Leo Chiozza Money: The Death Duties were included in the 11s. 6d.—I meant only to deduct the amount of taxation. I did not question the three-quarters. I only intended the amount of taxation should be deducted from the royalties.

17,207. Chairman: Are there workings underneath the spot where these houses are being built?—Yes.

17,208. Is there a right of support to the houses?—No, they take the risk. I might explain in this case there are over 400 yards vertically between the seam and the surface. It is very flat ground at the top of the hill, and I do not think there will be any serious damage there from subsidence.

and adjoining his estate, for the further improvement and development of the collieries.

The present (Fourth) Earl of Ellesmere has completed a scheme, which he often discussed with his late father, by purchasing an area of surface adjoining the Manchester Ship Canal, to connect his collieries in a more direct line with that important waterway, but the building of this railway and other important developments are held over for the present.

The Earl of Ellesmere's royalties and wayleaves from tenants during the last seven years have averaged £26,709 per annum, and from his workings £16,788 per annum.

From these must now be deducted—

	s.	d.
Mineral Rights Duty	at	1 0
Income Tax	"	6 0
Super Tax	"	4 6
Total Deduction	11	6

Leaving 8s. 6d. in the £ from which a further deduction must be made for the cost of surveying and supervising the working of the mines collecting the rents and legal expenses.

During the war, Lord Ellesmere contributed to the maintenance of the wives and children of his workmen in the Army. Some of the contributions still continue.

The output from the Bridgewater Collieries has been:—

Year.	Tons.
1845	289,103
1912	1,058,829
1913	1,196,288
1914	1,182,368
1915	1,226,139
1916	1,315,199
1917	1,396,222
1918	1,323,653

The following being the amounts expended on development from 1759 to the end of 1918, which have under the Earl's instructions been furnished for the information of the Commission:—

	£	s.	d.
By the Duke of Bridgewater, 1759/86	346,805	18	3
" Marquis of Stafford...	184,838	3	1
" First Earl of Ellesmere ...	426,202	17	6
" Second Earl of Ellesmere ...	248,055	4	0
" Third Earl of Ellesmere ...	2,311,025	2	7
" Fourth Earl of Ellesmere ...	66,162	12	7
	£3,583,089	18	0

We have extracted the foregoing figures amounting to three million five hundred and eighty three thousand and eighty-nine pounds, eighteen shillings, from a general statement of the Duke of Bridgewater's expenditure covering the years 1759 to 1786 from the Bridgewater Trust Release and Indemnity Statement covering the years 1803 to 1902 and from the annual statements of account for the years 1903 to 1918.

(Sgd.) JOSOLYNE MILES PAGE & CO.,
Chartered Accountants,
Manchester and London.

Witness: I have the original Certificate.

13 May, 1919.]

MR. JESSE WALLWORK.

[Continued.]

Chairman: If we want it we will ask you for it.

17,209. *Mr. Herbert Smith*: How long have you been at this Company?—I served my time there, but I have been away at other collieries as manager for a period of 10 years between 1893 and 1903, and with that exception I have been there all my life.

17,210. Do I understand from you that you have withdrawn all women labour from the pit top and below?—I speak only for the Bridgewater Collieries; I do not speak for Lancashire.

17,211. In Lancashire you know a large number of women are employed?—Yes, and very well they work.

17,212. Do you agree they should be working there?—For the work they do, yes.

17,213. Would you like to see your daughter there?—She is otherwise engaged. She has a family of little children to look after.

17,214. Would you like to see your daughter working there?—If she took to the job.

17,215. Have you tried it?—At the collieries at which I am interested we have not had them. She has not been at other collieries, except those where she has been about with me.

17,216. They are employed because they are cheaper than men?—I am not sure they are for the labour they give in return for the wages they receive; I doubt it.

17,217. You know in Yorkshire we would not allow it?—I did not know that. I have not got quite into all your Yorkshire ways.

17,218. With regard to the paragraph about Lord Ellesmere contributing to the wives and children and of workmen, would it not be better to contribute to their fighting in England than fighting in France?—Lord Ellesmere was in charge of the 3rd Battalion of the Royal Scots from 1912 until last year.

17,219. Would he not be better engaged than doing that?—He was open to do both. He was at the service of the country during the whole of that period. He was in command of the 3rd Battalion of the Royal Scots, and if it had been necessary for him to go out he would have gone. He made arrangements to do so.

17,220. He had something to go out to defend?—We all had the honour of our country; my own boys went; some have come back, some have not.

17,221. My boys went. Lord Ellesmere had something to defend, a part of his country?—Part of ours, too.

17,222. I submit to you that a lot of these Lan-

cashire miners had no country at all, only an existence?—May I answer you in my own way? That is the difference between our county and theirs? A good many of our colliers own their own houses, in which cases they are members of the Co-operative Society. The Society advances money at a cheap rate of interest and they are tenants of their own houses.

17,223. We say there are not many in proportion in our district?—I will give it if it is necessary for the Commission to have it.

17,224. There are very few?—There are some; I do not know the number.

17,225. Will you admit there are a large number of bad houses in Lancashire?—Not in our part.

17,226. Will you admit in Lancashire there are some very bad houses in the mining villages and towns?—Of course, I suppose there are houses that are not very good. I do not think they are kept by colliers.

17,227. I suppose there are some colliers' houses which you know well and there are a large number at Wigan which are not very nice houses for miners to live in very happily?—I do not know Wigan very well. I have not inspected miners' houses there. I know our own district and they are particularly good.

17,228. Are we to take it that you have come to speak about your own particular district and not Lancashire generally. Are we to take that?—Yes. I accept that.

17,229. *Mr. R. W. Cooper*: When did the present Lord Ellesmere succeed to the title?—On the 13th July, 1914.

17,230. I do not know whether you are familiar with the history of the Bridgewater property, but you probably know it as a matter of national history?—I think my *précis* states that.

17,231. It is recorded in the standard historical works of this country?—Yes.

17,232. Am I right that the first Duke was an engineer?—The third Duke.

17,233. If we want further information we should look at the Lives of the Engineers, Lecky's History of England in the 18th Century, and the Greville Memoirs, and we shall find all about the Earls of Ellesmere and the Dukes of Bridgewater?—That is so.

17,234. *Mr. Robert Smillie*: Is not that the gentleman that had the clock arranged so that it struck 13?—The Duke did. You saw it when you were there.

(The Witness withdrew.)

Chairman: I was going to call witnesses from the Kent Concessions, but they have gone. I will call Mr. John Dewrance on behalf of the Boring Com-

panies, and there is one other brief witness, and that will conclude to-day's proceedings.

MR. JOHN DEWRANCE, Sworn and Examined.

Chairman:

"(I) Parties represented.

Witness is Chairman of certain Pioneer Companies who have proved coal in Kent. He has been deputed to represent a number of the Boring Companies and persons who have carried out boring development and other pioneer work in South Yorkshire, North Notts and Kent, during the last fourteen years. A list of these is set out in Appendix A. The three districts in question are those in which the greatest areas of concealed coal have been proved, but much other work has been done in Somerset, Staffordshire, Warwickshire, Shropshire, North Wales, and other districts with which Witness is not in touch, as there is no association or organisation of Boring and Pioneer Companies."

Appendix A is as follows. It gives the names of the Boring Companies in South Yorks, North Notts and Kent for whom the Witness is appearing.

South Yorks—

Thorne Coal Bore Syndicate, Limited.
Yorkshire Boring Company, Limited.
Rawcliffe Boring Company, Limited.
Pollington Boring Company, Limited.
Wressle Boring Company, Limited.

Kent—

Canterbury Drillers, Limited.
Whitstable and Canterbury Coalfields, Limited.
Beteshanger Boring Company, Limited.

Heminghrough Boring Company, Limited.
Howden Boring Company, Limited.
Drax Options Syndicate, Limited.
Lord Londeshorough (Selhy and Barlow Bore)
Lord Fitzwilliam (Armthorpe Bore).
Sir Arthur Markham's Executors.
Captain A. Farquhar, on behalf of
Wallingwells Boring Company, Limited.
Messrs. J. & T. Mitchell.
Mr. Mammatt and former Members of the
Normanby Coal Syndicate, Limited.
Mr. Archibald Grove and others associated
with him.

North Notts—

The Bunterley Company, Limited.
The Retford Coal Syndicate, Limited.
The Coal and Iron Development Syndicate,
Limited.
The Stanton Coal and Iron Company,
Limited.

13 May, 1919.]

MR. JOHN DEWRANCE.

[Continued.]

Ebbfleet Coal Syndicate, Limited.
 Channel Stool Company, Limited.
 The East Kent Colliery Company, Limited
 (Tilmanstone Colliery).
 Kent Coal Concessions,
 Limited.
 South Eastern Coalfield Ex-
 tension, Limited.
 Extended Extension, Limited.
 Deal and Walner Coalfield,
 Limited.
 Messrs. Dorman, Long & Co., Limited.
 Messrs. Bolckow, Vaughan & Co., Limited.
 The Snowdon Colliery, Limited.
 The Chislet Colliery, Limited.
 North Kent Coalfield, Limited.
 Messrs. Schneider et Cie.
 The Forges de Chatillon, Commentry &
 Neuves Maisons.”

“The Allied
 Companies”
 Committee.

Mr. Dourance will go on to read his own proof which goes to this, the way in which coal is hored for, that is to say borings put down in order to test and see if there is any coal beneath the surface.

Witness :

(2) Three classes of coalfields.

Coalfields generally may be divided into three categories:—

- (a) Those which have been proved on the basis of original development from the outcrop.
- (b) Those adjoining known coalfields but partly covered by an unconformable capping of later rocks under which the continuation and character of the coalfield as regards depths, thickness and quality of seams and faults has had to be proved by boring.
- (c) Those adjoining no known coalfields but completely hidden by an unconformable capping of later rocks which have had to be proved by boring and subsequent sinking.

The following are illustrated cases:—

- (a) South Wales Coalfield.
- (b) The hidden portion of the South Yorkshire and North Nottinghamshire Coalfield.
- (c) The Kent Coalfield.

(3) Resultant Modes of Colliery Evolution.

Colliery evolution has accordingly varied in character in the three classes of coalfields:—

In (a) the coal was originally worked on a small scale where it outcropped. From the information thus obtained the more promising seams of coal were worked at increasing depths until ultimately shafts were sunk to develop large underground areas. Under this heading the pioneer risks and expenditure were comparatively small.

In (b) some evidence as to character and quality of seams may be found from the working of an adjoining coalfield of category (a), but a heavy expense is involved in ascertaining definitely whether the known conditions continue in the hidden portion of the coalfield, and if not, the precise extent, nature and situation of the modifications, information which is vital for subsequent development.

In (c) no evidence at all is available from outcrop or other workings. The Kent coal measures at no point are found nearer than 800 feet from the surface and on the average 1100 feet. Consequently, the expenditure, risk and difficulty involved in providing the existence of a workable coal area is still more accentuated than in (b).

(4) Description of Pioneer Procedure.

Pioneer procedure is generally as follows:—

A company, or individual, on the basis of skilled geological investigation infers the existence in a certain area of workable coal. On the strength of this probability, options or leases are acquired covering an area of minerals adequate in size to allow of the development of one or more collieries in the event of workable coal being proved. The options or leases are arranged with a preliminary period at a nominal or no rent within which one or more boreholes to prove the area can be put down.

Should the boring prove successful, and the development of the coal be considered commercially practicable,

the company, or individual, having completed the preliminary pioneer work either (1) disposes of the colliery area or areas proved to an entirely independent colliery company which, so far as may be necessary, completes the pioneering work commenced by the boring company and establishes by sinking and proving by underground workings the economic value of the coal proved, or (2) proceeds itself with the development and establishment of a colliery.

The result of a boring or borings may show that additional land should have been taken up originally in order to secure the fruits of the enterprise. Steps are then taken to do this either by the original company itself or jointly with others or by some of its members.

When the company or individual disposes of an area to the colliery company the consideration takes a variety of forms. Where one or more boreholes have been put down the colliery company usually repays the actual amount expended on the areas including the cost of the boring, and agrees to make a deferred payment, which varies according to the circumstances, of a small sum per ton on the output as and when obtained. Where the area disposed of to the colliery company has been proved by boring on a neighbouring area the colliery company usually makes a payment to cover the cost of taking up the leases, agreements etc., with possibly some small cash payment towards the cost of boring or general expenditure and a similar deferred payment as in the preceding cases. Where a new colliery company has been formed, payment instead of being deferred, is usually in the form of fully-paid shares to a fair amount according to circumstances. In the case of Kent a lump sum payment at so much per acre has been negotiated in certain cases.

The pioneers as a rule have fallen under three heads, namely:—

- (1) Proprietors of minerals.
- (2) Companies formed specifically for the purpose of acquiring areas and proving coal.
- (3) Mine owners, i.e., colliery companies who have acquired an area which whilst it is believed to contain coal requires proving to establish its economic value.

The pioneer work carried out up to the present in the fields to which this evidence refers is illustrated by the following figures:—

South Yorkshire—Total feet hored ...	45,269	in 18	hores.
North Notts—Total feet hored ...	36,608	in 18	hores.
Kent	90,000	in 40	hores.
Total	171,877 ft.,	76	hores.

In a completely hidden field the pioneer work does not stop at the boring. Knowledge has to be obtained by sinking and workings of the conditions of the coal seams proved by the boring. The total amount of sinking in Kent under this heading is 19,000 feet.

The total amount spent in getting together areas, boring, and expenses incidental thereto in pioneer work, so far as can be ascertained, is as follows:—

In the hidden portion of the South Yorkshire Field:—	
In respect of 13 boreholes and the relative areas	£137,100
Estimate in respect of 5 boreholes put down by colliery companies, apart from cost of acquisition of areas, or overhead charges ...	30,000
	£167,100
In North Notts:—	
The figures are not received, but should average for boring, cost of acquisition, and overhead charges, about £10,000 per bore, but deduct £10,000 for possible error, say for 18 hores ...	£170,000
And in Kent, including sinking and equipment	£3,552,337
	£3,889,437

13 May, 1919.]

MR. JOHN DEWRANCE.

[Continued.]

(5) *Results of pioneer work.*

The results of the work described above for the expenditure given are as follows:—

In South Yorkshire a hidden coalfield of 300 square miles, of which no definite information was previously available, has been proved to exist. It is equal to about forty per cent. of the proved Yorkshire Coalfield in 1905. A considerable proportion of the field so discovered is actually producing at the present moment and the whole of it is of prime economic importance. This field is estimated to contain 1,672,800,000 tons in the Barnsley seam alone. The Shafton and Dunsil seam exists over a large part of the area, apart from various other seams above the Barnsley in portions of the area.

In North Notts 100 square miles of hidden coalfield was also discovered, of which 34½ square miles are estimated to contain 196,600,000 tons.

In Kent coal measures have been proved of about 250 square miles. Of this area 105 square miles are estimated to contain 1,371,600,000 tons in seams of three feet thick and over within 3,000 feet from the surface.

At the time of the Coal Commission in 1905 none of these reserves of coal in South Yorkshire and Notts had proved, as is shown by the Appendices to the Report of the Royal Commission and the plan attached thereto, and with regard to Kent special reference is made by the Commission to the fact that the data available were as then insufficient to enable an opinion to be formed as to whether any reserves of workable coal existed or not.

So far as South Yorkshire and North Notts are concerned the situation in 1905 and in 1913 are clearly shown in the Memoir by Dr. Gibson referred to in the note. Further work has been done since 1913.

(6) *The risk undertaken and the enterprise demanded.*

Of the 18 bores put down in South Yorkshire 10 can be regarded as successful, 4 doubtful, and 4 negative in their results.

Of the 18 bores put down in North Notts 6 can be regarded as successful, 6 doubtful, 4 negative in their results, and 2 are in progress.

Of the 40 boreholes put down in Kent 7 proved to be outside the coalfield, 16 were successful, and of the remainder 13, although they proved coal, proved seams of secondary importance under present-day conditions, while 4 did not reach the coal measures.

The boreholes which gave negative results represent large sums of unproductive expenditure.

Even after payable coal has been proved the pioneer frequently has to wait a considerable period before a colliery company is forthcoming to undertake the sinking and to establish a colliery. In the meantime where minimum rents are payable the pioneer company has to bear these, also the cost of administration, the maintenance of its options, and leases, and the loss of interest on capital, which in every case extends over a considerable period of years, and in the event of failure a total loss of capital.

(7) *General.*

"Nationalisation" in any of the three forms suggested, viz. :—

- State ownership with (a) State working ; or
- (b) Private working ; or
- (c) Working controlled by miners

is incompatible with efficient and effective pioneer work. Nationalisation in any sense is only practicable in the case of a mature industry of a monopoly character, and then only at the cost of economy, efficiency, enterprise and initiative. Pioneer work is the very opposite of a mature industry. It is of an exploratory and intensely speculative character. Its success, in the present state of development of the coal industry, wholly and fundamentally depends on the special knowledge and courage of the adventurers, their readiness to risk always, and frequently to lose capital and face vicissitudes, often in the face of discouragement and scepticism from experts in the industry.

NOTE—Dr. Walcot Gibson of the Geological Survey in his Memoir on the Concealed Coalfield of Yorkshire and Nottinghamshire published by the Government, estimates the area so proved in South Yorks and Notts at 1,200 square miles.

This no doubt applies to proof in the geological sense. The areas of 300 square miles and 100 square miles in the text are proved from the colliery point of view.

Dr. Gibson shows 9 feet of Barnsley Seam (see p. 65) but takes feet and 1,200 tons per foot per acre.

In any event experience shows that bureaucracy does not conduce to inventive or pioneer enterprise.

If, however, nationalisation or control of the Coal industry is effected, then inasmuch as workable coal of great national importance has been proved, entirely as a result of enterprise, initiative, and capital expenditure, on the part of private persons who have assumed the whole risks of a speculative undertaking, it is contended that they should be adequately compensated and remunerated.

The following statements were referred to:—

A.—List of pioneer companies and persons represented by this witness (see list at beginning of witness's evidence).

B.—Reprint of a paper on the search for new Coalfields in England read before the Royal Institution on the 17th March, 1916, by Sir Aubrey Strahan, the Director of the Geological Survey (not printed herewith).

C.—Details with respect to South Yorkshire and North Notts with plans showing the developments in South Yorkshire and North Notts respectively (vide Evidence by Mr. H. Eustace Milton, p. 740, and Statement with map by Mr. Arthur Woolley-Hart, Appendix), and a Memoir on the Concealed Coalfield in Yorkshire and Nottinghamshire by Dr. Walcot Gibson, of the Geological Survey (not printed herewith).

D.—Evidence on Geological and Mining Conditions and the general position in Kent, by Mr. E. O. Forster Brown, with plan of the Coalfield (vide Evidence by Mr. Edward Otto Foster Brown, p. 736).

17,235. Mr. Herbert Smith: May I take it that according to your evidence on page 6 any private enterprise which took this risk ought to be compensated?—Yes.

17,236. Will you tell me when this boring company started in South Yorkshire and started boring to prove this hidden coalfield?—The date is given in the appendix.

17,237. Am I right in saying it has all been done since 1900?—I think you are.

17,238. I want to submit to you there was not a hidden coalfield in South Yorkshire. You know where the Cadeby Main Colliery is?—Yes.

17,239. You know where the South Carr Colliery is?—I do not know.

17,240. George Dunstan put down a boring there. You know Thorne? How many miles is Thorne from South Carr?—I am not familiar with those. There is a gentleman here who can tell you if you want details.

17,241. The company you represent, you say, is the Pioneer Company?—Yes.

17,242. The point I make is this, that this coalfield was proved before you went near it?—The coalfield was not proved when the Thorne boring was put down.

17,243. Six miles from South Carr is Thorne and six miles from Cadeby. Barnsley was found in 1893 by George Dunstan. Do you know him?—No.

17,244. It is rather amusing to get in your *précis* with regard to Mr. Gibson. His statement was made in 1905. If you read the statement George Dunstan made in 1906. The figures are about similar. He told us in that coal area in 1893 there was practically 71,189,000 odd tons. That was in 1896. That was later on proved by this gentleman in 1905. It proves you are not the pioneer?—These bores have been put down since that date.

17,245. All in this area except that of J. & T. Mitchell and that at Pollingdon and that at Selby. They are practically all in this area I am speaking of. Am I right in saying this company works on a scale of payment?—The Pioneer Company?

17,246. Yes. Does it work at something like this? There is 25l. per foot per acre when worked?—That I could not say.

17,247. And that they take 17l. 10s. and you take 7l. 10s. off the colliery owner when he starts to work that—a different payment?—Mr. Mitten is here and he could answer that question better than I could.

17,248. You know there are some such arrangements?—Yes.

17,249. Would you alter your opinion as to the hidden coalfield in Yorkshire when I tell you the majority of your boring holes are inside that 14 miles? I think if you look with regard to the Markham area they are all in that area?—If it had not been for the Thorne boring none of this area would have been taken up at all I am told.

13 May, 1919.]

MR. JOHN DEWRANCE.

[Continued.]

17,250. Is Pease and Partners Thorne boring?—On this property, yes.

17,251. Am I right in saying that boring was done since 1903?—I think so.

17,252. Six miles away there was a bore hole put in 1893, 20 years ago?—It did not prove sufficient to bave the area taken up.

17,253. They proved at Barnsley Bed and Dunstant Bed. You have done borings there?—At the time the Thorne boring was put down it was stated by geologists that the enthusiasm of the borers exceeded their geological knowledge. They were not expecting to find the Barnsley seam there.

17,254. What I put to you again is this. If there was a bore hole put down in 1893 within six miles of Thorne—I would rather you put that question to the expert. I am not an expert.

17,255. You should not come to give evidence you cannot carry out. You put in your proof a hidden coal-field. You prove that and I put to you you have not?—I base my evidence upon these appendices which give the names of the gentlemen who can speak to them.

17,256. You cannot answer my question?—No, I cannot.

Then I will save it for the next witness.

17,257. *Mr. Robert Smillie*: Have you any practical knowledge of mining at all?—No.

17,258. You are connected with the Kent collieries?—Not the collieries; with the parent companies.

17,259. You are a director, are you not?—Chairman.

17,260. You are the Chairman of Directors?—Yes.

17,261–62. You have a dual position. You are connected with the pioneer boring company as well?—Those are the pioneer companies; the parent companies.

17,263. Is it the pioneer company that is the owner of the Kent Concession?—The Kent Concession is the pioneer company.

17,264. Is that the company that has bored all over Yorkshire and Nottingham?—No.

17,265. Are you connected with the people who bored over Yorkshire and Nottingham?—I am representing them.

17,266. You are representing the mineral royalty owners here just now, and giving evidence in their favour?—No, the pioneer company.

17,267. The pioneer company is the royalty owners?—Not necessarily.

17,268. You are giving evidence on behalf of the royalty owners?—No, I am giving evidence on behalf of pioneer companies. We can divide it up into five different positions; the mineral proprietors; the pioneer companies; the mine owners; the distributors and the consumers. I want to bring forward the importance of the work done by the pioneer companies.

17,269. It is amazingly difficult to find out who you are representing here. Do you represent the owners of the mineral royalties in Kent?—No, I represent the pioneer companies throughout the Kingdom.

17,270. What are the pioneer companies?—The companies who discover a new coalfield and bore in it and prove it and then either get it developed by the colliery owner or develop it themselves.

17,271. A company that discovers new coal fields and bores them?—Yes.

17,272. The pioneer company is the company that goes up and down the country boring for coal?—Not necessarily boring only for coal. Take for instance Kent. At the time Kent was first supposed it might have coal it was necessary to get capital to prove there was coal in Kent, and the Kent Colliery Pioneer Companies had expended this large sum of money and proved this enormous reserve of coal for the nation.

17,273. We want to know exactly what your position is. You do not represent the owners of the royalty?—No.

17,274. Are you representing here the mine owners who are working the royalties?—No.

17,275. You do not know. Then you represent a third party that is not here and has not been heard of at the present time. You represent people who have bored for coal and discovered it?—Not exactly that; they have provided the capital that has been necessary to develop and exploit the field ready for mine owners to come along and put down mines and raise the coal.

17,276. Do you mean sinking?—No, only partly.

17,277. Is it possible to know exactly who you are representing here? You said you did not represent the mine owners?—No.

17,278. And you did not represent the mineral owners?—In between the mine owners and the mineral owners are these pioneer companies, and I want the Commission to recognise the great importance of these pioneer companies and the work they have done throughout the kingdom.

17,279. Did the pioneer company require to get the consent of the owners of the land before doing any boring?—Yes, certainly.

17,280. Did they require to sign a lease of any kind before they got the consent to bore?—Yes.

17,281. Did they require to pay a dead rent for the minerals, if any, under the lease?—It is a matter for arrangement, but it is so generally.

17,282. What did the borers pay in Kent to get the right to bore?—In Kent they entered into leases with stipulations that they can transfer them to colliery companies when they have proved the field sufficiently for the colliery owners to be attracted.

17,283. Supposing you bored in Kent and you found the coal all right but you could not raise the money to sink pits for the coal, would you still be required to go on paying a dead rent?—Yes.

17,284. For what period?—Some of them have periods at which you can discontinue, but not all of them.

17,285. How much per acre?—Up to £2 per acre.

17,286. What extent of field?—For 60,000 acres.

17,287. You require to pay that, although no development in the shape of sinking has taken place?—It has taken place.

17,288. I am putting to you that it might not have taken place, and you pay for the lease, and the pioneer boring company would have to pay £2 an acre for 60,000 acres?—Ultimately.

17,289. For a long period?—Yes.

17,290. That would be £120,000 a year?—Yes.

17,291. Without getting anything out of it. Now the pioneer company's business as soon as they say they have discovered coal which has previously been discovered want to form a company to sink the pits and exploit the coal. Is it not the desire to have the coal exploited?—Certainly.

17,292. And they endeavour to get either existing colliery companies or new colliery companies to put up the money for sinking the pit?—That is so.

17,293. If they fail to do that they must go on and pay a dead rent?—Yes.

17,294. How many owners are there included in this 60,000 acres in Kent?—Several hundreds.

17,295. Is Plumtree one?—Yes, there are two owners of the name of Plumtree.

17,296. Are the lands of both of them within the Kent Coal Concession?—Not entirely. Some is the south eastern extension.

17,297. Are there 400 acres belonging to one of the Plumtrees that is not to be touched—it is not to be exploited, not taken out. Is that so—400 acres right in the centre of his park?—There is some reservation on behalf of the Margate Waterworks, I believe. I did not know it was 400 acres.

17,298. Is the pleasure park of one of the Plumtrees 400 acres reserved in the lease?—I think it is the Margate Waterworks area that is reserved.

17,299. Do you know whether or not the park near the house, or 400 acres of it, is reserved?—I think that is part of the area that I speak of—the Margate Waterworks.

17,300. I am not speaking of the Margate Waterworks. I am speaking of the park.—The Margate Waterworks may happen to be a park.

17,301. Is it a condition of this lease that there is not to be any sinking within three miles of the mansion house?—I do not think so. You have the lease there, but I do not think that is so.

Chairman: I did not understand that this gentleman was a director of the Kent Coal Concession. If you will give me the lease I will look into it and I will ask some questions about it.

17,302. *Mr. R. W. Cooper*: I should like to ask a question or two. Let me understand, in the first place, have you personally negotiated this arrangement with the land-owners?—No.

17,303. Then you personally have no knowledge of the matters of which you have been speaking, or very little?—No.

13 May, 1919.]

MR. JOHN DEWRANCE.

[Continued.]

17,304. Who are the persons who have conducted the negotiations who can give us the first hand information?—The solicitors to the company can give you the best information.

17,305. I see in your appendices Mr. Otto Foster Brown is mentioned—has he personal knowledge?—He has personal knowledge, of which he speaks. He has been negotiating for the Schneiders.

17,306. In your *précis* you have attached three or four appendices consisting of evidence that can be given by witnesses; one is Mr. Otto Brown, another Captain Farquhar, and Mr. Henry Eustace Mitton of Derbyshire. Do they know the facts with regard to these negotiations?—No, we did not know at the time we prepared that evidence that we should be required to go into the question of the leases.

17,307. When you begin, do you begin by getting an option from the land owners?—I did not begin. I only took it over in 1914.

17,308. Whoever began, did he begin by getting an option from the land owners?—Yes.

17,309. Is that in the form of an agreement by which the land owner gives liberty to bore for a certain limit of time, and then the agreement provides that within a certain limited time the speculator has the option of taking a lease?—That is usually the case.

17,310. The terms of the lease are set forth in this option agreement?—Yes.

17,311. Is not the speculator a sort of prospecting syndicate?—Yes.

17,312. What you have been calling a pioneer company is what I would call a prospecting syndicate. I do not know what your leases may be in Kent, but in the leases which the speculator or the prospecting syndicate has the option of taking up, is it not the case that no dead rent is payable or that a very small dead rent is payable for the first few years of the term of the proposed lease?

17,313. *Chairman*: I think we had better have the leases?—The dead rent is progressive.

Mr. R. W. Cooper: The point is that the lease does not come into effect till the option is exercised. The boring is not carried on under the lease but under the option agreement.

Chairman: I quite agree that, but what Mr. Smillie was on was the lease.

Sir L. Chiozza Money: Is this gentleman supposed to give evidence on both sides?

17,314. *Chairman*: What Mr. Smillie got from him was that he was Chairman of the Kent Coal Concessions, Limited. That is right, is it not?—Yes.

17,315. Now I have here the lease granted by these landlords to the Kent Coal Concessions, and we will be able to get at once what Mr. Smillie wants. It is: This indenture made the 21st day of November, 1907, between Mr. Plumtree of the first part and the Rev. Mr. Plumtree and another Mr. Plumtree of the second part and The Kent Coal Concessions, Limited, of the third part—that is you?—Yes.

17,316. It is a very long lease. It witnesses: In consideration of the rents and royalties the reversioner grants to the lessees all the mines, veins and seams of coal described in the schedule, amounting to 2,323 acres, with liberty to work and to carry away the demised minerals. Now we will see what you have to pay—To hold the premises hereby granted and demised with the appurtenances unto the lessees from the 1st January and thenceforth for the term of 60 years, yielding and paying the following dead rents: the first year £400, for the second year £400, for the third year £700, and thereafter during the said term a yearly rate of £3,000. Is that right? Do you remember the terms of your own lease?—I did not negotiate the lease.

(The Witness withdrew.)

MR. JAMES EDMOND, Sworn and Examined.

17,333. *Chairman*: I think you are the factor on the estate of the trustees of the late R. G. E. Wemyss?—Yes.

Chairman: We read the evidence when the Earl of Strafford was in the box, but he was unable to tell us anything. I will ask Mr. Smillie to ask you any questions he desires.

17,334. *Mr. Robert Smillie*: Were these minerals, or the ground under which the minerals are, held by charter?—The root title is a Crown charter,* and the estate was bought by Col. William Erskine from the Earls of Kincardine in 1689.

17,317. Provided that in respect of the said dead rents the lessees may work such quantities of the mined minerals as with the royalties next hereinafter mentioned will be equal to the said dead rents. Then there is a short working clause. Then: yielding and paying the following royalties, for all coal, whether large or small, worked in the described lands, the royalty of £35 for every statute acre of 1 ft. in thickness, for all Cannel Coal worked in the described lands for every statute acre 1 ft. in thickness in the proportions following: where the coal is less than 12 ins., £50, over 12 ins. and less than 24 ins., £70, over 24 ins., £95; for all ironstone worked a royalty of 6d. per ton of 2,240 lbs. Then there are a lot of other royalties. Have you paid that £3,000 a year for the last five or six years?—We have not paid it since the outbreak of war.

17,318. You were paying it before the war. You see this lease is 1907?—Yes.

17,319. The fourth year—that is 1911—you had to pay £3,000 a year?—Yes.

17,320. Were you getting coal up?—No.

17,321. You were paying £3,000 a year for this and getting no coal?—Yes.

17,322. That is Mr. Smillie's point?—That is quite correct.

17,323. It is about 25s. the surface acre. After the war were you let off paying it?—That has not been settled yet.

17,324. I do not know about these things, but Mr. Smillie's point is this—I am not saying it is a good point and I am not saying it is a bad point—but what he is suggesting is that the landlord is getting a very large sum out of you although you at the present moment have not got any coal out of it?—Subject to the finding of this Commission, we have an agreement with Messrs. Schneider which will make it worth while having done that.

17,325. *Mr. R. W. Cooper*: Is it Messrs. Schneider of Creuzot?—Yes.

17,326. *Chairman*: Mr. Smillie's point is, are you paying to these landlords this sum of £3,000 although as a matter of fact you have not got to the coal?—We were up to the outbreak of war.

17,327. *Mr. Robert Smillie*: Are you paying a dead rent on that 400 acres that is reserved that you can never touch?—Yes.

17,328. In the lease you have you can never take out the coal from under that 400 acres, but you are paying a dead rent for that coal that you can never take out?—Yes.

Chairman: What we will do is, we will hand these leases to Mr. Cooper, who is an expert in this sort of thing, and he may get rid of them to-night, and you can come again to-morrow morning.

Mr. Sidney Webb: May I ask one question?

Chairman: Certainly.

17,329. *Mr. Sidney Webb*: In one of the appendices you hand in, Mr. Mitton says, "In all the cases of the bores shown on the plan a full return has been given to the Government of the boring records." In the paper by the Director of Geological Survey he complains that he did not have these?—It was because he never asked for them. Directly he said that he received them. If he had asked for them before, he would have had them.

17,330. He said it was kept secret?—He never asked me for them.

17,331. *Mr. R. H. Tawney*: Does boring take place without notification being made to the Government, as a matter of course?—It is only by courtesy that we give it.

Chairman: I think we will ask you to come again to-morrow.

17,332. *Mr. R. W. Cooper*: If you have an option agreement, will you kindly bring it with you?—Yes.

17,335. Was the charter held by them handed over?—That was the first deed, the Crown charter.

17,336. Have you it?—No, I have an excerpt from it showing that the coal was conveyed by the Crown.

17,337. Coal is mentioned in it?—Yes.

17,338. *Chairman*: Will you read that bit?—The charter conveys the lands and mains of Torrie and the town and lands of Torryburn with the coal therein. There is a separate conveyance as a distinct subject of the coal within the seashore opposite the said lands of Torrie.

* See Appendix 80.

13 May, 1919.]

MR. JAMES EDMOND.

[Continued.]

17,339. *Mr. Robert Smillie*: Is there a stipulation in that charter that one ton of each 12 will be given to the Crown?—Not that I am aware of. I have not seen the charter.

17,340. That charter will have to be produced?—Whom will you cite? The titles are in the hands of the Scottish Widows' Fund Society, and our agents are Mackenzie & Black, W. S., Edinburgh.

17,341. I hope the Chairman of this Commission will ask for that charter to be put in, because it is rather important that it should be?—The Scottish Widows' Fund have it.

17,342. *Chairman*: I suppose the lands are mortgaged?—Yes.

17,343. Where is your draft of it?—I have no draft.

17,344. Where did you get that extract?—From a written statement by the late factor, Mr. Budge.

17,345. Is that the whole of the charter?—No, that is an extract.

17,346. *Mr. Robert Smillie*: I think you say the original charter under which the previous owner held is a Crown grant?—Yes, it must be a Crown charter because the title was made up by a precept from Chancery in favour of J. Erskine Wemyss.

17,347. Should the original charter, in a case of that kind, not change hands with the purchase of this taking of which the charter is granted?—Yes, it must be in the hands of the bondholders.

17,348. *Chairman*: Have you, in your mortgage, a covenant to produce documents?—Yes, for specific purposes.

17,349. Then you can get production of it?—Yes.

17,350. If you can get a copy, we do not want the original?—An extract from Chancery would contain all information.

17,351. In your mortgage deed you have no doubt a covenant to produce when necessary?—Yes.

17,352. *Mr. Smillie* does not want to put you to inconvenience. What we want is this particular information. Can you get a copy of it?—You can have an extract if necessary.

17,353. Of that particular part that *Mr. Smillie* wants?—Yes.

17,354. Is it a long charter?—I do not think it is very long.

17,355. They would probably charge you as much money for the extract as for the whole thing?—We could get an extract from the Office of Chancery.

17,356. I think you said you deposited that with the Scottish Widows' Fund?—That would be an extract. The principal deed may be with the Office of Chancery, because it is recorded there.

17,357. It is a precept from Chancery?—Yes.

17,358. I suppose we can have a look at it?—I can get a certified copy.

17,359. Very well, send that along to *Mr. McNair*?—Yes.

17,360. *Mr. Robert Smillie*: You say that was 1837 in one case and 1854 in the other?—These are two successions.

17,361. But the change took place in 1,600 something? It was bought by Colonel William Erskine, and it descended to Admiral James Erskine Wemyss, and then thereafter to his heirs.

17,362. I want to get at the original transaction. The person who got the grant sold it to Erskine?—Here is an extract I took from some old papers: "The lands of Torrie were held for centuries by the Wardlaw family."

17,363. *Sir Adam Nimmo*: Has the Crown ever made any demand on that coal which is referred to by *Mr. Smillie*?—No: we pay the Crown a feu duty of 29s. 4d. a year.

17,364. You have never been required to pay one ton in every twelve?—No.

(Adjourned to to-morrow morning at 11 o'clock.)

SECOND STAGE—TWELFTH DAY.

WEDNESDAY, 14TH MAY, 1919.

PRESENT:

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. R. W. COOPER.

SIR ARTHUR DUCKHAM.

MR. FRANK HODGES.

SIR LEO CHIOZZA MONEY.

SIR ADAM NIMMO.

MR. ROBERT SMILLIE.

SIR ALLAN M. SMITH.

MR. HERBERT SMITH.

MR. R. H. TAWNEY.

MR. SIDNEY WEBB.

MR. EVAN WILLIAMS.

SIR RICHARD A. S. REDMAYNE (*Assessor*).

MR. ARNOLD D. McNAIR (*Secretary*).

MR. GILBERT STONE (*Assistant Secretary*).

MR. HENRY FITZWALTER PLUMPTRE and MR. DAVID NEVILLE TURNER, Sworn and Examined.

17,365. *Chairman*: (*To Mr. Plumptre*.) Do you live at Godneston?—I do.

17,366. I think you are one of the landlords of a certain tract of land in the Kent Coal Concessions?—Yes.

17,367. I believe that consists of 1,062 acres 2 rood 34 perches?—Yes.

17,368. I have a lease in my hand dated 8th May, 1907. Is that the first lease?—Yes.

17,369. *Chairman*: (*To Mr. Turner*.) What is your profession?—I am a mineral agent.

17,370. How long have you been the mineral agent to *Mr. Plumptre*?—Since 1913.

17,371. Are you familiar with the leases?—Yes.

Chairman: I have introduced both the witnesses to the members of the Commission. *Mr. Plumptre* is the landlord and *Mr. Turner* is the mineral agent. *Mr. Cooper* has been looking through the leases, and

14 May, 1919.]

MR. HENRY FITZWALTER PLUMPTRE AND MR. DAVID NEVILLE TURNER.

[Continued.]

I will ask Mr. Cooper to examine as to the contents of the leases. The better way will be for Mr. Plumptre to answer if he can, and if he cannot Mr. Turner, the mineral agent, will be good enough to assist him.

17,372. *Mr. R. W. Cooper:* (To Mr. Plumptre.) I have three leases before me, but in the third there is the name of Henry Western Plumptre. Are you the same gentleman?—No, I am not.

17,373. I have two leases from Henry Fitzwalter Plumptre, one dated 8th May, 1907, and the other 21st December, 1907?—Yes.

17,374. The third lease is only a small one of 294 acres. Dealing with the first lease, that is a lease of May, 1907, and it leases the coal and certain other minerals under an area of about 1,062 acres?—Yes.

17,375. The length of the lease appears to be 60 years?—Yes.

17,376. The dead rents appear to be £200 a year for the first year, £400 for the second year, and for every subsequent year £1,500 a year?—Yes.

17,377. The royalties appear to be for ordinary coal (that is, coal both large and small) £35 per foot thick per acre?—Yes.

17,378. Then for cannel coal, if the coal is less than 1 foot thick, it is £50 an acre; over 1 foot thick and under 2 feet thick, £70 an acre; over 2 feet thick, £95 an acre?—Yes.

17,379. Then there is a power given to the lessee to make up short workings throughout the term of the lease?—Yes.

17,380. But as regards any power on the part of the lessee to give up the lease, it appears to be as follows: That the lessees may give up the lease at any time during the first five years of the term on six months' notice, and at any subsequent half-yearly date on 12 months' notice, provided in either case it is proved or settled by arbitration that the lessees are unable to work except at a loss?—Yes, that is so.

17,381. That is the first lease. The land seems to be called Adisham. Is it a farm?—No, it is several farms. The land in that particular lease is land lying to the south-west of the Chatham and Dover Railway. That is why it was separate from the other.

17,382. Now I will come to the other lease, dated 21st December, 1907. That is a lease of coal and certain other minerals under 2,323 acres of land either forming part of or adjoining a place called Godnestone Park?—Yes.

17,383. The term of the lease is 60 years from 1st January, 1908?—Yes.

17,384. The dead rents are for the first year £400 a year; for the second year, £400 a year; for the third year, £700 a year; and for the rest of the term of the lease, £3,000 a year?—Yes.

17,385. The royalties are the same as in the other lease?—Yes.

Sir L. Chiozza Money: May I ask whether the £3,000 a year has come into operation yet?

Mr. R. W. Cooper: Yes.

Sir L. Chiozza Money: When?

Mr. R. W. Cooper: 1911. The term began on 1st January, 1908.

Chairman: Yes. The first three years are the other rents, and then comes the £3,000.

17,386. *Mr. R. W. Cooper:* Now that lease appears to contain certain special restrictions upon working. First of all, as regards any of the surface mining powers, the lessees are prohibited from occupying any land forming part of Godnestone Park, or any other land within a blue circle shown on the plan attached to the lease?—Yes.

17,387. Or any land forming part of the site of any dwelling-house or garden, and so forth, connected with the dwelling-house or the site of any church or clergyman's house?—Yes.

17,388. That is as regards surface restriction. With regard to underground restriction, you have prohibited any working within 440 yards of the mansion house or any building held therewith?—Yes, I believe that is so. I was not aware of it before, but my attention was called to it this morning.

17,389. Yes, it is in the lease. That is lateral, and there is a restriction as to any working vertically

within 200 yards of the surface under Godnestone House or Park?—Not the Park; the name of the house is Godnestone Park. I do not think it means all the park-land.

17,390. I am afraid it does. The words are that they shall not work any ground beneath the mansion house or any building held therewith, or the pleasure grounds or park within a distance of 200 yards from the surface?—Yes.

17,391. Then as regards the lessees' power of surrender, it is the same as in the other lease?—Yes.

17,392. That is to say, practically speaking, if the lessees can prove to the lessor's satisfaction or an arbitrator's that they cannot carry on except at a loss?—Yes.

Mr. R. W. Cooper: I think, Sir, those are the essential points.

Chairman: We are very much obliged to you, Mr. Cooper. Do you wish to ask any questions?

Mr. R. W. Cooper: No.

Mr. Robert Smillie (to Mr. Turner): Is there a dead rent chargeable upon the coal which is reserved?

Mr. Turner: The dead rent is chargeable over the whole area; it is not at so much an acre on the workable coal.

17,393. Is it £2 an acre?—No.

17,394. What is the dead rent charged on the reserved portion that the company is not allowed to work?—There will not be any dead rent on that.

17,395. Are you aware that we were told yesterday there was a dead rent on the reserved portion?—I was not here when that witness was giving evidence, but it is quite clear from the lease there is a specified dead rent of so much per annum on the area leased.

17,396. But with regard to the area leased, is that portion reserved not included in the area leased?—I suppose it is, but then it is taken out again. It is rather a curious way of wording it.

17,397. Let us get at that. I take it the whole field is leased—so many acres—which includes the whole coalfield?—Yes.

17,398. A part of that is deliberately reserved and cannot be touched?—Yes.

17,399. That is included in the lease and is a dead rent of so much per acre?—No; I think that is where we misunderstand each other. The dead rent is not so much per acre, it was fixed by bargain at the time the lease was drawn up.

17,400. In working the seams of coal under this lease there will be a considerable number of parts reserved on the property. Under the lease they are not to take out coal under certain properties—farms and so on?—At the time that lease was granted it was not known to the owner of the surface how the coal would be worked, and therefore that clause was put in, but I should advise Mr. Plumptre, now more is known about it, to have the coal worked out from under the house.

17,401. But, as the lease stands at present, that is the position?—As the lease stands at present there is the provision Mr. Cooper read about the 440 yards from the house.

17,402. (To Mr. Plumptre.) You are not a mining engineer, are you?—No, I am not.

17,403. You are guided by Mr. Turner?—Yes.

17,404. (To Mr. Turner.) You are a mining engineer, are you not?—Yes. I did not have anything to do with the drawing up of this lease, which is dated in 1907. I was only appointed in 1913.

17,405. You were not responsible for the drawing up of the lease?—No.

17,406. Do you know the difficulty in which you, or any other colliery manager, would be placed in working out coal if here and there part was to be reserved to keep up the surface?—Yes, it would be a difficulty.

17,407. (To Mr. Plumptre.) Will you tell me how you became possessed of this estate?—I inherited it, and my predecessors at various times in the last 200 years or so bought the estate. It was handed on to me practically in about the same area as it is now.

17,408. Do you remember who they bought it from?—Various people—a great number of persons.

17,409. Were there any trust deeds passed with the sale to your people?—Yes, I should think so.

14 May, 1919.] MR. HENRY FITZWALTER PLUMPTRE AND MR. DAVID NEVILLE TURNER.

[Continued.]

- 17,410. Forming the right to this property of the persons who sold it?—I believe so.
- 17,411. Did the deeds change hands?—Yes—I know I have a certain number of deeds.
- 17,412. Do you know whether the land was originally given by grant from the Crown?—No, I do not.
- 17,413. I suppose it was only recently that it became known there was coal under the surface of this estate?—Yes, only recently; it had been talked about years ago, and it was thought there was a possibility of coal in Kent when I was a boy, but it was only considered as a serious proposition recently.
- 17,414. It was thought there might be coal, but it had not been proved when you were a boy?—That is so.
- 17,415. Now will you tell us what efforts you made to prove whether there was coal on your estate?—I do not think I made any efforts.
- 17,416. You did not do anything at all to find out whether there was coal?—No.
- 17,417. Who did find out?—The Kent Coal Concessions and the Channel Tunnel people, who were the first to bore and find anything like coal. With regard to the Channel Tunnel Company, I forget what the title was in those days.
- 17,418. Do you remember what depth they bored to?—No.
- 17,419. Did they really prove by boring that there was coal under your estate?—No, they did not.
- 17,420. Was it after this lease was drawn up that boring commenced?
- Mr. Turner: I think there had been borings prior to this lease—before 1907.
- 17,421. (To Mr. Turner.) By whom?—I think by the Concessions Company and the people on Shakespeare Cliff.
- 17,422. I am dealing now with Mr. Plumptre's estate for the moment.
- Mr. Plumptre: I think there were borings a short time before the date of that lease—I do not know the exact date—within a short distance of my land. There was one within $1\frac{1}{2}$ miles and one was begun on my cousin's land by the Kent Coal Concessions. I think before the lease, within about 200 yards of my boundary.
- 17,423. There was no boring done on your estate until this lease?—No.
- 17,424. It is quite possible there may not have been any coal on your estate at all?—No, there may not have been.
- 17,425. And you did not take the trouble yourself to prove it?—I got them to give me the agreement to prove the coal before the lease was granted. There was an agreement that they should bore for coal and prove it to my satisfaction and theirs before I granted the lease. I am afraid I do not remember the dates, but I gave them an agreement to lease if the borcs which I requested them to put down should prove satisfactory.
- 17,426. That would be an understanding, would it not?—No, it was a legal document.
- 17,427. Yes, but the boring did not begin until the lease was signed?—Yes, before the actual lease it did, but not before the agreement for the lease. I think that is the way to put it.
- 17,428. Did you yourself expend any money or promise to expend any money on the boring operations?—No.
- 17,429. We may take it that you allowed other people to spend their money to prove whether you were the possessor of coal in that land?—Yes. They rather came asking me to do it.
- 17,430. And you allowed them to do it?—Yes.
- 17,431. You allowed them to spend their money in proving that your estate was more valuable than you had any previous idea of?—Yes.
- 17,432. From the time boring started were you charging a dead rent to these people, or an annual rent to these people whom you had allowed to spend their money in trying to prove your property was valuable?—Yes; when the lease was signed they paid dead rent.
- 17,433. Not only were other people spending their money to prove your property was more valuable than you thought, but you charged them for spending their money?—Yes.
- 17,434. Is that just and equitable?—Well, I believe it is a matter of business and was the best way of inducing them to work the coal.
- 17,435. Now let us put it in this way. You yourself did not spend money in proving this ground?—No.
- 17,436. But you allowed other people to spend their money in proving your property, and in the event of their not finding coal you had no risk to run. Is that not so? You ran no risk with regard to the loss of anything if they did not find coal?—Yes, that is so.
- 17,437. But they ran the risk of losing the money they were paying to you in order to prove your property was more valuable?—Yes, but it was their choice and not mine.
- 17,438. I put it to you again—Is that altogether just and equitable?—As between myself and them, I think it was.
- 17,439. What had you really done? In the first place, we may take it you did not put the coal there?—That is so.
- 17,440. Neither did you know it was there until somebody else came and you allowed them to bore and charged them a rent for doing so?—Yes.
- 17,441. Would I be right in saying with regard to the Kent Coal Concessions that there has been more money lost in the Kent Coal Concessions than has been gained?—I could not say that.
- 17,442. May I put it as high as this, that a large number of people put money into the Kent Coal Concessions and lost every penny of it. Are you aware of that?—No, I do not think so. The company is not wound up.
- 17,443. The company is not wound up, but a number of people who put money into it have been wound up long ago?—I do not follow.
- 17,444. People who put money into it in small sums have lost their money. You are aware, are you not, that at one time there was issued from London a prospectus dealing with the great advantage of putting money into the concern?—Yes.
- 17,445. Are you aware that a very large number of comparatively poor people were induced to put money into it?—No, I am not, and I never induced them. I have never asked anyone to put money into the Kent Coal Concessions.
- 17,446. No. You left it to someone else to do it, and they did it very effectively. You did not do it because it was not your concern. You were only paid to allow other people to do it?—I do not think so; I was selling my coal.
- 17,447. But you did not know there was any coal there at the time. You were getting money for it. How could you sell something that you did not know was there?—I do not know that I can be said quite to be selling coal. You see the coal is worked from under the land, and there would be a rebate with regard to what they have already paid me.
- 17,448. If they managed to secure a sufficiently high output there would be the two to make up, I suppose?—Yes.
- 17,449. Do you know whether or not the company has up to the present time paid a dividend?—I do not know. I do not think it has on the ordinary shares.
- 17,450. Do you know whether or not the directors are serving the company without any fees in order to endeavour to pull the company through?—I believe the present ones are; I have heard so.
- 17,451. And the reason for that is that there is going to be considerable difficulty in making the venture a success and they are serving without any reward in order to try and save the situation?—Yes.
- 17,452. Are you still charging them the dead rent?—No; I have had no dead rent since 1914.
- 17,453. Are you not getting this £3,000?—Oh no.
- 17,454. Not since 1914?—No.
- 17,455. Was that stipulated for in the lease?—No, the directors approached us soon after the war began and asked us to forego our minimum rents for the period of the war and six months afterwards and

14 May, 1919.] MR. HENRY FITZWALTER PLUMPTRE AND MR. DAVID NEVILLE TURNER.

[Continued.]

subject to some small conditions we have agreed to that and all the other owners have too.

17,456. Are they producing any coal at the present time?—Yes.

Mr. Turner: I would remind Mr. Plumptre that the agreement has not been carried out. Certain conditions Mr. Plumptre put in at the time were not accepted, but no rent has been paid.

17,457. (To Mr. Turner.) What were the conditions that were put in?—One was they were not to sink close to Godnestone House and the reason partly for that was that the managing director of the company at that time thought that 500 acres was enough for a colliery. I disagreed with him and thought it was a waste both of money and of valuable agricultural land and I suggested that his present pits at Wingham, Woodnesboro' and Snowdown were sufficient and there was no necessity to sink a new pit, and I think with that view the present management of the Company quite agree.

17,458. Was the stipulation that they were not to sink a pit within three miles?—No.

17,459. What was the distance?—There was a varying distance which just kept it out of sight of the house. It was quite a reasonable thing and the present directors of the Concessions Company quite agree with that.

17,460. You say as an engineer and adviser to Mr. Plumptre that it is quite a reasonable thing that Mr. Plumptre should draw his rents from coal which is being worked, but that the pits must be kept out of sight of the house?—No, not necessarily. You cannot take that as a general proposition. In this particular case with the pits which have been already commenced and have been already finished it was a very reasonable proposition and one which it was advisable for the Company to carry out too and for the sake of the country.

17,461. (To Mr. Plumptre.) I may take it you and gentlemen in your position do not like the sight of a coal pit anywhere near their house although they are prepared to take the money produced from it?—I do not mind that. I do not want my house or the rest of the village, who are all surrounded by the park, to be blacker than necessary. I did not ask the coal to come to me in Kent at all, and if we can keep our village and my house clean I want to do it.

17,462. I agree with you—keep it as clean as possible; but the point is, are you aware that one million mine workers have been agitating for many years to get more shafts put down in order to make it possible for the miners to get out of the pit in the event of an explosion or any other accident taking place?—No, I certainly was not aware of that.

17,463. Are you aware that we have asked there should be a shaft sunk at least every mile, and that no part of the working should be more than a mile from the pit bottom?—No, I have heard nothing of that at all.

17,464. That is in the interests of safety?—No, I am not aware of that.

17,465. Are you aware that normally the further people are away from the pit bottom the more dangerous it may be in the event of any serious accident taking place?—Yes, I suppose so.

17,466. In this case, here is a company evidently prepared to sink a considerable amount of capital in making another pit which they thought was necessary for the proper working of these minerals, and you step in and say that they are not to be allowed to sink that pit. That, I take it, would be the position taken up?

Mr. Turner: There was no actual proposition to sink. They made no definite proposition to sink at all.

17,467. (To Mr. Turner.) Why did you prohibit their sinking?—We wanted to protect the village and keep it clean, and not to have unnecessary pits sunk.

17,468. If any proposition was made to sink, why should you prohibit it?—I did not say a proposition had been made, but we did not want it there at the time in case one was made.

17,469. What distance would they require to come from the bottom of the existing pits to work the

whole field?—With regard to the two pits, as they are now, I should say the distance between the two would be three to three and a half miles.

17,470. Between the two pits?—Yes.

17,471. How far would it be from either of the two pits?—Half of that would be one and three-quarter miles.

17,472. And you think as a mining engineer it is a reasonable position to take up when the workings may extend and, indeed, must extend if that field is exhausted, to one and three-quarter miles from the pit bottom?—That is between the Snowdon and the Wingham pit. There may be pits further to the east which would come in there.

17,473. As a matter of fact you intend to work those two pits through to each other, do you not?—That would be so.

17,474. And it would be three miles between the two pits?—Yes.

17,475. When working in other directions to the boundary of the coal field you say the extent would be one and three-quarter miles?—From each pit bottom to the half way line.

17,476. Between the pit bottom and the extreme of the coal field?—That is a distance which is worked now, and much greater distances than that. You can take it at about one and three-quarter miles in this case, but I have not measured it exactly on the map.

17,477. Do you think the persons who sink their capital in boring and proving the mineral field and sinking the pits there at a cost of half a million of money, or a quarter a million of money, and who are to be responsible for the safety of the men, or the holder of the land would be the best judges as to where to sink their pits and how to conduct them?

Mr. Plumptre: My answer to that is that I do not think the then manager was thinking of the safety of the mine. He only thought how he could multiply more the companies to carry on the business of Kent coal, and if it had occurred to us in any way that it was bad for the getting of coal or injurious to human life, we should not have thought of putting in these restrictions. I am certain it never occurred to us in the light which you put it to me this morning at all.

17,478. Did you agree with the manager when he said five hundred acres would be sufficient?—No, I did not.

17,479. Did you pit your knowledge of mining and safety against his knowledge?—I do not think he was thinking of safety.

17,480. Was his anxiety to raise money?—I do not know, but I should think it was.

17,481. Could you give the Commission any idea of the amount of money that has been lost in the development of the Kent coal?—I could not tell you that, but I do not think the Kent Coal Concessions' money is all lost by any means.

17,482. I think at the first attempt at sinking there those engaged in sinking had a very heavy growth of water?—Yes, in places.

17,483. And they had to stop sinking once or twice through running sand and water?—Yes.

17,484. Did they not require again and again to raise money by appealing to people outside mining altogether? Have you heard that that was the case?—I believe they did.

17,485. Have you any money invested in the development of the coalfield which you own?—Very little in the Kent Coal Concessions.

17,486. Is it the case that you would not risk it?—I had not got it to put in.

17,487. We were told yesterday that there were what was known as the Pioneer Boring Company; do you know anything about it?—No, I do not think so.

17,488. It is a company which evidently has bored over Kent, and it is said they bored over Yorkshire and Nottingham. Have you heard of it?—I do not remember the name. That was not the company that put the borings down on my land.

17,489. That is not the company? I do not remember the name.

14 May, 1919.]

MR. HENRY FITZWALTER PLUMPTRE AND MR. DAVID NEVILLE TURNER.

[Continued.]

Mr. Turner: There was a boring company connected with the Concessions Company, but the ramifications of the Kent Coal Concessions I think would require a Commission to themselves to sort them out.

17,490. (To Mr. Plumptre.) I believe it would. We may have one in the end, but in the meantime we will get on. A director of the Kent Coal Concessions working part of your minerals was in the chair yesterday giving evidence?—Yes, one of the new directors since the war. He came in to help them out of their troubles since the war, or so I have understood.

17,491. There has been from time to time a shifting of directors and others coming in to help, and this is just an additional one. But he also evidently is connected with the Pioneer Boring?—I daresay, but I do not know.

17,492. That is not the firm that was doing the boring on your land?—No.

17,493. Had you any arrangements with the borers to prove your coal and that, if coal was found there,

a certain part of the royalty rent should go to them for their boring?—No; they were not employed by me at all. They were employed by the Kent Coal Concessions.

17,494. And the Kent Coal Concessions were leasing from you?—Yes.

17,495. You do not know whether there was any arrangement of that kind?—No.

17,496. You had no arrangement with anybody that part of your royalty rent should go to the borers?—No.

17,497. That is to say, you did not anticipate paying anything at all to the persons who proved your coal?—No.

17,498. Mr. R. W. Cooper: (To Mr. Turner.) Could I see the option agreement which you referred to?—I have a rough draft here; that is all.

17,499. I mean the thing which was signed before the lease was signed?—Yes. (Handing document.)

(The Witnesses withdrew.)

MR. JOHN DEWRANCE, Recalled.

Witness, addressing Chairman: Sir, before I was examined, you kindly read out the names of the Pioneer Companies that I represent. The Pioneer Companies are stated in this Appendix A.

Chairman: Yes, I read them out.

Sir L. Chiozza Money: Sir, could the essential clauses in these leases be printed?

Chairman: Yes. What would you like: the habendum or the term?

Sir L. Chiozza Money: It is those parts which give the term.

Mr. R. W. Cooper: I shall be very pleased to make the extracts and you will see exactly what it is. I suggest you should have the description of the area demised, the liberties demised, the restrictions, the conditions, the length of the lease, the rents, dead rents, and so forth.

Sir L. Chiozza Money: Yes. May I ask for one other thing, and that is the list of the financial concerns which have been concerned with the exploitation of these properties, because it seems to me to throw such a valuable light on the exploitation of new coalfields under the present system?

Chairman: We will try and get that.

Mr. R. W. Cooper: There I cannot help you.

Witness: There are 175 leases.

Chairman: We will be content with a few.

Witness: I have something like 100 leases on a chart giving all that information which I had yesterday. (Chart produced.)

17,500. Sir L. Chiozza Money: (To the Witness.) Do you mind telling me who printed this *précis* which you kindly let us have?—The solicitors for the companies I am representing.

17,501. You have given such a lot of attention to this boring work: Do you find that the system of desultory boring gives the best results from the national point of view?—It is not desultory boring. It was bored on a plan. Take, for instance, South Yorkshire: The end of the coalfield was at a certain point; then another bore was put beyond that, and so it goes on. The Pioneer Companies put in these borings, and there they have proved 300 square miles extra coalfield.

17,502. My point is, do you think that that constitutes a systematic exploration of the coal resources of the country?—It has done in these cases.

17,503. You have very kindly put in an appendix. With regard to what Sir Aubrey Strahan says about these matters, do you think what he says bears out your opinion?—His information is based entirely upon such borings.

17,504. And he complains that he cannot get the information?—He was not right in doing that. As I pointed out yesterday, I was present when he read that paper before the Royal Institution, and I told him immediately afterwards he ought not to have printed that without asking for the information, and he had it immediately after.

17,505. Are you aware that all the eminent geologists agree with Sir Aubrey Strahan?—That they cannot get information?

17,506. Not only that they cannot get information but that, firstly, systematic exploration is not done or even attempted, and, secondly, that what exploration is done or attempted is not properly recorded. Are you aware that that is the opinion of geologists?—That may be his opinion.

17,507. Are you aware that it is the opinion of Professor Watts, the late President of the Geological Society?—No, I have not read that.

17,508. May I put it to you. Here is his address to the Geological Society in 1912: "Further, there seems little doubt that in many instances, and especially under the unsatisfactory conditions which at present prevail, much of the money so spent if not actually wasted, as has frequently been the case in the past by selection of spots where geological research had already demonstrated that no coal exists, may nevertheless appear to have been uselessly thrown away." Do you think that is a fair statement?—It is his opinion, but it is the opinion of people who put the bores down that coal might exist there, or they would not have put them down.

17,509. Do you think there is a proper co-ordination of geological and engineering knowledge in this matter for the nation as a whole?—It is difficult to answer. Geologists differ, as doctors do.

17,510. Do you not yourself say in your proof that it is a most hazardous work, and that you have to work in the face of discouragement and scepticism from experts in the industry?—So will the Government if it is nationalised.

17,511. But you do have to work in the face of discouragement?—Yes.

17,512. Do you think a Minister of Mines would discourage you?—No, but he would be discouraged by deputations from the people who opposed the development of the coal.

17,513. Do you think he would be discouraged as much as you, as a private individual, with all the difficulties of getting capital for a very hazardous venture?—He would have probably more difficulty in getting money from the Treasury than we do from the public.

17,514. Is it not exceedingly difficult to get people to put up money to do this work?—I have not had the experience, but it does not appear from the past to have been so, because they have obtained it.

17,515. Does it not follow from what you say here that it is so? Do not you yourself express it in your *précis*: "The Pioneer Company has to bear these" (that is, the risk of losses), "also the cost of administration, the maintenance of its options and leases, and the loss of interest on capital, which in every case extends over a considerable period of years, and in the event of failure a total loss of capital"² There is a certain element of truth in that, because it is your own evidence?—Yes.

14 May, 1919.]

MR. JOHN DEWRANCE.

[Continued.]

17,516. Are not those things very potent in this matter? Do they not make it very difficult for you to get capital to operate with?—Well, I have not tried, but I presume it would be so.

17,517. But it must be so?—Yes.

17,518. Does it not seem clear, while the whole interests of this country are based on the coal supply, and increasing its coal supply, yet this pioneer work has to be done in these conditions of disadvantage?—But it also demonstrates that the difficulties would be so great that the probability is the Government would not do it at all.

17,519. Is it not the fact that the Government could take risks in this matter which no private adventurer could take?—Do you mean owing to their financial resources?

17,520. Yes?—I do not know that that follows, because at the present time private individuals can borrow money on more favourable terms than the Government.

17,521. Do you say that that is so at the present time?—Yes.

17,522. Then I will not put any further questions.

17,523. *Mr. R. H. Tawney*: I just want to understand this practice about borings. Are the borers under any obligation to notify to the State the results of their borings?—Not to my knowledge.

17,524. Is it possible for borings to take place on a considerable scale without the Geological Survey being kept *au fait* with the results?—I suppose so.

17,525. *Sir Adam Nimmo*: I suppose you would agree that the results of bores, where put down by your companies and other companies, should be made available to the Government?—They were directly I heard that they wanted them.

17,526. Would you agree that a complete record should be kept of all these bores which are put down?—Certainly.

17,527. So that they could be utilised by any Mining Department that was dealing with the general situation?—Yes.

17,528. You were asked certain questions yesterday by the Chairman as to the State carrying out borings. I suppose you would agree that the State could carry out borings?—Of course.

17,529. Is it your view that it would not be so likely to carry out the borings as the Pioneer Companies?—Yes.

17,530. You are quite content to take the risks involved in the work which you do?—I did not do the work, but it was done by my predecessors.

17,531. I mean the companies which you represent?—Yes.

17,532. You are quite prepared to go on taking the risks of doing the work which you are doing?—Yes.

17,533. Do you believe that that work will result ultimately in the disclosure of available areas of coal?—It has done so.

17,534. And you are aware, are you not, that colliery companies do a great deal of this work themselves?—Yes.

17,535. Have you always found that private capital has been readily available to take up any mineral propositions which you have disclosed, generally speaking?—At the present time it is available subject to the findings of this Commission.

17,536. When you disclose a coalfield of any value, have you found any difficulty in placing that coalfield in the hands of practical people who would develop it at once?—No.

17,537. Do you expect any difficulty in that direction in the future?—No.

17,538. *Sir Allan Smith*: There is a point upon which I should like to be quite clear, with regard to the dead rents of the Kent Coalfield. We have had many instances afforded us of concessions made by royalty owners when the companies were in difficulties on the representations of the companies. Have you made representation to the landlord?—Yes. When the war broke out I called all the landlords together and the large majority of them forewent their dead

rents for the period of the war and for three months after.

17,539. Absolutely?—Yes.

17,540. In the case of Mr. Plumtre, he says no rent has been paid during the war. Has the obligation to pay the rent been discharged?—No.

17,541. Therefore you are still liable?—Yes.

17,542. In his case did you make representations?—Yes.

17,543. Has he made any concessions to the Kent Companies in respect of the financial difficulties they have been harassed with?—Negotiations are proceeding with a view to his granting quite a different lease which would involve that concession, but it has not been signed yet.

17,544. Has he actually made any concessions?—Not to my knowledge.

17,545. And you are now faced as a coal company with the arrears of royalties from the commencement of the war?—Yes.

17,546. *Mr. Smillie*: Do you know the early history of the development of the Kent Coalfield?—Only from reading the subject.

17,547. Have you read carefully the history of it? There was an answer given to Sir Adam Nimmo with regard to it, and I want to deal with it. You say there is no difficulty in getting persons to put money into a concern for the purpose of the development of a known coalfield?—I do not say there is no difficulty.

Sir L. Chiozza Money: That is what you said.

Witness: The difficulties are not insuperable. There are difficulties in all business transactions. We have now three large companies who are prepared to take up very large tracts of this area, and the principal part of this area, subject to the findings of this Commission, immediately after the war.

17,548. *Mr. Robert Smillie*: Sir Adam Nimmo put a leading question to you, that you do not find any difficulty in raising money to develop a coalfield, and you said no?—I think that is correct.

17,549. Do you remember the name of a gentleman named Burr in the City?—I know his name.

17,550. Do you know that he had something to do with the early struggles of the Kent coal development?—Yes.

17,551. Do you know he issued statements again and again for the purpose of trying to get some money put into the concern?—Yes.

17,552. Do you know he stated that they had secured the services of an eminent mining engineer, Mr. John Hamilton, from Scotland, who would, with his skill and knowledge, put the Company on a good footing, and all they wanted was money to develop?—I should be sorry to be responsible for all his statements, but I think I remember that.

17,553. Do you know John Hamilton was not a mining engineer and had hardly ever been down a pit in his life?—I did not know that.

Sir Adam Nimmo: Before Mr. Smillie asks another question, may I say that my question was intended to be a general question? This witness represents boring which has been done in other parts of the country, apart altogether from the Kent Coalfield.

Mr. Robert Smillie: At the moment we are dealing with the difficulties of Kent coal, and Sir Allan Smith has brought out the point, really. I took it for granted from the landowner that the dead rent had been stopped during the war. Sir Allan Smith has now brought it out that it is only held in abeyance, and up to the present time it is a debt over the Company.

Witness: Yes.

Sir L. Chiozza Money: May I ask, sir, for the information of the Commission—

Chairman: No.

Sir L. Chiozza Money: It is not a question. There is a very valuable account of the Kent Coalfields in Jevons's book.

Chairman: I know it by heart now, but we cannot put books in evidence. Anyone who wants it can purchase the book for 6s., and I hope they will read it.

(The Witness withdrew.)

14 May, 1919.]

MR. EDWARD OTTO FORSTER BROWN.

[Continued.]

MR. EDWARD OTTO FORSTER BROWN, SWORN and Examined.

STATEMENT BY MR. E. O. FORSTER BROWN ON
GEOLOGICAL AND MINING CONDITIONS AND THE
GENERAL POSITION IN KENT.

I, Edward Otto Forster Brown, am a member of the following:—

The North of England Institute of Mining Engineers;

The South Wales Institute of Engineers;

The Iron and Steel Institute;

The American Institute of Mining and Metallurgical Engineers;

Fellow of the Surveyors' Institute,

and a member of other technical societies.

I have been engaged as Consulting Mining Engineer for the last twelve years specialising in coal and iron ore in Mexico, the United States of America, Canada and Great Britain. I also studied mining in various parts of Great Britain, the Continent, South Africa, North America and Asia for seven years prior to that period.

During the last 6½ years I have been established as a Mining Engineer in London and professionally associated with mining operations in South Wales, Durham, North-West France, Spain, North Africa, and particularly in Kent, as during the last six years I have made a detailed study of the Kent coalfield and its past history.

I act in Kent as consulting engineer to Messrs. Dorman Long & Co., Ltd.; Messrs. Bolekow Vaughan & Co., Ltd.; the Channel Steel Co., Ltd., the principal shareholders in this Company being Messrs. Dorman Long & Co.; Messrs. Bolekow Vaughan & Co. and Messrs. Bell Brothers, Ltd.; as consulting engineer to Messrs. Schneider et Cie, of Le Creusot, France; as mining adviser to the First Mortgage Debenture holders of the East Kent Colliery Company, Ltd., and in a professional capacity as adviser to other interests to a lesser extent.

I have utilised opportunities of investigating the various sinking and boring operations which have taken place in the Kent coalfield during the period referred to, and am fully informed as to the results of these sinkings and borings. (See Appendix.)

The Kent coalfield is unique amongst the coalfields of commercial importance in Great Britain in view of the fact that the coal measures are everywhere covered by an unconformable capping of rocks of a later age. This capping at no point is less than 800 feet and on the average is 1,100 feet thick; deep borings are necessary, therefore, to ascertain the existence, character and contents of the coal measures beneath.

Further, to enable the value of the minerals proved by boring to be ascertained definitely, shafts have to be sunk through the capping referred to, which in places is heavily watered and consequently the cost of sinking is abnormally high. In other British coalfields the winning of the minerals at a depth is usually a less speculative enterprise as the general character of the seams has been established by workings where they approach the surface and where they can be opened up at comparatively little expense.

The work done in Kent up to the present has been entirely pioneer in character and carried out by private enterprise. Since the year 1886, but more particularly during the last 14 years, 40 boreholes have been put down comprising a total of 90,000 feet of boring. Of these boreholes 29 proved coal measures, seven proved to be outside the coalfield, one was not prosecuted deep enough to prove the coal measures, and three were put down to prove the iron ore which occurs within the capping of rocks overlying the coal measures. Particulars as regards the names, dates (where obtainable) and depths of these boreholes are given in Table I. accompanying this evidence.

The information obtained from these borings has been supplemented by seven collieries and one iron mine at a more or less advanced stage of development; four of these have penetrated the coal measures and two of them have worked over an area of approximately 800 acres in one of the upper seams of coal. The amount of sinking represented by these seven collieries and iron mine totals 19,000 feet. The positions of the various boreholes and collieries are shown on the plan produced. The amount of money actually spent in taking up leases and getting together areas, boring, sinking, equipping, developing and other charges in connection with the development of the coalfield cannot be ascertained with precision, but totalled not less than £3,500,000 up to the end of 1918.

The expenditure and work indicated has established the existence of a coalfield of approximately 250 square miles in extent, of which I estimate 105 square miles contain an average of 23 feet of coal of good average quality in seams of three feet thick and upwards within a depth of 3,000 feet from the surface, or, deducting 25 per cent. for inferior quality and unworkable conditions, 17 feet of coal, lying within 3,000 feet of the surface in seams of three feet thick and upwards, equal to 1,370,880,000 tons of coal.

In my opinion the natural conditions under which these reserves of coal occur should enable them to be developed and worked and the coal or its products delivered to consumers at a cost which will compare favourably with the cost of coal or its products from other British coalfields worked under corresponding industrial conditions.

In addition to the foregoing the borings and iron mine referred to have proved the existence of a deposit of 120,000,000 tons of iron ore, which, in conjunction with the development of the coal, it is considered can be converted into iron and steel successfully at competitive prices.

The whole of the work indicated has been carried out by and at the expense of private interests; it is essentially pioneer work in character and still requires a certain amount of supplementary similar work and expenditure to enable the field to be developed to best advantage.

The interests who are responsible for this expenditure have received no return up to the present other than the knowledge they have obtained as to the natural conditions of the field, and it is on the basis of this knowledge that they expect to recoup themselves in the future for the expenditure they have incurred in the past.

The question of the most efficient method of developing this coalfield in the interests of the nation as a whole seems to me to bring forward the following preliminary considerations:—

The futuro of the following interests, i.e., whether they are to be allowed to go on as they are, and if not how they are to be dealt with:—

- (a) Pioneer companies which have gone to the expense of getting together likely colliery areas but have not yet proved the existence of workable coal seams by boring.
- (b) Pioneer companies which have got together areas and have proved their value or otherwise by boring but have not yet disposed of them to developing companies.
- (c) Pioneer companies which have disposed of areas to developing companies for cash or on the basis of a cash payment for actual expenditure and a deferred payment at the rate of so much per ton on the coal as and when produced.
- (d) Colliery companies which have acquired an area or areas from pioneer companies but have not yet developed or completed developing such areas.

14 May, 1919.]

MR. EDWARD OTTO FORSTER BROWN.

[Continued.]

- (e) Colliery companies which have got together a colliery area, have proved it by boring, and are in course of developing it.
- (f) Companies combining one or more of the five preceding cases.
- (g) The company which has acquired and partly paid for one or more colliery areas the development of which are necessary to enable the iron ore proved by the company to be turned to economic advantage.

The case of the companies which have done essentially pioneer work in character in the form of boring and getting together areas, has been dealt with fairly fully in the general case, which this evidence supplements. The interests I more particularly represent in the field are those concerned with the development of the minerals, and consist of companies which have either done their own boring or which have acquired or are acquiring mineral areas from pioneer companies who have established the existence and value of the minerals under these areas. A list of the various companies with the amount spent by them is set out in Table I, accompanying this evidence.

In the event of nationalisation, the various companies referred to would have to be compensated and remunerated and the knowledge acquired and development carried out by them would have to be turned over to the State. It is improbable that the State would be in as good a position to benefit by the experience obtained by these individual companies as the individual companies themselves, in view of the prolonged experience coupled with heavy expenditure which the majority of them have undergone.

A further consideration would then be whether the State would feel justified in laying out the further expenditure necessary to obtain the full benefit of the experience acquired and the expenditure incurred.

The output of the field at present is about 300,000 tons per annum. As matters stood until recently, however, a number of strong interests were on the point of developing the field on a large scale as soon as normal conditions would permit. The prosecution of these developments has now been suspended (where the interests referred to were not already too far committed), partly due to the uncertainty as to whether the mines are to be nationalised or not, and partly due to the fact that in view of the recent recommendations of the Coal Commission, it is uncertain whether it will be worth while developing this field on the basis of these recommendations.

The interests referred to which intended to develop the field on a large scale consist, amongst others, of:—

The Channel Steel Company, Ltd.;
Messrs. Dorman Long & Co., Ltd.;
Messrs. Bolekow Vaughan & Co., Ltd.;
The Chislet Colliery, Ltd.;
Messrs. Schneider et Cie. of Le Creusot, France;
The Forges de Chatillon, Commentry et Neuves Maisons,

while the East Kent Colliery Co., Ltd., and the Snowdown Colliery, Ltd., are actually producing coal at the present time from one of the shallower seams in the field and are responsible for practically the whole of the output obtained.

I am of the opinion that the natural conditions now known of the field are such that it is justifiable to estimate an output of 10 million tons per annum can be developed and maintained within seven years' time, subject to adequate inducement being provided for the expenditure of the necessary sum to enable this output to be attained.

The securing of the major proportion of this output will be dependent upon future capital expenditure and in this connection it should be borne in mind that the capital cost per ton of output per annum from developments of this character will be heavier

than in the case of existing collieries, due to the fact that relatively greater sums must be paid for wages and plant and housing facilities at the present time, consequently the remuneration per ton of output obtainable will require to be considerably greater in proportion than in the case of collieries developed and equipped when the rates of wages and the cost of plant were lower.

Dealing with the question of possible benefits obtainable from co-ordination of the interests in the field, this feature has by no means been overlooked in Kent. In the autumn of last year, prior to the time when the existence of the present Coal Commission was not even contemplated, I put before various interests in the field a joint co-operative scheme for the establishment of joint services in which co-operation seemed to me likely to prove of greatest benefit. These joint services included more particularly a joint electric power supply with a view to enabling the bulk, if not all, of the collieries to use solely electrical power generated at one or more joint stations which it was proposed should be situated in the immediate neighbourhood of the site for a port where it was also contemplated blast furnaces, steel works, coke ovens, washeries, and briquetting plants in connection with the coal and iron output of the field would also be situated and thereby enable the bye- and waste-products from works of this description, such as surplus gas, waste heat, coke oven breeze, etc., to be rendered available for the generation of electricity at a minimum cost; the purchasing of standard materials used at all collieries, such as timber, steel, etc., by co-operative purchase; the furnishing of repair shops for carrying out large scale repairs too large as a rule for any individual colliery to undertake; the equipment of a laboratory to experiment upon and deal with the various problems arising in connection with the Kent coals and their manufacture or distillation to the best advantage; a joint rescue station; a co-operative sales department, and any other co-operative services likely to be of benefit to the field as a whole. The principle of this scheme was generally agreed to and progress in its materialisation has only been hindered by default of information as to

- (1) Whether the field is to be nationalised, or
- (2) If it is not nationalised, whether it is going to be worth while to develop it in view of the Coal Commission's previous report.

Dealing more particularly with the specific interests I represent, the Channel Steel Company has spent a large sum of money, through the companies of which it forms the fusion, in proving the existence and character of an important deposit of iron ore in the south-west of the field. To enable this iron ore to be turned into iron and steel, an adequate supply of fuel is necessary, and with this object in view Messrs. Dorman Long & Co., Ltd., and Messrs. Bolckow Vaughan & Co., Ltd., who hold a large interest in the Channel Steel Company, have acquired an area of 4,700 acres of coal from a pioneer company, viz., the Betteshanger Boring Company. This area has been proved by boreholes within and around it to contain approximately 140,000,000 tons of coal in workable seams of three feet thick and over within limits of 1,500 and 3,000 feet from the surface. To recoup themselves for their expenditure, the Channel Steel Company will require to spend a sum of at least one and a half million pounds in blast furnaces and steel works, and a further sum of from one to one and a half million pounds in developing the Betteshanger area and providing the necessary coke ovens to supply the blast furnaces with fuel and the steel works with gas. They will, however, require security of tenure and freedom as regards management to enable them to develop and work these coal reserves upon the successful development of which the success of an iron and steel industry in Kent, likely to be of great national importance, is dependent.

Messrs. Schneider et Cie. and the Forges de Chatillon, Commentry et Neuves Maisons have acquired or are acquiring areas of minerals of

14 May, 1919.]

MR. EDWARD OTTO FORSTER BROWN.

[Continued.]

approximately 8,000 acres in extent, on a portion of which two shafts have been sunk to a depth of 1,300 feet and are in course of being proceeded with to develop the coal. The importance of this development by the French companies referred to is not in my opinion limited to any immediate benefit which may accrue to the French companies themselves. The fact that it is proposed to put up plant to manufacture iron and steel in Kent will also create a demand for iron ores from abroad and the economies in sea freight resulting from the carriage of coal worked by French interests in Kent to French ports and the return carriage of iron ore, as for instance from north-west France and Brittany, to iron and steel furnaces in Kent, is one of importance in looking at the development of this field from a national point of view.

The developments of the Chislet Colliery, Ltd., are on the point of providing an additional important output of coal from the Kent coalfield to local consumers, who in the majority of cases at the present time have to obtain coal from other British coalfields

which it is undesirable should be carried by rail to this neighbourhood if it can be produced on the spot.

Both the East Kent Colliery Co. and the Snowdown Colliery, Ltd., have only been deterred by the abnormal conditions due to the war, and the difficulty of raising the necessary capital occasioned thereby, from sinking their shafts to win the coal seams underlying their areas of more importance than the seam they are working at present and which are known to exist at a greater depth.

The early development of the field to its maximum capacity of output is also desirable from a broader aspect. The consumption of coal in Kent and neighbouring counties is in excess of 2,000,000 tons per annum, while the consumption of coal in London is in the neighbourhood of 17,000,000 tons per annum, and this coalfield is situated in closer proximity to both these markets and to the more immediate foreign markets than any other coalfield in Great Britain. Table II. attached hereto illustrates this point.

E. O. FORSTER BROWN.

London, April 23rd, 1919.

TABLE I.
Kent.

Company.	Bore.	Commenced.	Finished.	Depth.	Cost (boring, acquisition, sinking, plant, overhead charges).	Remarks.
				Feet.	£ s. d.	
Kent Coal Concessions, Ltd., and Allied Companies.	1. Waldershare ...	4 Jan., 1905	9 Sept., 1907	2,883	} 609,000 0 0	
	2. Godnestone ...	19 Dec., 1906	10 July, 1907	2,902		
	3. Barfreston ...	12 Dec., 1907	30 May, 1912	3,327		
	4. Woodnesborough ...	20 Mar., 1908	29 Mar., 1909	2,633		
	5. Walmestone ...	6 Oct., 1908	2 Feb., 1913	2,288		
	6. Matrice Hill ...	19 June, 1909	8 July, 1912	9,075		
	7. Oxney ...	21 April, 1910	20 Nov., 1912	3,742		
	8. Trapham ...	20 Oct., 1910	28 July, 1911	3,225		
	9. Maydensole ...	24 Nov., 1910	16 Nov., 1911	3,760		
	10. Stodmarsh ...	9 Dec., 1910	20 July, 1911	2,262		
	11. Ripple ...	14 Feb., 1911	30 Nov., 1911	3,316		
	12. Stonchall ...	6 Nov., 1911	1 July, 1912	3,691		
	13. Chilton ...	24 Aug., 1912	19 June, 1913	3,346		
	14. Bourne ...	1 Mar., 1913	8 Jan., 1914	3,236		
	North Kent Coalfield, Ltd.	15. Ash ...	16 Aug., 1913	29 Dec., 1913		
16. Chislet ...		1 July, 1912	15 May, 1913	2,901		
17. Chitty ...		5 Oct., 1912	26 April, 1913	2,015		
18. Rushbourne ...		7 Dec., 1912	2 Aug., 1913	2,490		
19. Hoades ...		19 July, 1913	22 Nov., 1913	1,246		
Channel Steel Co., Ltd. (a fusion of Kent Collieries, Ltd., and Channel Collieries Trust, Ltd.).	20. Herne Bay ...	26 July, 1913	18 Oct., 1913	1,964	} 750,000 0 0	} Includes expenditure by Kent Collieries, Ltd., on Shakespeare Sinkings, but exclusive of expenditure previous to 1899.
	21. Reculver ...	30 May, 1914	27 June, 1914	1,029		
	22. Bere Farm ...	27 Mar., 1913	29 Oct., 1915	3,005		
	23. Abbotscliffe ...	20 July, 1913	9 Dec., 1913	777		
	24. Lower Standen ...	15 Oct., 1913	22 May, 1915	1,076		
	25. Farthingloe ...	5 Mar., 1911	2 May, 1914	801		
	26. Elham ...	15 April 1914	19 June, 1915	2,316		
	27. Folkestone ...	13 Oct., 1915	16 Dec., 1916	3,400		
	28. Dover (Brady) ...	1886	1890	2,225		
	29. Chilham ...	1910	1911	1,154		
Medway Coal Syndicate, Ltd.	30. Bobbing ...	1910	1911	1,160	} 35,000 0 0	
	31. Harmansole ...			1,720		
Whitstable & Canterbury Coalfields, Ltd.					} 16,500 0 0	
Betteshanger Boring Co. Ltd.	32. Betteshanger ...		1913	2,930	} 36,300 0 0	} Including half cost of Lydden Valley bore.
	33. Lydden Valley ...		1914	2,012		
Ebbsfleet Coal Syndicate, Ltd.	34. Ebbsfleet ...		1912	1,389	} 20,000 0 0	
	35. Herne ...			1,187		
	36. Brabourne ...		1899	2,004		
	37. Ropersole ...		1899	2,129		
	38. Ellinge ...		1902	1,800		
	39. Ottinge ...		1899	840		
	40. Frodville ...		1907	1,813		
Canterbury Drillers, Faversham Boring Co.				90,065		
COLLIERIES.						
Chislet Colliery, Ltd.	Sinking, acquisition, equipment, plant, machinery, labour and overhead charges.				286,937 8 11	
Guilford Collieries... Tilmanstone Colliery Snowdown Colliery Stonehall Colliery ... Wingham and Stour Valley Colliery. Woodnesborough Colliery.					169,500 0 0 740,000 0 0	
					* 800,000 0 0	
Total ...					£3,552,337 8 11	

* Estimated.

14 May, 1919.]

MR. EDWARD OTTO FORSTER BROWN.

[Continued.]

TABLE II.

Comparative Distances to London by Rail.

	Miles.	
From Cardiff ...	170	} South Wales coalfield.
„ Newport ...	153	
„ Forest of Dean	140	Forest of Dean coalfield.
„ Bristol ...	118	Somersetshire coalfield.
„ Birmingham ...	129	Warwickshire coalfield.
„ Nottingham ...	124	Nottingham and South Yorks coalfield.
„ Dover ...	77	} Kent coalfield.
„ Deal ...	87	
„ Canterbury ...	62	

Comparative Distances to London by Water.

	Nautical miles.
South Wales Ports ...	500
Humber Ports | ...	220
Tyne Ports ...	300
Kent (say near Deal) ...	80—90

Comparative Distances to Foreign Ports, in Nautical Miles

		Cardiff.	Hull.	Tyne.	Dover.
France	To Calais ...	457	200	283	22
	„ Havre ...	382	300	400	110
	„ Caen... ...	392	325	425	149
	„ Dieppe ...	417	268	354	70
	„ Boulogne ...	450	220	310	25
Belgium	„ Rouen ...	472	390	490	135
	„ Antwerp ...	558	280	326	96
Netherlands	„ Ostend ...	493	194	280	36
	„ Rotterdam ...	569	212	300	99

17,554. *Chairman*: I believe you are a member of the North of England Institute of Mining Engineers, the South Wales Institute of Engineers, the Iron and Steel Institute, the American Institute of Mining and Metallurgical Engineers, and you are a Fellow of the Surveyors' Institute, and a member of other technical societies?—Yes.

17,555. Have you been engaged as consulting mining engineer for the last 12 years, specialising in coal and iron ore in Mexico, the United States, Canada and Great Britain, and have you also studied mining in various parts of Great Britain, the Continent, South Africa, North America and Asia for seven years prior to that period?—Yes.

17,556. I think you have acted for a great number of people?—Yes.

17,557. You have sent us a very long proof, and this Commission has not time to go into the minute details of every coalfield in the United Kingdom, because it would be quite impossible to do it. There are pages and pages of it, and I regret to say that we have not the time to read it. I will take you through some parts of the proof that seem to me material. Will you go first of all to page 3, where you say: "The question of the most efficient method of developing this coalfield in the interests of the nation as a whole seems to me to bring forward the following preliminary considerations:—

The future of the following interests, *i.e.*, whether they are to be allowed to go on as they are, and, if not, how they are to be dealt with:—

(a) Pioneer companies which have gone to the expense of getting together likely colliery areas, but have not yet proved the existence of workable coal seams by boring.

(b) Pioneer companies which have got together areas and have proved their value or otherwise by boring, but have not yet disposed of them to developing companies.

(c) Pioneer companies which have disposed of areas to developing companies for cash or on the basis of a cash payment for actual expenditure and a deferred payment at the rate of so much per ton on the coal as and when produced.

(d) Colliery companies which have acquired an area or areas from pioneer companies, but have not yet developed or completed developing such areas.

(e) Colliery companies which have got together a colliery area, have proved it by boring, and are in course of developing it.

(f) Companies combining one or more of the five preceding cases.

(g) The company which has acquired and partly paid for one or more colliery areas the developments of which are necessary to enable the iron ore proved by the company to be turned to economic advantage."

Then you say: "In the event of nationalisation, the various companies referred to would have to be compensated and remunerated and the knowledge acquired and development carried out by them would have to be turned over to the State. It is improbable that the State would be in as good a position to benefit by the experience obtained by these individual companies as the individual companies themselves, in view of the prolonged experience coupled with heavy expenditure which the majority of them have undergone. A further consideration would then be whether the State would feel justified in laying out the further expenditure necessary to obtain the full benefit of the experience acquired and the expenditure incurred"

17,558. Then you deal with a great number of matters, and you exhibit certain tables. Table I. shows with regard to Kent the name of the company, the bore, when it was commenced and finished, the depth and the cost, and that is a very useful table. Then Table II. is a table showing the comparative distances to London by rail. We need not have gone into that, because the A.B.C. would tell us that. It also shows the comparative distances to London by water, and the comparative distances to foreign ports in nautical miles. We are very much obliged to you for your proof. Do you want to add anything about the Kent Coalfield itself?—No.

17,559. *Sir L. Chiozza Money*: On page 7 you refer to Messrs. Schneider et Cie. Do you not think it rather extraordinary that it should have been left to this great French firm to develop the minerals of the United Kingdom?—They have not developed them.

17,560. Well, to proceed to develop or to propose to develop them?—They have not decided to develop them.

17,561. In precise language you say that they have "acquired or are acquiring areas of minerals of approximately 8,000 acres in extent." Does not that justify the language I used?—Generally speaking, yes.

17,562. Then may I ask why you gave that answer to my question?—I wanted to be quite sure specifically what it meant.

17,563. I referred to what you state. You say this great French firm "have acquired or are acquiring areas of minerals of approximately 8,000 acres in extent, on a portion of which two shafts have been sunk." Then I asked you this question: Is it not rather remarkable that it should be left to this great French firm to develop the United Kingdom's minerals, and you returned the answer, of which I remind you, that they have not done anything of the kind or words to that effect. Do you want to amend your answer?—I understand the meaning of your question now, and I am in a position to deal with it. I do not think it is extraordinary.

Sir L. Chiozza Money: I will not ask you any further questions.

14 May, 1919.]

MR. EDWARD OTTO FORSTER BROWN.

[Continued.]

Sir Adam Nimmo: Sir, I see the witness has had experience of mining in America. May I ask a question on that?

Chairman: Certainly.

17,564. *Sir Adam Nimmo (to the Witness):* I understand you have had considerable experience of mining in America?—Yes.

17,565. What would you say as to the equipment of mines in America as compared with the equipment of mines in this country?—I should say on the whole the equipment installed is inferior in quality and condition to the mine equipment of this country. As a rule it is not so substantial and efficient of its kind to start with. I should not say it is kept up to such a good standard of efficiency. Mechanical appliances for coal cutting and getting are employed to a greater extent than in this country.

17,566. Is that largely due to physical conditions?—I think it is due to two main causes: Partly the physical conditions under which coal is worked in America are better, but also I am of opinion that American labour has grasped to a far greater extent than labour in this country has grasped the fact that the soundest route to improve its position and reduce its employment is to get the maximum output per unit of labour employed, compatible with health and safety, either by direct manual labour or the help of machines.

17,567. *Chairman:* Are you reading from something?—Yes.

17,568. Could you let us have it?—I have this paper but it is my only copy.

17,569. Then we will not trouble you for it.

17,570. *Sir Adam Nimmo:* Is there any reason why reflection should be cast upon the efficiency of the working in this country in respect of the plant that is employed as compared with other countries which you have knowledge of?—No, I should say not.

17,571. Would you say our standard was higher?—In most respects, yes.

17,572. Would you say we brought such skill and enterprise to bear upon our problems as are brought to bear upon those in the other countries you know of?—Yes.

17,573. You were speaking of the attitude of American labour. Do you think that the outlook of American labour is rather different from the outlook here?—Yes, I think it is. I think they take a longer view of the soundest policy in the long run than they do here.

17,574. Is there anything in the nature of restriction of output in the American mines?—I have not seen it.

17,575. Does there seem to be a general desire to increase production as much as possible?—Yes, I should say there was.

17,576. Do you think that that ultimately leads to a higher level of wage?—Yes, because the net result is that it tends to reduce the cost at which you can produce the mineral, and that leaves more room for wages and widens your market, and that again tends to require new fields developed and tends to decrease unemployment.

17,577. Would you say that that after all is the secret of industrial expansion?—I should say so.

17,578. *Mr. Herbert Smith:* Will you tell us in what part of America you devoted your attention to getting this information?—Texas, Maryland, the Connsville region, and West Virginia.

17,579. Am I right in saying that about 70 per cent. of American coal is got by machine?—I do not know whether you are right or not.

17,580. Well, you should know?—I do not think I should necessarily know the exact figure.

17,581. You cannot answer that question at all?—I cannot tell you whether it is 70 per cent. or what is the actual percentage, but it is a considerable percentage.

17,582. You say American workers have a wider outlook and do not restrict their output. In com-

paring the output, ought you not to take the conditions under which the men work?—I quite agree.

17,583. So that if coal is being got by machine on the one hand and manual labour on the other, it would not be fair to make a comparison of the two?—It depends upon what encouragement was given to the machine to do its work.

17,584. Do not avoid answering this question. Would it be fair to take you and me in comparison, you filling coal with a machine and me getting coal by hand?—In the same seam and under exactly the same conditions, yes.

17,585. I should be getting it by hand and you would be getting the benefit of cutting by machinery, and you think it would be fair to take a comparison on those conditions?—I think the person with the machine under the same conditions, where the conditions were favourable for the machine, would be better off than the manual worker.

17,586. The question I asked you is very easy to answer. Is it fair to compare one minor working with a machine, getting 7 tons with a machine, and another man working by hand and getting 2 tons?—No.

17,587. Will you tell us what the wages were in America when you were there? When were you there?—I was there at various times from 1907 to 1912 inclusive.

17,588. *Sir L. Chiozza Money:* Have you the wages when you were there?—Yes. At one colliery it was 12s. and at another 10s. per shift for the hewer.

17,589. *Mr. Herbert Smith:* Is that 1907?—Yes.

17,590. That is a guaranteed minimum, is it not?—I do not know whether it was that or not.

17,591. I want to put it to you that that is a guaranteed minimum wage in 1907. 12s. was the minimum?—It was the average earnings per hewer per shift.

17,592. Will you tell us with regard to your American knowledge whether there are as many men employed away from the face in transport work in America as there are in this country? Take the hewers at the face, and then take the number of men who are wanted as between the hewer and the pit top to land the coal?—I should say the proportion of hewers is rather less in the States from my observations.

17,593. I want you to tell us this if you can: Supposing there were 500 men employed in a mine to get coal out of that mine and send it to the surface, how many men would be employed away from the face and how many at the face?—It depends upon the mine and the conditions.

17,594. I put it to you that they average in America about 1 in 5 against as to 1 and 1 in this country?—I have no means of checking that figure.

17,595. You have answered Sir Adam Nimmo certain questions, and we want to know whether we are up-to-date?—I answered those questions from my general observations in America. I have not specific figures of those observations, except the known figures which indicate that the output per man employed is considerably greater than in this country.

17,596. We will deal with that later on. What I ask you is, if America is not as well equipped as us, why is it not so well equipped? Let us get at it in another way if we cannot get it that way?—It is the general policy of American mine managers, I should say. The fact is that in my opinion the American mine is not so well equipped. I did not go into the question of why it was not so well equipped, but it is the fact.

17,597. Did you know you were going to be asked questions with regard to America?—I thought I very probably should be, and I mention the matter in my proof.

17,598. You read from some paper?—Yes, and I have papers on a lot of things.

14 May, 1919.]

MR. EDWARD OTTO FORSTER BROWN.

[Continued.]

17,599. I want to see how much you know about America, because you have answered certain questions put by Sir Adam Nimmo, and I want to put it to you that we are not so well equipped for transport of coal out of mines in this country as they are in America—and that is from practical experience?—I think in this way we are not so well equipped, that we do not use underground electric haulage on the overhead trolley wire system to anything like the same extent. We are not allowed to by our safety regulations.

17,600. There are seams where it is allowed?—Yes, there are seams where it is allowed. What I mean to say is that the safety regulations, at any rate until recently, have not been so elaborate and detailed in America as they are in this country.

17,601. Will you tell us how they get at their output? What we say in this country when we are talking about output is, there are a thousand men and boys employed in that mine, and their output is so much. In America is it not the fact that they give you the coal hewn separate, and say so much per ton of coal hewn?—No; I have seen figures based on per man employed.

17,602. Do not the figures which have been placed before this Commission say so much per coal getter?—No. The figures I gave you from my own notes were so much per coal getter, but the figures from the United States are per person employed.

17,603. You cannot tell how many men are employed away from the face?—No, I cannot tell you the proportion away from the face.

17,604. *Mr. Robert Smillie*: You say between 1907 and 1910 you had experience in America?—Yes.

17,605. Were you there continuously during that time?—No.

17,606. What period of time did you spend there?—I should think altogether at one time or another I have been six months there.

17,607. Were you there as a visitor?—Partly as a visitor and partly professionally.

17,608. How did you become acquainted with the conditions there? Was it from your observation or from reading?—From both, and from discussion with American people.

17,609. Do you think that going there only occasionally would give you a knowledge of the true state of mining in America?—I think it would be sufficient to enable me to form an opinion on the subject.

17,610. Can you tell me how many seams in America they are working 2 ft. thick?—No.

17,611. Can you tell me how many seams they are working 3 ft. thick?—No.

17,612. Can you tell me whether they are working any seams under 3 ft.?—I have seen one being worked just about 3 ft. I cannot remember whether it was just under or just over.

17,613. Where was that?—That was at Steuhenville on the Ohio river.

17,614. Do you know that the seams there average 10 or 12 ft. thick?—The average thickness of the seams I have seen was not 10 ft. thick.

17,615. Did you see all the seams there?—No, and I have never seen an official average.

17,616. Are you aware that in West Virginia during the period you have spoken of the workmen were not allowed to organise?—No, I am not.

17,617. Are you aware that a man went from the American Organisation to organise the men there, and that there was a man put on the track to shoot him?—No.

17,618. Are you aware that mining there was practically slavery?—No, I have not heard that.

17,619. Have you heard that 80 per cent. of the workers there are what are called foreigners—that is to say, not British speaking people, but from the Continent?—My impression of America is that the major proportion, or a very large proportion, have only recently come from the Continent. The immigration is terrific

17,620. Do you know whether or not there was any organisation of the workmen?—I do not know the details of their organisation, but I believe they had one.

17,621. Do you put the American miner on a higher level than the British miner?—Not the miner, but I think his policy is sounder.

17,622. Do you think the American miners on the whole are to be compared with the British miners—I mean as workers?—I think they work harder than the British miners do at the present time.

17,623. I am trying to put to you a question that Mr. Herbert Smith tried to get out. Supposing you take in this country two collieries working side by side on equal conditions, and a 2-foot seam at coal is being worked in the same seam by the colliery, in one case by machinery and in the other case it is undercut by the miners with the pick: would you compare the output per man in those two pits? Would it be fair to do so, in your opinion?—It all depends on the conditions under which that seam occurs. If it is a seam which does not lend itself to cutting by machinery it may be better to do it by hand.

17,624. I say two seams under equal conditions exactly the same?—And suitable for machine mining?

17,625. Yes—absolutely suitable. If one is worked by hand and the other is undercut by machinery, would you compare the output of the different persons employed at those two pits—would it be fair?—No, I do not think it would.

17,626. Could you not have given that answer long ago? It is quite unfair to compare the position of a seam that is exactly the same—all conditions the same—if in one case machinery is put in or it is undercut. Are you aware that in many seams in this country the men are filling 7 and 8 tons a day by the use of machinery?—You are only taking half my argument.

17,627. I want you to deal with the questions I am putting to you. Are you aware of that?—Would you kindly repeat your question?

17,628. Are you aware that in this country there are men filling by means of coal-cutting machinery 7 and 8 tons a day?—Yes, I am quite prepared to accept that statement.

17,629. Now I want to put it to you, in the same way, worked long wall, would the output amount to more than 3 tons or 3½ tons per man?—No, it would not.

17,630. Is it in your opinion fair to compare those two? Would it be fair to take those two pits and to say the men in this pit are not working so hard as the men in the other pit, because they are only putting out half the output? Do you not see that the introduction of the machinery is everything?—That is not the point.

17,631. It is the point in this country that they do not compare an output where they are working by hand with an output where they are working by machinery?—I do not think labour in this country encourages the introduction of machinery.

17,632. Do you know of any cases where they have endeavoured to prevent machinery being imported?—I have known of cases where the whole object of putting in machinery for some time was to a large extent defeated due to the action of the men.

17,633. Was it because they objected to machinery or was it because they wanted to fix a fair price?—I do not know what their object was.

17,634. Then is it fair to give an answer of that kind, if you do not know what their object was?—Perhaps I did not make that quite clear. In the case in question, a certain seam in a colliery I am connected with, 2 feet thick, 2 inches of band comes down over that seam, and in the price list it is agreed that the men should clean the coal underground seam as far as possible. There is, however, a certain amount of foreign matter in the seam, which it is not reasonable to expect the men to clean underground. Some time ago we were having trouble with dirt in the coal, and we decided to put in a screen-

14 May, 1919.]

MR. EDWARD OTTO FORSTER BROWN.

[Continued.]

ing plant with picking bolts to get rid of this foreign matter. It was known that we were going to do this, and the screening plant began to be delivered at the end of 1913. Just at that time we had an unusual amount of trouble with dirty coal. I was present at a meeting of the Committee which I attended, when the statement was seriously put forward that as we were going to put in the picking bolts the men in future need not take the trouble to clean the coal underground.

17,635. Would you say that that was an objection of the men to machinery going in?—Their objection was to cleaning the coal.

17,636. In Scotland there is a larger proportion of coal-cutting machinery than in any other part of the British coalfield. Have you ever heard of an objection on the part of the men to coal-cutting machinery going in?—No, I have not heard of any specific objection from the miners.

17,637. Have you any ground for saying that the workmen stood in the way of machinery?—I think the case I gave you was a case in point.

17,638. That was not the case of an objection to machinery?—It was an objection to encouraging the management to put in machinery.

17,639. I want to put to you that the kind of machinery that Mr. Smith had in his mind was haulage machinery as well as cutting and boring machinery. You made the remark that we are not allowed here as they are in America to put overhead electric haulage?—Under certain conditions here you may, but not in the same way.

17,640. Is there any objection at all to putting other kinds of haulage in?—No.

17,641. Then why do you raise that objection?—Because in certain conditions overhead haulage may be the most economical to use.

17,642. Are you aware that at this time the men and boys are hand drawing coal as far as 500 yards?—No, I am not aware of that.

17,643. Would you not think that it would be foolish to continue that?—It would all depend upon the coal to be handled.

17,644. And on the nature of the gradients?—Yes—on the roads and the height.

17,645. Have we taken advantage of putting in haulage machinery in this country?—I think our haulage machinery on the whole compares favourably with other countries.

17,646. Are you aware that in many cases in America the horses or mules walk into the mine from the surface with three or four empty tubs and come out with 4 or 5 empty tubs containing 2 tons of coal each?—No.

17,647. Is there anything of that kind in Scotland?—No, we have not the gradients nor the heights.

17,648. Is it fair to compare the conditions in America with the conditions in this country when you know that here we are working at a greater depth and we have not the machinery that they have in America?—My point is that, making due allowance for the more favourable national conditions in America, this country, as far as labour is concerned, still fails on the point of its policy it adopts: When you increase the wages per shift in this country the output per shift goes down.

17,649. Do you say that that is a general thing in this country?—I say so from my personal experience.

17,650. Will you take it from me that the three men sitting here representing the miners have as much experience as you have?—Very possibly.

17,651. I may tell you that they will deny that statement and say it is not true. You say your experience is that when the wages are increased the output goes down?—Yes, when the wages of a colliery are increased the output goes down.

17,652. May I take it that a very large proportion of the miners in America are Scotch, English, Irish, and Welsh?—Yes, I should say they were.

17,653. Or descendants of British people?—Yes.

17,654. Have they changed their nature in any way?—I do not think they have changed their particular nature, but I think they have changed their policy.

17,655. Are you aware that in America their system is to fix up an agreement between the mine owners and the men, and whatever wages the men earn during the currency of that agreement there is no reduction of wages?—I do not know that.

17,656. Are you aware that in every State of America at the present time there is an agreement signed jointly by the miners and mine owners?—I do not know what the conditions of the contracts between the miners and the mine owners are.

17,657. Will you take it from me that there is what I say?—Yes.

17,658. Are you aware that there is no reduction of rates there, however much money a man may earn at the rates fixed?—I should say that is very probably so.

17,659. Are you aware that it is no uncommon thing in this country if a man earns an extra shilling a day that a reduction of rates takes place in a very short time?—No, I am not.

17,660. Would you be surprised to know that that is a very common thing?—I should require to know all the circumstances of the case before I answer that.

17,661. *Mr. Frank Hodges*: Coming nearer home, I think you are the technical adviser to the Copper Colliery Company, are you not?—Yes.

17,662. Do you regard that as a successful concern under your régime?—I think on the whole it is.

17,663. Since when has it begun to be a successful concern?—It has been fairly successful since I have been associated with it. It was fairly successful when I began to be associated with it.

17,664. You forget the interview with your chief, when he told me that it had not earned a single penny since he had been connected with it?—I am not responsible for what he said. I thought he said he had never received any dividend from it.

17,665. He gave the figures to show that the concern in which you are interested has shown an annual loss of thousands of pounds?—I did not accept those figures.

17,666. I want to suggest that, as far as I know, the collieries with which you have been associated have been singularly unsuccessful. I notice in your evidence the same treatment of general questions as being peculiar of your treatment on particular questions. Workmen at your Copper Pit Colliery made application to you some time ago, did they not, for an increase in the piecework rates, because they were unable to earn more money than is to be regarded as the legal minimum rates upon the existing piece rates?—That was the argument put forward.

17,667. The result was that you had a small output of coal per person employed. Do you remember that?—Due to what? I do not quite follow that question, I am sorry to say.

17,668. I do not want to go over it all again. I will try and summarise what I said in this way. Some time ago your workmen applied for an increase in their piece rates, because on your existing piece rates they could not earn more than the legal minimum wages?—Yes, that was what they said.

17,669. You refused to increase those piece rates?—Yes, I think we did.

17,670. The result is what?—The result is they did not get an increase of piece rates.

17,671. No, the result is that the workmen at your colliery, appreciating your attitude towards them in respect to wages, gave you a comparatively lower output than the workmen in the adjoining colliery?—The workmen in the adjoining colliery are working another seam.

17,672. No, it is the same seam?—You mean Pentro—I beg your pardon.

14 May, 1919.]

MR. EDWARD OTTO FORSTER BROWN.

[Continued.]

17,673. It is the same seam at higher prices, and the result is that you have a higher output per person employed; but, because of your particular method of dealing with the men and wages, in the same seam at your colliery you have lower prices and lower output. Do you think that that is likely to indicate to the workmen that that method is one which is generally in the interests of the industry?—Do you recollect the exact date?

17,674. Absolutely—because I dealt with it myself? It was 1916, was it not?

17,675. No, it was 1917?—My point is that the output per shift has decreased steadily since 1914, and the wages have increased.

17,676. I put it that it was because of that?—This did not occur till 1917.

17,677. I put it to you as a fact that the reason why the output is decreasing is because you do not treat the men with regard to their piece rates just as your neighbours treat their workmen in similar conditions?—I do not agree with that.

17,678. I put it to you as an absolute fact, with which you are perfectly cognisant, being in the negotiations?—I am not satisfied that the reason the men are turning out less coal is because we did not grant them an increase in the piece rates.

17,679. I put it to you further that men with your type of mind—I do not put this in any disagreeable sense—treating the workmen as you have treated your workmen, are responsible for the continuous agitations that have gone on in many parts of the South Wales coalfield?—Do you suggest that I am responsible for ill-treatment of the workmen because I have not granted an increase in piece rates?

17,680. I suggest that you do not understand the workmen?—I am not quite certain that I do.

17,681. *Mr. Arthur Balfour*: I take it on page 4 of your proof what you really mean to say is that these pioneer companies must be taken into consideration, should it be decided to nationalise the coalfields of this country?—Yes.

17,682. They must have compensation for the work they have done to the extent they have done it and for the obligations they have entered into?—I think they are entitled not only to compensation, but also to remuneration for the risks they have run.

17,683. The whole of the facts would have to be looked into?—Yes; each company would have to be considered on its own merits.

17,684. May I take it from you, is it your view that it would be a mistake to reduce piecework rates merely because the workers are earning high wages, the conditions remaining exactly the same?—I should not be in favour of reducing piecework rates because the men are earning high wages.

17,685. During the time you were in America did you hear anything of the restriction of output by the workers in American coal mines for any reason?—No.

17,686. Is it your experience that the same workers when they get to America, under the intensified conditions under which they work there, do work harder than they do in this country?—I think they work harder; that is the result of my observation.

17,687. *Mr. R. W. Cooper*: On page 7 of your proof you refer to Messrs. Schneider and another French company?—Yes.

17,688. A little higher up you refer to Messrs. Dorman, Long & Co. and Bolekow, Vaughan & Co. having taken some large area?—Yes.

17,689. And you refer to the Channel Steel Company?—Yes.

17,690. What area have they taken?—They have actually under lease, say, about 6,000 acres, and, of course, they have more under option.

17,691. As you tell us, in that Channel Steel Company both Messrs. Bolekow, Vaughan & Co. and Messrs. Dorman, Long & Co. have a large interest?—Yes, and Messrs. Bell Bros.

17,692. They are, as we know, three very powerful organisations of English ironmasters and coal masters?—Yes.

17,693. How many collieries are now actually producing coals in Kent?—Three.

17,694. They are drawing coals, are they?—One is drawing only from one shaft.

17,695. How many are there in what I may call regular working order?—Two.

17,696. And a third is drawing from one shaft?—A third is drawing from one shaft.

(The Witness withdrew.)

MR. HENRY EUSTACE MITTON, Sworn and Examined.

Précis of evidence by Mr. H. Eustace Mitton as to boring development and ancillary work carried out by Pioneer Companies in North Notts.

Henry Eustace Mitton will prove that he is a member of the Institution of Civil Engineers, and President of the Midland Counties Institution of Mining Engineers, is at the present time mining engineer for the Butterley Company, Limited, and mining adviser for the Butterley Company, Limited, and the Stanton Ironworks in connection with new coal undertakings in the North-East of Nottinghamshire.

Prior to 1905 he was Assistant General Colliery Manager to the Tredegar Iron and Coal Company, Limited, and previous to this had considerable experience in different collieries in Derbyshire.

Since taking over the management of the Butterley Company, Limited, in 1905 a considerable sum of money has been expended by this Company in proving the extension of the coalfield in the East of Nottinghamshire and in the North-East of this county.

Witness will hand in a plan,* which shows the position of certain existing collieries in the County of Nottingham and boreholes which have been put

down in the North-East of this County for the purpose of proving the extension of the coalfield as stated above.

The areas upon which money has been expended by the Butterley Company, Limited, and by the Stanton Ironworks Company, Limited, lie to the East of the colliery marked Rufford on the plan, and are known as Farnsfield, Bilsthorpe, Ollerton and Retford areas. Each of these areas represent approximately about 6,000 acres of coal, with the exception of the Retford area, which represents about 9,000 acres.

In proving these areas various sums have been spent and the result of the boreholes has proved varying conditions existing with regard to the coalfield.

At Farnsfield it will be seen that three boreholes were put down by the Butterley Company, and a sum of many thousands of pounds was expended in this undertaking, and the result has proved that the coal is a very thin character and does not warrant the huge expenditure necessary for the development of a mine in this district.

At Ollerton, where a joint boring was put down by the Butterley Company, Limited, and the Stanton Ironworks Company, Limited, a sum of between

* See Appendix.

14 May, 1919.]

MR. HENRY EUSTACE MITTON.

[Continued.]

£5,000 and £6,000 was expended, and a workable seam of coal proved between 1,400 and 1,500 feet. The question of developing this area is at the present moment under consideration, and is the subject of negotiation with the Government on the question of expending a large amount of capital with no definite assurance as to the future of the coal industry.

At Retford the Butterley Company have expended some thousands of pounds in boring in this area. The work is in progress.

At Thurgarton a borehole was put down by private subscription some years ago, and from the records, as published in the Geological Memoirs, no workable seam was proved after the expending of many thousands of pounds.

At Oxtou, as shown on the plan, a borehole was put down some years ago by the late Sir Charles Seely, and after spending some thousands of pounds a seam was proved, as shown in the Geological Memoirs, of about four feet thick.

The proving of the North-Eastern Coalfield of Nottinghamshire, as shown by the plan handed in, is a repetition of what is now being done, and what has been done, in the Yorkshire Coalfield and in Kent, where thousands of acres which were considered to be land with only surface value have revealed underlying the surface rich deposits in minerals which have proved to be of great benefit to the nation.

The exploration and proving of the coal areas in this country depend largely on the energy and the willingness of public companies and private individuals to lay out capital to provide means for the proving of the area, and in many cases, as shown by the past borings, the sum so laid out has failed to reveal any minerals which would warrant further expending of money, and the Company or private individual who has risked his money in the enterprise loses his capital and receives no reward.

In the case of the private individual it is customary either for him to undertake the proving and exploitation of the Coalfield on his own initiative, or to join with other persons in forming a small company, and then to approach the land owners in the district and offer to prove the estates owned by them on agreed terms as to the working of the minerals afterwards if the proving shows that they are of sufficient value to warrant the outlay of further capital. After the work of boring has been completed, then the parties who have laid out this money, if they do not intend to develop and work the area themselves, arrange for their interest which they have secured in this area to be taken up by some other party who undertakes to repay the first party the cost incurred by them in proving the borehole, and a reasonable amount afterwards as an investment on the money which they have laid out on the boring.

Various ways are adopted for paying to the prospecting party a return on their capital, and in some cases a lump sum is paid down in addition to the cost incurred by them in boring, and in other cases the First Party having made reasonable terms with the owner of the minerals for the leasing and working of the same, then the Company who wish to take up the lease and develop the property pay to the boring party by way of a Deferred Payment an amount which varies from 1d. to 1½d. per ton when the coal is ultimately wrought.

To show how risky it is to spend money in developments of this character one has only to look at the map and the annexed table, and it will be seen that although very large sums have been expended, only about one-third of the bores have been successful. It may be said that it is to the interests of the nation that the further proving of the Coalfields should be conducted by the nation itself. Witness differs entirely in this. In all the cases of the bores shown on the plan a full return has been given to the Government of the boring records. A number have already been published in the Geological Memoirs and will be published in other cases. So far as the recording of the result goes, the nation has the

full benefit of the expenditure of the money by the private party. Dr. Walcot Gibson, of the Geological Survey, in his Memoir on the Concealed Coalfields of Yorkshire and Nottinghamshire, deals at great length with the evidence afforded by the above bores, as also by the remarkable boring at Kelham; and Sir Aubrey Strahan, the Director of the Geological Survey, in his paper read before the Royal Institution of Great Britain on 17th March, 1916, on the Search for New Coalfields in England, deals at length with the results of the Kelham bore.

Witness estimates that at least 100 square miles of coal has been proved, in the sense that it has been proved for colliery purposes in the concealed coalfield in North-East Notts, as a result of the boring which has been done. This is part of the area of 1,200 square miles referred to on page 1 of Dr. Walcot Gibson's Memoir.

Witness appends a table of bores put down in this district, with an estimate of the probable cost.

The exploration and the proving of the Coalfields is a matter which is constantly before the mining engineers of the day, and many men who are acquainted with the mining conditions of the country are keenly on the look-out for fresh areas where they can advise their principals for the laying out of capital, and Witness considers that the amount paid as recompense to those who are willing to put down money in an enterprise of this character is very reasonable and that they are fully entitled to a recompense such as is stated above, and it is to the interests of the nation to encourage, as far as possible, the expending of capital in the proving and the developing of the land in this country, as instanced recently by the proving of coal in Kent, the North-East of Nottinghamshire, and South Yorkshire, as well as elsewhere in the United Kingdom.

As stated in the earlier portion of this Appendix, the area of proved coal at the date of the Report of the Royal Commission, 1915, is indicated in the plan attached thereto. The whole of the development shown in the plan handed in by Witness lies to the east of and outside the then proved coalfield.

This development and exploration work has brought into being the large collieries of Rufford and Crown Farm belonging to the Belsover Company, producing over two million tons per annum, and the extension of the Sheepbridge Company, the Staveley Company, and the Wigan Coal and Iron Company, and these of the Butterley and Stanton Companies.

The money which has been found for this work has been money from reserve funds in connection with the above Companies, or collected from outside capital, and has given employment to thousands of persons in this district.

It is true that in Derbyshire where the coal measures are exposed development work has gone on gradually within the past few years, and additional collieries have been sunk which have found employment for a large number of persons in that County, but this is more or less the normal exploration and development, whereas what has been done in North-East Notts is entirely due to the enterprise shown by the various Companies and individuals concerned.

The work of boring is a particular art of its own, and one which requires great knowledge and skill to be successfully carried out.

The site has to be selected by Mining Engineers conversant with the District, in order that known faults may be as far as possible avoided, and the ground be representative of the area to be proved.

The boring machinery wants constant attention and constant supervision by men who are able to judge when coal is reached, so that an accurate record can be obtained of the thickness of the seam.

It is only on rare occasions that a core of the coal can be secured, and the thickness of the seam is calculated by time, and the quality of the seam by the residue collected in the core barrel.

14 May, 1919.]

MR. HENRY EUSTACE MITTON.

[Continued.]

The result of 18 boreholes put down in Nottinghamshire have given seven areas where it is fairly safe to assume a large tonnage of coal in workable seams awaits development. The other holes have proved in some cases no workable seam exists, whilst in the others the record is doubtful, and will require further proving before the expenditure is necessary for the equipment and development necessary for a Colliery undertaking.

Taking the case of the Ollerton and Bilsthorpe result, the Companies responsible for the exploration work had previously decided to develop these areas as soon as opportunity presented itself. After the Armistice the necessary arrangements were commenced, and certain machinery ordered to commence developing the same. Estimates were prepared, and

plans got out, when the question as to considering the Nationalisation of Mines presented itself.

The appointment of this Commission caused the Companies to reconsider their position, in view of the huge expenditure which the developments entailed, and operations were suspended, and are to-day in abeyance until some definite decision is arrived at with regard to the future of the mining industry of this country.

It is greatly to be deplored that work of this character has now been stopped practically over the whole of this Country at the moment when the nation has before it the enormous task of recommencing operations which have been suspended for a long period owing to the War which are so vitally necessary to open new Coalfields to take the place of those which are being exhausted in the ordinary course.

North Notts.

Company.	Bore.	Date.	Depth.	Cost (boring, acquisition and overhead charges).	Remarks.
Butterley Co., Ltd., and Stanton Coal and Iron Co., Ltd.	Ollerton ...	1918	2,279		*
Butterley Co., Ltd....	Retford ...	1918	2,000		In progress.
Butterley Co., Ltd....	Farnsfield (1) ...	1914	1,556		†
Butterley Co., Ltd....	Farnsfield (2) ...	1915	2,600		†
Butterley Co., Ltd....	Farnsfield (3) ...	1917	2,957		†
Retford Coal Syndicate, Ltd. ...	Cottam ...	1910	1,500		†
Retford Coal Syndicate, Ltd. ...	South Leverton ...	1913	2,590		In progress.
Coal and Iron Development Syndicate.	Kelham ...	1908	2,619		*
Stanton Coal and Iron Co. ...	Bilsthorpe ...	1917	1,527		*
Stanton Coal and Iron Co. ...	Kirklington ...	1915	2,400		†
Stanton Coal and Iron Co. ...	Wellow ...	1917	2,149		*
Owsthorpe Syndicate ...	Clipston... ..	1908	2,105		†
	Owsthorpe ...	1895	2,032		†
	Ruddington ...	1895	1,870		†
	Thurgarton ...	1899	2,233		†
Sir Chas. Seely ...	Oxton ...	1905	2,050		*
	Bevercotes ...	1896	1,136		†
	Clipstone (sic) ...	1913	1,000 circa		*
	18		36,608		
NOTE.—The data for the cost of the bores are not complete. An estimate of £10,000 on the average per bore for 18 bores is probably about correct, but deduct £10,000 for possible error, say				£170,000	

Of the 18 bores, 6 were good marked *
6 were doubtful marked †
4 were negative marked ‡
2 are still in progress.

18

Chairman: Mr. Mitton speaks as to boring development and ancillary work carried out by pioneer companies in North Notts.

He is a member of the Institution of Civil Engineers, and President of the Midland Counties Institution of Mining Engineers, is at the present time mining engineer for the Butterley Company, Limited, and mining adviser for the Butterley Company, Limited, and the Stanton Ironworks in connection with new coal undertakings in the north-east of Nottinghamshire. Prior to 1905 he was assistant general colliery manager to the Tredegar Iron and Coal Company, Limited, and previous to this had considerable experience in different collieries in Derbyshire.

I am afraid we cannot go through all the individual instances, because the time at our disposal is so short. I will go to the top of page 3:—

“The exploration and proving of the coal areas in this country depend largely on the energy and the willingness of public companies and private individuals to lay out capital to provide means for the proving of the area, and in many cases, as shown by the past borings, the sum so laid out has failed to reveal any minerals which would warrant further expending of money, and the company or private individual who

has risked his money in the enterprise loses his capital and receives no reward.

In the case of the private individual it is customary either for him to undertake the proving and exploitation of the coalfield on his own initiative, or to join with other persons in forming a small company, and then to approach the land owners in the district and offer to prove the estates owned by them on agreed terms as to the working of the minerals afterwards if the proving shows that they are of sufficient value to warrant the outlay of further capital. After the work of boring has been completed, then the parties who have laid out this money, if they do not intend to develop and work the area themselves, arrange for their interest which they have secured in this area to be taken up by some other party who undertakes to repay the first party the cost incurred by them in proving the borehole, and a reasonable amount afterwards as an investment on the money which they have laid out on the boring.

Various ways are adopted for paying to the prospecting party a return on their capital, and in some cases a lump sum is paid down in addition to the cost incurred by them in boring, and in other cases the first party having made reasonable terms with the owner of the minerals for the leasing and working

14 May, 1919.]

MR. HENRY EUSTACE MITTON.

[Continued.]

of the same, then the company who wish to take up the lease and develop the property pay to the boring party by way of a deferred payment an amount which varies from 1d. to 1½d. per ton when the coal is ultimately wrought."

That is with regard to the exploration of new areas. Now you deal with the risks of it:—

"To show how risky it is to spend money in developments of this character one has only to look at the map and the annexed table, and it will be seen that although very large sums have been expended, only about one-third of the bores have been successful."

17,697. I will read what the witness says while the Commissioners look at the table. Take the map in front of you. You say one-third has proved successful. Do you distinguish between the successful ones and the unsuccessful ones on the map?—No.

17,698. You say in your proof: "One has only to look at the map and the annexed table, and it will be seen that, although very large sums have been expended, only one-third of the bores have been successful"?—It is shown on the table at the end.

17,699. Of the 18 bores which are all set out on that table, six were good, and those are marked with an asterisk; six were doubtful, and those are marked with a dagger; four were negative, and those are marked with double daggers; and two are still in progress; so that six were good, six were doubtful, four were negative, and two were still in progress. "It may be said that it is to the interests of the nation that the further proving of the coalfields should be conducted by the nation itself. Witness differs entirely in this. In all the cases of the bores shown on the plan a full return has been given to the Government of the boring records. A number have already been published in the Geological Memoirs and will be published in other cases. So far as the recording of the result goes, the nation has the full benefit of the expenditure of the money by the private party." Is that the reason you differ from it?—No.

17,700. You say you differ from it, but you do not say why you differ from it?—No.

17,701. Perhaps you will tell us that?—Yes. The reason why I say that is that I consider that the private enterprise that is being carried out is done very much better in that way than by the State or by Government control.

17,702. I thought you were saying that in the case of these sinkings they are done at the risk of private people, but if the Government did it it would be done at the risk of the Government. You think the risk would be different?—I do.

17,703. I am sorry we have not the time to go into your instances, but there is something you want to say at the bottom of page 5:—"Taking the case of the Ollerton and Bilsborpe result, the companies responsible for the exploration work had previously decided to develop these areas as soon as opportunity presented itself. After the Armistice the necessary arrangements were commenced, and certain machinery ordered to commence developing the same. Estimates were prepared, and plans got out, when the question as to considering the nationalisation of mines presented itself. The appointment of this Commission caused the companies to reconsider their position, in view of the huge expenditure which the developments entailed, and operations were suspended, and are to-day in abeyance until some definite decision is arrived at with regard to the future of the mining industry of this country. It is greatly to be deplored that work of this character has now been stopped practically over the whole of this country at the moment when the nation has before it the enormous task of recommencing operations which have been suspended for a long period owing to the war which are so vitally necessary to open new coalfields to take the place of those which are being exhausted in the ordinary course." That is a very serious thing. Is there any chance of their going on at present?—The matter is now before the Coal Controller.

17,704. That is what I wanted you to tell me, because you know they tried to take steps to have that got over, and I hope it will be got over?—Yes.

17,705. Mr. Frank Hodges: I see you estimate in your appendix that the cost of the total borings, 18 in number, would come to £170,000?—Yes.

17,706. But only 6 of those have been marked good?—That is so.

17,707. So that in the ordinary way, as it is put in this statement, each borehole costs £10,000; therefore you have spent £60,000 of good money upon which you can expect to get a return?—Not quite that. If you look at the bottom there you will see that 6 were marked doubtful and 2 are still in progress, so that some credit ought to be given for those.

17,708. For the doubtful ones?—Yes. By "doubtful" I mean this, that in boring in certain of these areas, we did not get a satisfactory section in thickness. It does not mean, to my mind, that that area is altogether lost, but some further proving will have to be done either by working the adjoining area, so as to see how the coal is going, or putting another hole down, so that some credit ought to be given for those bores, apart from the good ones.

17,709. You want credit for the two still in progress and the six that are doubtful?—I think it is fair.

17,710. Let us see if it is fair: that amount which you have explained and on which you hope to get a return at present is £60,000—£10,000 a bore?—Yes.

17,711. You have explained the total of £170,000?—Yes.

17,712. In the ordinary way of capitalist enterprise you would expect to lose for ever that amount on the four marked "negative"?—Yes.

17,713. That would be gone for ever?—It would be part of the other good ones.

17,714. Do you mean to say that you would put it as the actual cost of the good ones?—I put it in this way: If you look at the plan you will see the area there of Farnsfield. If that area proves to be of no use at all, and the area above which we have proved at Ollerton is good, then the cost should be charged to Ollerton for proving there to find an area which was workable. You should not wipe it out altogether.

17,715. No. That is very clever. So that, as a matter of fact, you would not incur any losses if you put the total expenditure on the good borings?—If you put it all on the good borings, certainly.

17,716. Are you making a proposition to this Commission that the Commission should consider the question of compensating you for the amount expended?—No. I think I should like to state clearly the reason why I am giving evidence here. The boring company are parties who have put down capital for proving the continuation of the seams in Yorkshire and Nottinghamshire and other places in the country like Kent, and having spent this money, if there is going to be any alteration, in the taking over these mines by the nation, then that capital which has been spent on this ought to be considered in the same way as anybody else's capital is considered. Take my own company, the Butterley Company. We have spent in the east of this county a large sum of money in proving the continuation of these seams. If afterwards the mines are taken over, then that money which has been spent there, and has proved these seams to be workable, ought to be taken into consideration.

17,717. That is to say, if I understand your position aright—I do not know whether this applies to the other gentlemen who are connected with these pioneer firms—you propose that the amount of money, this £170,000, should be repaid you, and some sort of prospective profits that you would have had in the realising of the taking over by the colliery company?—No, not in all cases. In the cases which I have quoted, the companies intended to work the properties themselves. We are going to develop, so that all I should ask there is, supposing the mines were taken over, any money which we put out in this way ought to be taken into consideration, and if it was a proper

14 May, 1919.]

MR. HENRY EUSTACE MITTON.

[Continued.]

and fair sum spent, and it proved to be of value to the nation, it should be returned.

17,718. If mining was not such an attractive proposition you would involve a capitalist risk, and you really ask the State to back up your capitalist risk or to prevent you from having any financial failures?—I am only suggesting this if the mines were taken over. I am not suggesting that if they are continued to be carried on under private enterprise that they should be repaid. If they turned out a failure, then the party would take his own risk.

17,719. That is to say—and it has happened in more cases than one, I expect, with these pioneer companies—that they have provided capital which has been irretrievably lost because the enterprise in which they have embarked was not a remunerative one?—Yes.

17,720. Do you regard this mining as being so remunerative as to practically insure you a return on your capital outlay?—I should not like to say, to insure it. I know of a good deal of money that has gone in but has not come back, and I know of a good deal that has come back.

17,720a. It must be sufficient to cover this £170,000?—I have been able to get people to put up money for these propositions so that there must be some attraction.

17,721. Do you regard the area of coal unworked in this country as being in excess of that already worked?—I have not considered that. I should not like to answer that question straight off.

17,722. Supposing it is a geological certainty that there is more coal to be worked than there has been worked, and that there are concealed coalfields that were not thought of 50 years ago that are workable, do you not think it would be a proposition in the national interests that, instead of all these new coalfields being exploited from the start by the individual capitalist, they should be exploited on a larger and grander scale according to the best propositions that science can bring forward?—I consider that they are now exploited according to the best propositions that science can bring forward.

17,723. Even in the scattered and individualist way that it is proposed to develop these coalfields?—In the way that they have been developed during the last few years, I consider that it has been in the best manner, and I consider in a far better manner than it would have been conducted by the State.

17,724. That is to say, you have come to the conclusion that the development of the coalfields along the line of private capitalism leaves nothing to be desired?—I should hardly say nothing to be desired, but I am satisfied with it, looking at it in the interests of the nation.

17,725. *Sir Adam Nimmo*: You are not speaking for the Pioneer Company in the ordinary sense. Your company is an ordinary colliery undertaking?—The company which I represent is an ordinary colliery undertaking, but I have been asked to come here by the Pioneer Development Companies, because I am speaking for Nottinghamshire and the east of Nottingham, of which I have a great knowledge of their development.

17,726. But those pioneer companies are not the only companies that are doing this pioneer work?—No.

17,727. That is to say, many colliery companies in many parts of the country do this pioneer work?—Yes.

17,728. Would you say that any colliery company that is looking ahead with regard to its development would undertake this kind of work?—Certainly.

17,729. Do you know whether it is or is not the case that a number of companies keep on boring new areas all the time?—Yes, it is the case.

17,730. What they desire to do, I take it, is to keep up and increase their output, if at all possible?—Of course, the thing which is always before the mind of the mining engineer who is in charge and

responsible for a big undertaking is that he must look to the future to replace the exhausting coal in the colliery which he is controlling.

17,731. That exhaustion goes on at a rapid rate, does it not?—That is so.

17,732. And a wisely conducted company always looks ahead with a view to taking up new areas as fast as it can?—Yes. Take the case of the company I control. Since 1906 we have spent on development work and increasing our output 31 per cent. of our profit, and the result of that is this, that we have increased our output from just over one million tons per annum to over two millions, and included in that money we have the result of this development work in the east, in which we have now an interest in large areas which are waiting for development as soon as this matter can be settled by the Control.

17,733. If I put it to you that I know the case of a company that has not stopped boring for 20 years, would you say that is an exceptional case?—No, not at all exceptional.

17,734. Is not that work essentially progressive?—Yes.

17,735. Does it not keep the pulse of the industry beating strongly?—Yes, it does.

17,736. And keeps it alive?—Yes.

17,737. Taking advantage of everything that is discovered?—It keeps the owner's eye open with a view to seeing that his neighbour does not step in.

17,738. I understand you to say that private enterprise has done everything that is required in giving the country all the coal that is necessary?—Yes.

17,739. *Sir L. Chiozza Money*: I want some further information on matters of fact. Can you tell me how much capital is now employed by the existing Pioneer and Development companies?—No, I am afraid I cannot.

17,740. You do not know?—No, I do not know.

17,741. How many of these companies are there in Great Britain?—There are four, I understand, of this company which I am representing here to-day.

17,742. I mean how many boring companies are there in Great Britain?—I do not know that.

17,743. You are not speaking for all of them?—No.

17,744. Are there no collective facts with regard to them?—Not to my knowledge.

17,745. You do not know how much capital is invested in them?—No.

17,746. You do not know how many men they employ?—No.

17,747. Then may I ask, why do you think the very important matter of proving the coal of this company is sufficiently attended to by existing methods if you have not that information?—Because I know from experience that the work which has been done in this country, in my own immediate neighbourhood and other districts, has resulted in the proving of a very large area of coal which has been lying hidden and concealed, and was never known to have existed in past years.

17,748. From that you assume what you consider as satisfactory in your locality, equally obtains in other countries?—I know other districts where it has done. I know Kent.

17,749. Are you satisfied with the financial operations in Kent?—I know nothing about that.

17,750. Is there anywhere where I can obtain information as to how much capital and how many men are employed in proving the coalfields in this country. Is there any accessible information?—Not to my knowledge.

17,751. Is not that rather remarkable?—I do not think so.

17,752. *Mr. Evan Williams*: A great deal of valuable information has been obtained, I think, by this system of boring which is described here?—Very valuable.

14 May, 1919.]

MR. HENRY EUSTACE MITTON.

[Continued.]

17,753. Do you consider that the information you have obtained is worth the money you have spent on it?—Yes. I am speaking for Nottinghamshire.

17,754. I am speaking of the boreholes you have described in your proof?—Certainly.

17,755. You have obtained valuable information which is worth the money spent on it?—Yes.

17,756. Your view is, if someone else is going to reap the benefit of that, they should pay for it?—Yes.

17,757. Your company's coalfields extend over the whole area that you have been boring over?—Yes.

17,758. Is it not of very great value to know where not to sink a colliery in a known coalfield?—Certainly.

17,759. Is it not almost of as much value to know where not to sink a colliery as to know where to sink one?—I think it is most essential.

17,760. So that one of the ineffective boreholes upon which you have spent £10,000 may be worth quite as much money as where you have proved the coal?—Yes.

17,761. *Mr. Robert Smillie*: I think your position is a peculiar one: you are a colliery manager?—I am.

17,762. You are also connected with these pioneer boring people?—No, I am not connected with the pioneer boring people. I only put in my evidence here to-day with their evidence because the Butterley Company and the Stanton Company, with whom I am associated, and which I control, have done a very large amount of development work in the east, and I thought it would be of assistance to this Committee if I came and gave what knowledge I had in this matter: therefore I came under the wings of the Pioneer Company.

17,763. Is the Butterley connected with the Pioneer Boring Company?—Not in any way.

17,764. Did you not say that you were here to give evidence for the Pioneer Company?—On behalf of the Pioneer Companies, and developing work by them.

17,765. I think you have also another string to your bow. Do you not represent a landowner down in Kent?—No, I do not represent a landowner. I have the honour of holding a sort of watching brief for a gentleman who holds some land down there, to keep a weather eye on the development of minerals for him.

17,766. Will you tell us who that is?—Yes: Mr. Leslie Wright.

17,767. Has any of his ground been leased yet?—None of it has been leased, but there has been an agreement signed for taking a lease, though it has not been carried out.

17,768. Has his ground been bored?—No.

17,769. How many years is it since you suggested to us that you had some good ground? You remember meeting us in Dover?—I remember meeting you at Dover after you came back from Germany.

17,770. You were quite ready to lease that ground for mineral purposes?—I was not prepared to lease it, but I think that was the time when I was considering this lease for these people.

17,771. Are you prepared to lease that ground now for your friend?—I should have to get his instructions first. I have not asked him. I suppose he would be prepared to lease it.

17,772. It has not been bored, has it?—No.

17,773. You said, in answer to Mr. Evan Williams, that if somebody else is to reap the benefit, you would expect somebody else to pay. Is that still your answer?—I said in answer to Mr. Evan Williams if somebody else is to reap the benefit, the party who has spent the money in proving this area ought to be paid.

17,774. You say, if the State took over the mines and minerals, you would expect them to pay the Pioneer Company the money they have spent in proving the minerals?—What I should expect the State

to repay would be the proper amount expended by any party, whether he is a pioneer company or a private person, if he has proved these minerals which are of value to the nation.

17,775. Have not those minerals, up to the present time, been valuable to the owner of the soil?—Not until they were proved.

17,776. When they were proved by boring, and doubly proved by sinking, and then when the miners went down and produced the coal, they became valuable to the proprietor of the soil?—Yes.

17,777. Did you hear it said this morning by a landowner in the witness box that other people proved his land by boring, and they paid him, for allowing them to prove his land, £400 a year?—I do not remember that. They called me outside for a hit.

17,778. Do you know Mr. Plumtre?—Yes.

17,779. His statement was that he allowed people to bore the ground on his estate, and that they were paying him during the time that they were doing it?—Yes.

17,780. When they discovered coal on it, he would benefit from it by getting a lordship for it?—Yes.

17,781. Do you think he should benefit by it by getting a lordship from it without his paying money for boring it?—No, I do not think he should.

17,782. Do you think the State should? Should the State be treated in any way different from Plumtre or the Duke of Hamilton?—If it belongs to the State it belongs to the State; if it belongs to the Duke of Hamilton, it belongs to the Duke of Hamilton.

17,783. You say you do not think that the Duke of Hamilton or Plumtre should pay for that boring; why is that?—Most probably the party who owns this land would not have the money to do the boring; then he would have very little idea as to whether the coal was there or not. Our people come along and are willing to risk their money to prove the boring, and make terms, before they do that, with the party who owns the coal, that, if the coal is there, they will take a lease.

17,784. Take the land that you are interested in for the gentleman you mentioned down in Kent; supposing somebody bored that land and found there was coal in it or other valuable mineral and proved the property for your friend there, do you think that your friend would not be entitled to pay those people who really proved it?—I do not know Mr. Plumtre's lease, but I should say the way he would act would be this: he would say to a party, If you like to prove this coal, I will let you have the coal on certain terms.

17,785. Why have you the cheek to come here and say that the State, when they took over the minerals, should pay the pioneer people for having bored and proved those minerals?—Because my reason for coming here on that is, I want to show that there is a certain amount of money which has been expended in proving coal in the east of Nottinghamshire and Yorkshire and other parts of this country, and if the State takes the mines over, then these parties, who have put that money down and proved this valuable area for the nation, ought to have that taken into consideration.

17,786. You have spent £170,000 in your borings?—Yes.

17,787. £60,000 of which is well spent?—Yes.

17,788. Where it is well spent, there must be a recompense, but not for the £170,000. Supposing the State does not take it over, will the owner of the land pay that £170,000?—No.

17,789. Will the persons who have spent it lose it?—If the State does not take them over, then I take it that the persons who have proved it will go on developing. I to-day am in a position that I have had orders to start developing this large area. I have prepared the plans of houses—a huge village of 1,000 houses, and all the expenditure necessary to the equipment of the pits. I have given orders for winding engines and boilers, and now everything is held up and I have instructions from the Board of

14 May, 1919.]

MR. HENRY EUSTACE MITTON.

[Continued.]

Directors that I am not to proceed until we know where we are further.

17,790. Do you know that two of those bores were commenced in 1918?—Those two were commenced by myself. I am in control of the Butterley Company.

17,791. In 1918?—Yes.

17,792. Do you know that for 10 or 15 years there has been a very strong desire on the part of the miners of this country, and largely on the part of the general public, to nationalise the mines?—No, I did not know that that was so long ago. I am not quite aware yet that it is on the miners' side altogether that there should be nationalisation.

17,793. Do you think that all this feverish boring that has gone on now is for the purpose of letting in the State for something when it takes over the minerals?—Most certainly not.

17,794. Do you not think the State could have done this boring quite as well as it has been done by private enterprise?—I am perfectly sure that it could not; and I should like, if you will allow me, to tell you this, that now that the State can do boring in this country, it has been brought so forcibly to my mind that the way they are doing it is so absolutely different to what it has been done under my control and under the system of the mining engineer, that I am more convinced than ever it would not be satisfactory to let the State do it. I refer to the bore-hole that has been put down by the Government for oil at Coggins Park, five minutes from my office. I think it would be very useful for this Commission if they obtained from the Government the amount of money spent by the Government on the bore-holes in Derbyshire to-day, and compare the money that has been spent in proving the coalfields in the east of Nottinghamshire, to see how it works out financially. Then I should like to say with regard to this bore-hole that I refer to, we have at our office information with regard to all the strata in the locality where this bore-hole has been made; and no use has been made of that information, although I have met the Government officials of three different departments, and have come to an arrangement with regard to boring, no agreement has been signed, and they are not taking advantage of the information that is lying right at their door. When I start boring, the first thing I do is to go to the nearest party who provides the ground in that locality. I make friends with him and get from him all the information I can. All I can say is, if boring is going to be conducted by the State on the lines that it has adopted, then Heaven help the country!

17,795. I am quite willing to assist you in getting an enquiry into that point, too?—I am very glad to hear it.

17,796. You say that the State would not conduct borings as well as a private individual would; have you ever heard of a journal of a bore showing one or two seams of coal, and then, when the sinking took place it was found there was no coal there? Are you aware that the borers, used to show a journal in which coal was shown, and then no coal was seen?—I do not know a case of that kind, but it is quite easily done. I have heard about it, but I do not know of a case.

17,797. Do you know that it was possible under the old methods of boring to show a journal which was not a correct journal?—It is possible under the present method.

17,798. Even with a diamond bore?—Yes; if you tell me the thickness of the seam you want I can do it for you.

17,799. Then it is still possible to salt it?—Yes.

17,800. Surely the State could not do worse than that?—It is doing away with the initiative; it all comes to that.

17,801. Do you not see that if the State were doing their own boring the initiative or any incentive to act wrongly would be removed? It is only in the private ownership that the incentive to do wrong would be there for private gains; there would be no such thing with State boring?—I do not say for a moment that there have been false borings in this

country to a large extent; there may have been cases, but they have been exceptionally rare.

17,802. I am afraid they have not been exceptional?—Then I do not agree with you there.

17,803. *Mr. Herbert Smith*: Do you know anything about South Yorkshire? Are you prepared to give any evidence on that?—I should like if I could help you to clear up that George Dunston matter.

17,804. Would you agree that these borers and the owners are working in harmony?—No.

17,805. I have here a letter that was sent out by the Boring Company on the 25th of April from St. Helens, in which there is this said: "I should be glad to hear from you in reply precisely what you have done, as we are working in harmony with the Collieries Owners' Committee and the Miners' Owners' Committee, though, of course, our case is different from theirs." Is Mr. Brady the solicitor to the company?—Mr. Brady is the solicitor for the Yorkshire Boring Company.

17,806. You are here to give evidence on that matter?—I am here to give evidence as to boring and the development.

17,807. We have the Yorkshire plan here, and I want you to follow me along this plan. Here is the Cadeby Collicry, and along that line you get to the South Carr?—Yes.

17,808. Will you tell us when this Boring Company started to bore in South Yorkshire, which was the first bore-hole they put down?—1893.

17,809. Am I right in saying this bore-hole 13 miles from Cadeby was proved in 1893?—That is right by George Dunston.

17,810. And yet, in face of that, within that area, you have put half a dozen more bore-holes?—The Boring Company did.

17,811. Did they not enter into a bargain with the royalty owners, because this looked like being a prosperous coalfield, in terms similar to this, that the royalty owners should take £17 10s. per foot, and they should take £7 10s. per foot per ann. out of the people who would get these coals?—No, that is not it.

17,812. So that if Mr. Brady says so, that would be wrong?—I suppose so, I do not know. I will tell you what I know, and then you can ask Mr. Brady if you like what he knows. What I know is this, that in 1901 the Yorkshire Power Bill was brought before Parliament, and the whole thing depended on whether the coals continued to the east, and the mining engineers were not satisfied with the South Carr boring, which was a very doubtful boring; it was not sufficiently reliable; and in view of this matter the Yorkshire Boring Company was formed, which was composed of a few gentlemen who put up the money for further exploration work; and they put a bore-hole down at Thorn. I think that was the next bore-hole put down for the South Carr. That bore was then further increased by these bores which have gone on from time to time at various parts of the district; but the South Carr bore in 1893 was not anything sufficient to prove the coalfield. The late Sir Arthur Markham himself put down three bore-holes a little bit to the west of South Carr.

17,813. When you said it is not satisfactory, is it not a matter of fact that they found a seam of 9 ft. 4 in. thickness of Barnsley at South Carr?—I do not know the thickness; I was told by one party that the coal was divided, and by another party that it was not; but when they had got to the end of the boring at South Carr the core got very small indeed.

17,814. Did they find a Shafton seam 960 feet deep?—I cannot remember.

17,815. You seem to forget just what I want you to remember.—It is difficult to bear all this in your mind.

17,816. What would you say if I told you that a seam of Shafton was 960 feet deep and 4 feet thick?—I will accept it; I know that Shafton was reached at that depth; but I do not know about 4 feet.

14 May, 1919.]

MR. HENRY EUSTACE MITTON.

[Continued.]

17,817. Do you know the Barnsley 3,185 feet deep?—Is not that the seam where it was a question whether it was divided or not? If you look at that one that was found at 3,185 at Barnsley, was it not a question whether it was divided?

17,818. No.—I thought it was; it was a very small core; I know that; it was not sufficient to warrant any further borings being carried on there.

17,819. I think you said in reply to Mr. Smillie, if the Government did not nationalise mines, you would get paid on a system which would be agreed with the Pioneer Boring Company?—The Pioneer Boring Company in the Yorkshire area would get paid what they had spent on any area; and afterwards they came to an agreement with somebody else to develop the work if they did not develop the work themselves.

17,820. Then let me ask you: is there any need for the Pioneer Company? Are not the engineers keeping their eye on this coalfield and grasping at it like ginger-bread?—I think the Pioneer Company is a very good thing for the country.

17,821. Is not everybody after this coalfield?—They were not in those days.

17,822. Are they not grasping a bit here and a bit there wherever they can?—I am not very well conversant with Yorkshire.

17,823. That is why I am asking you?—I am trying to do my best, of course, there was a very big attraction during the last few years in the Yorkshire areas, but I think the Pioneer Companies have most likely promoted that.

17,824. Am I not right in saying that in Nottinghamshire, and in Yorkshire, they have their eyes on it?—The Sheepbridge Company have gone into it, and they have at Stavely.

17,825. They have gone well into it?—We have not; I did not keep my eyes enough open, I suppose.

17,826. They have been too keen for you?—Yes, I suppose so.

17,827. *Mr. R. W. Cooper*: Do you know anything at all about the arrangements with the land owners and the Yorkshire Boring Company?—No.

(The Witness withdrew.)

(Adjourned for a short time.)

Chairman: Gentlemen, we have now finished the witnesses for the royalty owners and the boring companies. Up till now the Commission has first of all examined a number of expert economists; then we had a number of independent royalty owners; then we had the peers; then we had the royalty witnesses of Mr. Pawsey's Association and the boring companies.

We have taken altogether 47 witnesses up to date. We are now going to a different class of evidence altogether. We are going to certain Home Office official witnesses who will give their opinions with regard to safety in mines, and the health in mines. The first witness is Sir Malcolm Delevingne.

SIR MALCOLM DELEVINGNE, SWORN and Examined.

Chairman: Sir Malcolm Delevingne, Knight Commander of the Bath; Assistant Under-Secretary of State for Home Affairs, and in charge of the Department of the Home Office responsible for the safety and health in mines. I will ask the Secretary to read the *précis* of the evidence of Sir Malcolm.

Secretary:

"The Home Office, as the Department responsible under the Mines Act for the administration of the statutory provisions in regard to safety and health, is interested in the question of the control of the mines which is now under consideration by the Commission in so far as it affects the observance of those provisions and the general maintenance of safety in the mines.

Present System.

An elaborate code of regulations, contained partly in the Coal Mines Act, 1911, partly in the Regulations and Orders which have been made under the Act by the Home Office, is in force to secure the safety and health of those engaged in the coal mining industry, and is much the most elaborate industrial code in force in the country.

The keystone of this system of regulation may be said to be the responsibility of the manager of the mine.

Every mine with the exception of very small mines must be under a manager, and the manager is declared by the Act (Section 2) to be responsible for the control, management and direction of the mine.

The manager is required to exercise daily personal supervision of the mine (Section 3); he is responsible for the appointment of a sufficient number of competent officials to secure a thorough supervision of

the operations and the enforcement of the statutory requirements, and for assigning them their duties (General Regulation 35); he is required to examine the daily and other reports on the conditions of the mine made in pursuance of the Act (Section 24); he is himself immediately responsible for the discharge of a number of specified duties under the statutory regulations; and he is liable to be prosecuted if the mine is not managed in conformity with the Act (Section 101). Further, he is not only liable to be proceeded against for any default on his own part, he is also liable to be prosecuted and punished for contraventions of the regulations by any person whatsoever unless he can prove that he had taken all reasonable means by publishing and to the best of his power enforcing the regulations to prevent the contravention (Sections 75, 78 and other sections).

It will be seen from this statement that the principle on which the present system of administration is based is to concentrate on the manager the main responsibility for securing the observance of the safety precautions and enforcing the necessary discipline in the mine.

A measure of responsibility is also placed on the owner of the mine and his agent. The owner and agent as well as the manager are held responsible for offences committed by any person whatsoever against the statutory regulations, but their responsibility is limited by the provision in Section 102 of the Act. (A summary of the statutory provisions relating to the position and responsibility of the owner and agent under the Act is given in the note to that section in the official edition of the Act.) The practical effect is that if the owner or agent does not take any part in the management of the mine, makes all the necessary financial and other provision to enable the manager to carry out his duties, and the offence in question has been committed without

14 May, 1919.]

SIR MALCOLM DELEIVINGNE.

[Continued.]

his knowledge or connivance, he is not liable. It may be noted that an owner or agent may not take any part in the technical management of the mine unless he is qualified to be a manager (Section 2).

The responsibility of the manager, and of the owner and agent if they take any part in the management of the mine, is enforced by the system of inspection established under the Act. On the subject of inspection, reference may be made to the Second Report of the Royal Commission on Mines, especially pages 18 and 19.

The responsibility placed upon the manager is a heavy one, and it is necessary that he should have corresponding authority and powers. If he is to be held responsible for the acts of those employed in the mine, whether officials or workmen, he must have full powers to give the directions which he considers necessary for safety and to maintain discipline.

The necessity for such a system, in view of the special conditions under which the industry is carried on, seems hardly open to question. The industry is carried on in face of an enemy, against whom a ceaseless watch has to be maintained, and the operations are not concentrated and carried on in the light, as in a factory: the men are scattered singly or in twos and threes through the workings, often a long distance from the shaft and with no illumination except that of the miner's lamp or candle. Supervision is necessarily difficult. A careless or reckless act of a single individual working by himself in some distant part of a mine, the negligence of an official in carrying out some statutory examination, or the like, may bring disaster. In such circumstances the need of a highly trained and highly disciplined force—at any rate in the more dangerous mines—is hardly less than it is in actual warfare.

The system has been developed gradually in a succession of Acts as administrative experience grew, the last being the Act of 1911, which was passed after the whole question of safety had been thoroughly reviewed by the Royal Commission on Mines, and which came into force in July, 1912.* Besides defining more closely the responsibilities of the owner, agent and manager, the Act and the Regulations and Orders which have been issued under it have greatly extended and strengthened the requirements in regard to safety. The full effect of these changes, owing to the difficulties created by the war, is not yet apparent.

On the whole the system has worked well and has produced good results. The accident rates have steadily diminished; a high standard of management generally has been attained; in many mines the arrangements have gone much beyond the strict requirements of the Acts; many of the new provisions in the Act of 1911 are based on improvements in practice and plant which had previously been devised and introduced by private initiative on the part of owners, agents and managers.

At the same time the existing system is not perfect.

1. The manager, though nominally responsible, is the paid servant of the owner, and as such is subject to his orders. It not infrequently happens that the owner unduly interferes with or hampers the management. As already pointed out, the owner cannot legally take any part in the technical management unless he has a manager's qualifications; and if he takes any part in the management of the mine, he is responsible for any contravention of or non-compliance with the statutory regulations which may be committed in the mine; but it is often difficult to bring home that responsibility to him in court.

No objection is to be taken to the practice in the larger concerns, including possibly a number of mines, of appointing as managing director or agent a mining engineer of high qualifications who controls

the technical management of the whole concern. Under such a system a very high standard of efficiency may be and is attained. Generally speaking—though it is not by any means universally true—the larger concerns which have more capital at their disposal and can secure the best men are the best managed and have the best conditions.

2. The manager may have too much to do. Where he is responsible for the whole management of the concern, on its commercial and administrative sides as well as on the managerial side, his other duties may prevent him from exercising the constant supervision that is required to maintain a high standard of safety.

3. At present there is too little co-operation between the management and the workers in the mines in promoting safety. This is not, of course, a defect peculiar to the mining industry or its system of management. It is pretty certain, however, that no great advance in reducing the number of accidents can be effected without some change in present methods. Take, for instance, the greatest source of accidents—falls of roof and sides. The regulations now in force are the result of a long and careful inquiry by an expert Committee and are probably the best that can be devised in our present state of knowledge. It may be said also that on the whole the management do their best to give effect to them. The number of those accidents at present, however, shows no tendency to decrease. The abnormal conditions existing during the war have, of course, been a very disturbing factor, and with the return of experienced men and the restoration of normal conditions a considerable improvement is to be expected; but probably most of those with knowledge of the industry would say that, the causes of these accidents being what they are, regulations cannot do more than restrict the danger. Accidents due to breaches of regulations are a small proportion of the whole. The human factor is to a great degree the determining factor, and greatly improved results might be secured if the question of safety came to be regarded, not merely as a matter of obedience to rules, irksome in many cases to management and worker alike, the reasons of which are not always understood, or as a system of discipline to be enforced, but as a matter of common interest to all, managers, officials and workers, in which all are equally concerned and for which the co-operation of all is needed and should be wholeheartedly given. A system of Joint Safety Committees such as has come into existence in America and in some works in this country has not so far been developed in the mines, but the Home Office feels strongly that if the full interest of the workers could be enlisted and the means given them of taking a real and effective part in the promotion of safety in the mines, a much higher standard of safety could be reached. The Coal Mines Act already recognises the right of the miners to a voice in the determination and supervision of the conditions under which they work by giving them a say in the settlement of the regulations of the mines (Sections 86 and 87 and Schedule II.) and the power to appoint persons to examine the mine on their behalf (Section 16).

It is not suggested, however, that "safety" should be regarded as a distinct branch of the administration of a mine which can be separated from the technical management of the mine, or that the ultimate authority and responsibility of the manager should be interfered with. The question of safety is inseparably connected with that of the technical management, and it would be disastrous to attempt to divorce them.

State Control during the War.

Under the system of State control which was instituted during the war, and is still in force, the present system of management so far as the Coal Mines Act is concerned has remained unaffected. In Defence of the Realm Regulation 9c it is expressly declared "that the possession by the Board

* The General Regulations did not come into operation until September, 1912.

14 May, 1919.]

SIR MALCOLM DELEIVINGNE.

[Continued.]

of Trade under this regulation of any coal mine shall not affect any liability of the actual owner, agent or manager of the mine under the Coal Mines Acts, 1887 to 1914, or any Act amending the same." The full responsibility for the observance of the Acts remained with the management, and the Home Office has enforced its observance against the owner, agent and manager in exactly the same way as before.

Nationalisation.

If the State became the actual owner of the mines, and worked them, the position of the manager would be radically changed. He would become a servant of the State, acting under the Minister of Mines and the superior officials of the Department, from whom he would receive directions and instructions. He would be responsible to those authorities for carrying out his duties as manager in accordance with the directions and instructions he receives, and in the case of default on his part would be dealt with, not by prosecution, but by disciplinary action. The conditions of his employment in regard to tenure of office, promotion, &c., would tend to approximate to those of other Government services. What the effect of such a change in regard to the management of mines from the point of view of safety would be is difficult to estimate, but it is obvious that his responsibility and powers would be very different from what they are at present.

The following may be suggested as some of the results which would follow the adoption of a system of State working:—

1. Some of the difficulties experienced under the present system would be diminished and would perhaps disappear. The manager would no doubt in many cases have a freer hand than he has at present under private ownership to make the best possible provision for the technical equipment of the mine and for safety. I am not at all sure that he would have less to do than he has at present. A great deal of his time would be taken up with correspondence on points which under the present system he would settle either on his own responsibility or personally with the owner or agent, and with the making of returns.

2. The average status of the mine manager's profession would no doubt be raised. The men of the lowest grade would be eliminated. On the other hand, the men of the highest grade might not be attracted to the service.

3. The status of the under-officials would also be improved and a better class of man would be attracted than is found at present in many of the mines.

4. It is possible the miners might co-operate more keenly in a system of safety committees under a system of State working than under the present system.

5. It seems doubtful, however, whether some of the drawbacks to the present system which have been suggested to the Commission in evidence would be entirely eliminated. If the general running of the mine is concentrated as at present in the hands of a manager, he will still have as his main function the production of coal, and will be judged largely by his efficient and economical management in this respect.

6. Differences of efficiency in the management of the mines will still continue to exist. They are due to differences of character, ability to manage men, technical qualifications, experience, and so forth, and the special conditions under which the industry is carried on would make it more difficult to counteract these by supervision than in some other industries.

7. The difficulty of supervision and of bringing home responsibility to the manager, officials and men for any accidents that may occur will also remain. As stated previously, accidents due to actual breaches of the regulations are a small proportion of the whole.

8. The State is not able to differentiate between individuals as a private employer can and equate responsibility and remuneration as closely to the merits of the individual. The same instructions, rules, &c.

will have to be applied all round; salaries will tend to equalise; initiative may be hampered and the personal incentive weakened. The administration of the industry will be concentrated in fewer hands, and consequently tend to become much more rigid. Managers will tend to throw responsibility on their superiors and ask for instructions.

9. Conversely, the penalty for failure or error of judgment is not the same under the State as under the private employer. It is much more difficult for the State than for a private employer to get rid of an inefficient man, and the difficulty would be increased under a system of nationalisation of mines by the fact that there would be no private coal mines at which a manager whose services were dispensed with could find employment.

10. Whether discipline would be equally maintained under a system of State working is a question on which it is difficult to form an opinion. There is no case exactly analogous. The explosives industry is perhaps the nearest, and in this industry the Government works do not appear to have had any advantage over the private works in the matter of discipline and safety. Everything will depend on the power and responsibility which are given to the manager.

On a balance of these considerations, it seems very uncertain whether nationalisation would result in any appreciable reduction of accidents.

Pit Councils.

The foregoing observations are based on the assumption that the present system of control by a single manager is maintained under a scheme of nationalisation. The actual schemes of nationalisation which have been submitted to the Commission propose important modifications of this system. Some of the schemes, while purporting to maintain the general principle of the responsibility of the manager, propose the appointment of advisory pit councils, half the representation on which would be given to representatives of the men employed in the mine. The effect of such a system would depend on the powers and functions conferred on such councils. One can see many advantages in the establishment of a body which, while not interfering with the manager's responsibility for the control of the mine, would provide a means by which the views and suggestions of the men could be obtained by or brought before the management. Such a system would be similar to the Safety Committees already referred to, though the functions of the council would be more extensive. Other schemes that have been submitted propose to place the manager under the general control of the Pit Council. Under these schemes individual responsibility would disappear and a collective responsibility, which could not be enforced, would be substituted. It would be much the same thing as running a regiment by a committee of soldiers and officers. I cannot imagine anything more disastrous for the safety of the mines."

17,828. *Mr. Arthur Balfour:* I take it the provisions of the Act of 1911 are adequate to-day?—On the whole, yes. In some details they are capable of amendment.

17,829. Do you think there ought to be some arrangement for having a Committee or a Commission which would look into the question of safety of mines, say, every five years and to examine and see if the improvements of the last Act had been carried out and whether anything more could be done?—I think it is very desirable to review from time to time the position with regard to safety.

17,830. Do you think it would be advisable, whether coal mines are nationalised or not, to have some permanent Department of the State or a Commission to look after the coal mining industry as a whole?—That is the function of the Home Office at present.

17,831. It is rather divided; you only look after it as regards safety?—Yes.

17,832. You do not supervise the industry in any other way except safety in carrying out the safety Act?—Those are the only functions, except the war

14 May, 1919.]

SIR MALCOLM DELEVINGNE.

[Continued.]

functions, the State has at present with regard to coal mines.

17,833. You think some inspection of the State Department might be advisable whether the mines are nationalised or not?—From the point of view of safety.

17,834. Where the State could see if the industry was being developed?—That is hardly a question on which I can give an answer.

17,835. On page 2 of your *précis* you refer to the question of salaries of the officials. I take it all Government salaries are published and are available to the public?—Yes.

17,836. It is absolutely necessary if everybody becomes a State employee that the salaries would be stereotyped?—Yes, it is almost inevitable that there must be a certain grading into classes.

17,837. Otherwise there will be jealousies and difficulty arises?—The point is you cannot equate the salary to a particular individual in the same way as a private employer can.

17,838. Do you think it would be too great a jump to jump from our present system to nationalisation without some intermediate experience?—You mean from the point of view of safety?

17,839. From the point of view of safety, in the first instance?—I do not think I can say. It would be a very big jump, of course.

17,840. On the whole, you think no change is necessary?—I do not say that. One's answer would depend so largely on the kind of scheme that was proposed.

17,841. You have not seen any scheme for nationalisation yet with details from the point of view of safety?—I do not think I have seen any scheme sufficiently worked out in detail yet.

17,842. You think it is very important in any case of nationalisation that the details should be thoroughly worked out and understood?—I think it is very important from the point of view of safety.

17,843. But you can see the importance of details as regards safety?—Yes.

17,844. *Mr. R. W. Cooper*: With regard to what you say at the bottom of the second column of the fifth page of your proof, where you refer to the fact that some of the larger colliery concerns are under the management of technical engineers who have qualifications, you speak approvingly of that system. I do not know if you have any knowledge yourself of the sort of salary which a man of the kind you describe there commands?—No official knowledge.

17,845. When you say you have no official knowledge, have you any private knowledge?—One hears at times of cases.

17,846. From what you have heard or know, is the scale of salaries commanded by men of that description in excess of anything they would command if placed under the State?—I should think it would be in excess.

17,847. Then from page 4, paragraph 2, of your proof, I gather that your experience and observation leads you to the conclusion that a sharp line ought to be drawn between what I may call the Commercial Department of the colliery concern and the Technical Department. In other words, the man responsible for the technical management of the mine ought not to be encumbered with any commercial or general duties at all?—I have not suggested that.

17,848. You do not suggest that?—No.

17,849. In paragraph 5 you offer suggestions. You have discussed the effect of nationalisation. You say: "If the general running of the mine is concentrated as at present in the hands of a manager, he will still have as his main function the production of coal, and will be judged largely by his efficient and economical management in this respect." I suppose there you are looking entirely to what I may call the technical management of the mine, the production of coal itself?—Yes.

17,850. And nothing to do with the disposal of the coal?—Yes.

17,851. Of course, by the efficient and economical management of the mine, you mean technically and from the point of view of working cost; that is to say, both technically and financially the economical management of the mine?—Yes.

17,852. I gather you are very strongly of opinion that nothing should be done to impair or weaken the power and responsibility of the manager?—Yes.

17,853. And any function of any committee, though they may be desirable committees, and I do not say they are not, should be of an advisory character only?—Yes, I contemplate the committee undertaking investigations and inquiries.

17,854. And getting full information?—Yes.

17,855. No power of control in any way or hindering the pits or the responsibility of the manager?—That is my view.

17,856. *Mr. Evan Williams*: There is one point on your proof in the second column, where you say: "Many of the new provisions in the Act of 1911 are based on improvements in practice and plant which had previously been devised and introduced." Were there any of the provisions that were based upon something that had not been introduced by some coal company or other, or some mining engineer?—Yes. I think I could point to certain provisions which were not based on previous practice.

17,857. What is there that evolved out of the brain of the Home Office?—Out of the brain of the expert advisers of the Home Office, I should say.

17,858. Can you point to anything introduced in the Act that had not been in practice in some mine or other in the country?—I shall have to look into that before I give an answer.

17,859. When you say "many," you do not wish us to draw the conclusion there were a considerable number of them not in practice?—The Act was based on the investigations made by the Royal Commission on Mines. I have not checked each recommendation of the Royal Commission to see if it corresponds with something existing previously in the mines.

Chairman: Will you look at Section 36, sub-section 3 of the Act of 1911?

17,860. *Mr. Evan Williams*: "Every part of the mine in which ten or more persons are employed at the same time shall be provided with at least two ways affording means of egress to the surface, and so arranged that, in the event of either becoming impassable at any point, the other will afford means of egress to the surface." I take it that the majority of the mines in the country, or practically all, had two means of egress from working places where ten or more persons are employed?—We came across places where they had not.

17,861. This was in practice in the majority of mines in the country before it was introduced by Act of Parliament?—Yes.

17,862. I suggest to you there is nothing in the Act that was not actually in practice in some manner or other in the country before?—I daresay that is so, generally speaking.

17,863. The progress of the industry really in the direction of safety has been the result of the personal initiative of the mine managers at some mines or other in the country?—Yes, but one swallow does not make a summer.

17,864. That is quite true. Your endeavour at the Home Office has been bringing up the laggards, not as far as the position of advancement is afforded, but to an average position of general safety?—To the highest possible point of safety we could reach.

17,865. There have been cases where important research work has been done by the coal owners themselves?—Yes.

17,866. Take the case of the explosibility of coal dust?—That is so.

17,867. And the prevention of the danger?—Yes.

17,868. The coal owners in that case provided a large sum of money and made researches themselves?—Yes, they did.

17,869. In the case of rescue stations, there were rescue stations before the Home Office began to interfere?—Yes, one or two, I think there were.

17,870. There were a large number before the Act was passed?—A number, but by that time the Home Office had taken the matter up with the coal owners.

17,871. The Home Office certainly made suggestions to the coal owners?—Yes.

17,872. Which have been acted on?—I cannot remember in how many instances, but they have been acted upon.

14 May, 1919.]

SIR MALCOLM DELEIVINGNE.

[Continued.]

17,873. Take it from us that practically all the stations in South Wales had been established or had their plans prepared before they were made compulsory by Act of Parliament?—I should rather like to verify that. It is not my recollection. I would not like to say without verifying it.

17,874. I think you will find on investigation it was so. You say it not infrequently happens that the owners unduly interfere or hamper the managers. Have you cases of that?—Yes, cases have come to our experience at the Home Office.

17,875. How many?—I could not say.

17,876. A large number?—A considerable number in the course of years.

17,877. Have you taken action?—Certainly, when we can. So far as we have been able we have taken action, of course.

17,878. Could you give us the number of cases in which you have taken action?—Not at the moment.

17,879. You have a record?—It would mean hunting through our records for a great many years past.

17,880. Take the last five or ten years, or since the passing of the 1911 Act, if you like; have you any cases since the coming into operation of that Act?—Yes.

17,881. You have some?—Yes.

17,882. It would not be a difficult matter to get the number of these?—It would mean a very extensive inquiry.

17,883. Because they are so few and far between?—It would mean looking through the records if you want the statistics.

17,884. You do not classify the prosecutions?—It is not a question always of prosecution.

17,885. You could give the cases where you prosecuted?—Yes.

17,886. There are not cases where you have not prosecuted?—Yes, I think there are some cases.

17,887. You are not certain?—I cannot be certain without verification.

17,888. It is a matter of some importance. Could you get us the information?—I will try and get the information.

17,889. Do you mean the cases you have had are in small poor mines or in large mines?—I think they occur in both. It is in mines of moderate size that the owner usually takes a more immediate personal concern.

17,890. In the case of larger mines or groups of mines, there is a man of very high standing in charge?—Yes.

17,891. That is a system you approve of?—On the whole, yes.

17,892. You think such a system is instrumental in keeping the manager up to a higher standard?—Yes, it provides a higher standard of technical qualification.

17,893. Qualification of the manager?—It provides the higher standard in the working of the mine.

17,894. You mean they get a better class of men?—They get the best brains.

17,895. The managers have a good deal more to learn from such a man than they would learn if he was not there?—Yes.

17,896. Or from a Government official?—I think it is fair to say so, certainly.

17,897. Assuming some sort of central body was set up with or without nationalisation to exercise some control over the industry, would you recommend that that should be a branch of the Home Office or a separate Ministry?—Will you please repeat that question?

17,898. Assuming some sort of central organisation exercising some sort of control over the Ministry on its productive side was set up, would you favour that organisation belonging to the Home Office or would you recommend it should be a separate Ministry altogether?—It would very largely depend on the extent of control. If only a measure of control on the same lines and for the same purposes as our present control, I should prefer to see it in the Home Office. If

an entirely different system of control, a separate department might have to be constituted.

17,899. You mean if it extended beyond the present limits of the Home Office's powers you would recommend a separate establishment?—I have not formed an opinion as to that.

17,900. I thought you had. Your opinion would be very valuable, I think. What do you say has been the effect of the 1911 Act, up to the present time, upon the safety of mines?—A very great improvement has taken place in the equipment and safety arrangements in the mines.

17,901. Judged by the number of accidents, what would you say the effect would be?—As I point out in my *précis*, the number of accidents has not shown any decrease, or any marked decrease.

17,902. The result has been, you say, an improvement in the technical equipment, but without any improvement in the real safety of the mine?—Yes. Of course, the full effect, as I point out, of the Act has not so far been developed. The general code of regulations under the Act only came into force in the September before the war, and a great deal of the research work being carried out under that Act was not completed before the commencement of the war on such matters as stone dusting, spontaneous combustion and other matters. The regulations have not yet been made. Then the conditions during the war were entirely abnormal. Experienced men were withdrawn in large numbers for the Army, and their places were taken by men of less experience. There were other disturbing factors, such as shortage of material for the equipment of the collieries and so forth. The war experience has thrown the machinery entirely out of gear, as it were. You cannot draw any conclusions at present as to the Act of 1911 and the regulations and orders made under it.

17,903. Although the Act itself has been in operation practically seven years and the regulations for nearly six years, the war has upset things?—Yes.

17,904. With regard to the accidents that take place and are investigated, can you tell us what number are due to breaches of regulations by the manager or some other official of the mine? Have you any record of the accidents due to breaches of the Act or regulations on the part of the officials?—No, I do not think we can give any definite figures.

17,905. Would they be many?—Our experience is that the accidents you can definitely prove to be due to breaches of the regulations are a comparatively small proportion; that includes breaches of the regulations by anybody—by officials or by workers.

17,906. In case of breaches by officials a prosecution is instituted by the Home Office?—Yes.

17,907. In the case of breaches by the men the prosecution is instituted by the management?—Usually.

17,908. There is nothing in the Act that makes it obligatory on the workman to make use of any of the safety appliances?—He is required to conform to the directions of the management.

17,909. In general terms in that way?—Yes.

17,910. Take for instance the man-holes on the roadway, there is an obligation on the management to make man-holes at certain distances?—Yes.

17,911. That is an obligation which can be enforced by law?—Yes.

17,912. There is no obligation on the workmen to make use of the man-holes if provided?—There is no provision so far as I know. I think you are right. There is no provision compelling the workman to use a man-hole.

17,913. Section 101 of the Act says: "Every person employed in or about a mine, other than an owner, agent, or manager, who is guilty of any act or omission which in the case of an owner, agent or manager would be an offence against this Act, shall be deemed to be guilty of an offence against this Act." That does not cover the instance I gave you of the man-holes generally with regard to the other safety provisions for the establishment of which there is an obligation on the management there is no obligation on the workman to make use of them,

14 May, 1919.]

SIR MALCOLM DELEVINGNE.

[Continued.]

other than he will comply generally?—There is No. 28 of the General Regulations which says: "No person employed in or about the mine shall negligently or wilfully do anything likely to endanger life or limb in the mine or negligently or wilfully omit to do anything for the safety of the mine or of the persons employed therein."

17,914. That is in general terms, as I said?—It must be in general terms, of course.

17,915. Is there any penalty provided?—Yes, there is a penalty provided with regard to that. For a breach of the Regulations there is a penalty.

17,916. Is that section 101, sub-section 3?—The penalty for a breach of the regulations is contained in section 90.

17,917. From your experience from the statistics you have would you say that a large percentage of the accidents are due to omissions on the part of workmen to comply with the regulations as to putting up timber and as far as the working places are concerned and the making use of man-holes on the roadway and any other such cases?—I have already said I do not think our experience is that you can trace a large proportion of the accidents to breaches of the regulations.

17,918. Either on the part of the managers, officials or workmen?—Yes.

17,919. They are due to natural conditions against which no regulation is provided?—It does not follow of course; all I say is we cannot trace them. There is also the intermediate class of accident which is due not to breach of regulations but to inattention, want of care. The fact is a man working in dangerous surroundings gets accustomed to danger and is not so much on the alert as strangers would be.

17,920. What class of danger are you referring to there?—It applies equally to almost any class of danger.

17,921. Gas or the state of the roof?—Yes, gas, the state of the roof or the condition of the roads.

17,922. Do you suggest either the workmen or the officials get callous as to the state of the mine?—I would not say it is callousness at all. It is the inattention which most of us experience. If we work or live for a long time in surroundings where there is a certain amount of risk we get careless.

17,923. Is not neglecting to put up timber a breach of the regulations?—Yes.

17,924. That does not come within the clause you mentioned?—Wilful neglect to comply with the timbering rules is a breach of the Act.

17,925. You mean neglect to put up a prop where wanted?—It is not a breach unless it is required by the rules.

17,926. If an official directs it to be put up and it is not put up it is a breach?—Yes.

17,927. It requires something more than laws and regulations to ensure safety in mines?—Yes, I have said so.

17,928. You suggest committees of the miners and the management might be instrumental in improving the safety of the miners?—I think so.

17,929. In getting a better spirit in regard to observance of the rules?—Introducing what I should call the safety spirit.

17,930. A safety spirit, a better *esprit de corps*?—Partly that, partly a general desire to promote safety.

17,931. And to get both workmen and the officials to take a greater common interest in themselves?—Yes.

17,932. For that purpose you suggest these committees should be set up?—Yes.

17,933. I gather you see no objection to committees of that kind acting in other capacities than from the pure safety point of view such as consultative purposes by the management and for the purpose of imparting information, and generally to get a more interested feeling on the part of the workmen in the working of the mines?—I think that might be very desirable.

17,934. You are emphatic with regard to any functions they may possess stopping absolutely short of any interference with the management of any executive power at all?—In so far as it affects the question of safety, yes.

17,935. Or of the technical management?—In so far as it affects the question of safety. I am only concerned in the question of safety and health provisions.

17,936. You say the technical management and safety management cannot be dissociated?—Yes, I do.

17,937. Any machinery of that kind for promoting safety would have to be confined to the particular colliery. You would not suggest there should be any interference on the part of any outside body with regard to the safety of a particular mine other than this committee and the Inspector of Mines?—I have not suggested it.

17,938. I am putting it to you to get your opinion upon it?—What is the suggestion?

17,939. You suggest the committees for promoting safety at collieries. Would you confine committees of that kind to the particular colliery itself or would you allow a district committee to have any jurisdiction on the question of safety of individual collieries?—I think a consultative committee of the owners and men in any particular district would be a very great advantage. I am not suggesting any committee with jurisdiction in the sense of power to give directions. The committee I suggest would be advisory or consultative.

17,940. Nor can I?—You used the word "Jurisdiction." A consultative committee composed of the representatives of the owners and men in a particular district for the purpose of consultation on questions of safety might be of very great advantage.

17,941. On general questions of safety?—Yes.

17,942. You would confine their powers within the limits you suggest? You would prohibit any interference with the responsibility in the discretion of the manager with regard to the safety of the colliery?—I do not quite follow your question.

17,943. You would set up committees for the purpose of promoting safety, but you say the responsibility of the manager must remain unimpaired?—Yes.

17,944. Therefore his discretion must remain uninterfered with? If he bears the whole responsibility, the determination must rest entirely with him?—What I said, of course, must be taken with the limitation that the discretion of the management must always be subject to the general rules which are laid down for the management of collieries. The discretion of the manager is not a complete discretion. He has to carry on his management in accordance with the regulations which are made by, or under, the Act of Parliament. I have not considered it—but it is conceivable that rules might be made by some sort of district committee for the general management of the working of the mines in that district with which a manager might be required to comply. I do not know if that is in your mind or not.

17,945. I was not suggesting anything of that?—Then I do not quite understand your question.

17,946. I am not suggesting the managers or anybody else should have a discretion with regard to observing the Act or Regulations or not. The method of observing the Act and the Act itself does not provide for what might be discussed. I want to get from you quite clearly, as you know, whether a Committee of this sort if set up should in your opinion have the power of interfering with the discretion of the manager so as to see how does what is wanted to be done?—The responsibility of the manager with regard to the working of this particular mine do you mean?

17,947. Yes?—I think that principle applies, certainly.

17,948. Do you expect under such management the salaries of managers would be improved at all?—I think some of the lowest salaries would disappear, certainly.

17,949. Some of the highest would come down?—Probably.

14 May, 1919.]

SIR MALCOLM DELEVINGNE.

[Continued.]

17,950. The general custom in the Civil Service is that the salaries depend upon the length of service?—No, it depends upon the grade.

17,951. Within a grade?—In most cases a scale of salaries is devised for each class or grade, so that the man would go up by steps from the minimum of his scale, on his length of service.

17,952. Do you think that a system of that kind is likely to promote efficiency in colliery management?—I do not think I can say more than I have said in my *précis* about that.

17,953. You probably put it quite clearly enough.

17,954. *Sir Adam Nimmo*: I take it you look upon the working of a colliery as a special problem by itself?—Yes.

17,955. It is not like a factory or an engine shop, where you have everything under observation, and that is why I understand you take a strong view that the responsibility for the management must be concentrated in the manager?—Yes, having regard to the special conditions of underground working.

17,956. And it must be kept there?—Yes, that is our view.

17,957. Do you think that discipline in a mine would be possible unless that principle was adopted?—No, I do not think it would.

17,958. Does not the safety depend very largely on the question of discipline?—Yes.

17,959. I notice in your *précis* you say that the safety system has been developed gradually from a series of Acts of Parliament?—Yes.

17,960. Must that not necessarily be the process in evolving any true system of safety?—I should say so. We all build on experience.

17,961. You must build on the best practice of the past?—That is so very largely.

17,962. I take it that must be the process which must be followed in the future?—I should think that is so.

17,963. And that nationalisation can make no difference in the handling of the mines from that point of view?—It will not get rid of the necessity for experience, certainly.

17,964. All you can do, starting from the present time, is to utilise experience, skill and knowledge that is available to you?—Certainly.

17,965. You would work out your system upon that basis?—Certainly.

17,966. I take it from what you say that you do not look upon British mines as being inefficiently handled. I do not know if you specially refer to the question of safety in the fourth paragraph of your *précis*?—I am only dealing with safety.

17,967. From that point of view you give the management a good character?—I think on the whole, yes.

17,968. I notice on page 2 you say that the manager may have too much to do when he is responsible for the whole management of the concern. Are there many cases of that kind?—We are not infrequently told so by managers.

17,969. Is not the rule in the country the manager is tied down to the management of the mine?—You mean he has no commercial or administrative duties?

17,970. I want to arrive at this. Looking at the country as a whole, surely it is not the position that the manager of the mine has to concern himself with duties outside the mine?—You mean outside the technical management?

17,971. Taking the practice as a whole, there may be one or two instances, but is not the manager's time and operations tied to the working of his mine?—I can only say our experience has been that we do not infrequently get this statement made to us by managers.

17,972. Will you say not infrequently?—Yes.

17,973. I should have thought it was a very rare occurrence. Referring to the fact that the number of accidents has not materially decreased during, say, the last ten years, may that not be due to some extent to this, that we are working deeper mines to-day?—Yes, I believe that is so.

17,974. That is to say, we are increasingly running into more hazardous positions?—Yes.

17,975. Where the chances of accidents are necessarily greater?—Yes.

17,976. That requires to be taken into account?—Certainly.

17,977. In dealing with any statement in regard to the number of accidents?—I believe that certainly is so.

17,978. I think you take the view that it would be a very good thing to educate the men generally with regard to questions of safety. You are aware, are you not, that in connection with the recent Education Acts that have been passed provision is made for continuation classes?—Yes.

17,979. Do not you think it would be a very good thing if these classes were used to disseminate information and knowledge with regard to safety in mines in mining districts?—I think that might be a very good use.

17,980. Would it not be very desirable to try and give as much teaching in that direction as possible?—I am not sure that I would confine the continuation classes to the teaching of safety.

17,981. It would be one of a number of questions that would interest the mining population?—I am not an expert on education.

17,982. *Mr. R. H. Tawney*: In the employers' time or in the boys' time?—The employer may be required to allow time for continuation classes.

Sir Adam Nimmo: The continuation classes have to be outside the employers' time.

Mr. R. H. Tawney: There is nothing to prevent the employers having classes in their own time.

17,983. *Sir Adam Nimmo*: I suggest the Act of Parliament passed recently should be used for the purpose of imparting useful knowledge to the industry in mining districts?—I think it might be so. I speak without experience on educational matters.

17,984. You speak of the Joint Safety Committees established in America. Can you give us information about those?—I can supply information if the Commission wishes to have it.

17,985. Can you give us references to any American Reports upon them?—Certainly.

17,986. It might be desirable we should have that information, if it is available.

Chairman: We should like to see that.

17,987. *Sir Adam Nimmo*: Most people would agree there would be a valuable place for these Safety Committees. I want to get your view upon this. I take it that you put the manager in this position: that he merely received either the report or advice from his Committee. Assuming he turned down the advice he received, what would be the position? Would it not rather create an embarrassing effect towards the manager?—That would depend upon the spirit in which this Committee was worked. A Safety Committee is not going to be very much good unless worked in the spirit of co-operation on both sides. If the manager, in his judgment and with his superior knowledge and experience, decided a particular recommendation was undesirable or was impracticable, I think the Safety Committee would take that in the spirit in which the decision was reached.

17,988. I want your view quite clearly on the point here. Do you suggest that this Committee should be advisory or consultative? Do you distinguish between an Advisory Committee and a Consultative Committee?—I was not distinguishing, no.

17,989. Is not there really a difference?—Supposing the Committee was a Consultative Committee, does it not mean the manager is bound to consult the Committee?—No, I do not think it means he is bound to consult the Committee.

17,990. If the Committee is an Advisory Committee, would it not be the Committee would come to the manager with advice, and he would either reject it or act upon it, as he thought fit?—The way these Committees act when they have been established and the way we suggest they should act would be something like this. A Safety Committee would be appointed consisting of representatives of the management, the officials and the workers; they would investigate all accidents which happened in the mine;

14 May, 1919.]

SIR MALCOLM DELEIVINGNE.

[Continued.]

they would consider the report made by the investigators of the accident; they would consider how far it was possible to prevent such accidents in future; they would consult on the subject, and, if they reached a recommendation or decision that could be submitted to the management, it would be done. Apart from that, they would also usefully, we think, undertake periodically examinations of the mines and of the plant and methods of working from the point of view of safety, and report on the condition for the consideration of the management.

17,991. You are thinking of a committee, I take it, in which the spirit of co-operation would be in evidence?—Yes, I am thinking of a committee with definite duties and which is not merely applied to casually from time to time by the manager, but should have a real function in connection with the working of the mine.

17,992. When an accident takes place?—Yes, or independently of an accident. They should take part in the supervision and watching the conditions of the mine from the point of view of safety.

17,993. In anticipation of accidents with a view to preventing them?—Yes.

17,994. When you come to the question of nationalisation, I observe you say that where a manager under State control and management was in default, he would be dealt with by disciplinary action and not by prosecution. Have you not a stronger hold over the manager just now than you would have under that principle?—Yes, I say so.

17,995-6. And where all are servants of the State, would criticism not be likely to be relaxed?—When I say that, I suggest that is a possible result. It is extremely difficult to say what would be the actual result.

17,997. There certainly would be a change in the attitudes of the parties directly concerned?—Certainly. That is the point of the observation I made in my *précis*.

17,998. Do not you think, on the whole, in view of the change of relationship, there would not be the same disposition to criticise?—On whose part?

17,999. By the superior, all being servants of the State?—I do not think that necessarily follows by any means.

18,000. It may not necessarily follow, but do not you think that tendency would develop?—I am not sure that would be so.

18,001. You say later on, under paragraph 1, the management would no doubt in many cases have a freer hand than at present. Do you mean in regard to the spending of money?—Yes.

18,002. Do you think the manager would be allowed to spend any money he liked?—I do not suppose he would.

18,003. If State supervision was very close, definite and efficient, would not the spending of money be carefully looked into?—It ought to be.

18,004. Do you think in the long run the manager would have any freer hand than he has now?—I think he might in a number of cases.

18,005. Do you think there are cases where efficiency on the side of safety is not being secured because money is withheld by the owner?—There are such cases.

18,006. Not many?—I cannot say what proportion.

18,007. If the mines were nationalised the manager would certainly be kept busy making reports to headquarters?—I suggest he would have a good deal of that sort of thing to do.

18,008. Do you know anything about the number of reports that have to be made under the present system of control?—I have no knowledge of the number.

18,009. Are they not innumerable?—I think they are numerous.

18,010. Do they increase week by week?—I do not know.

18,011. Do you know whether there are general complaints all over the country that the thing is quite beyond all endurance?—There are complaints.

18,012. There is something in it?—That is not my concern.

18,013. Is not the tendency of Government departments to call for any number of reports on any question that arises?—It depends upon the Government department.

18,014. Taking the Coal Control Department, is it not the custom to ask for a very large number of reports where there is no co-operation in the department?—I cannot speak of the Coal Controller's Department.

18,015. That is an experience we should meet with on a much bigger scale if this vast interest was nationalised.

Mr. R. H. Tawney: Are we going to have evidence from the Coal Controller's Department about the working of that Department? Unless we are, it is not quite fair that these questions could be asked?

Chairman: We are going to call somebody from the Coal Controller.

Sir Adam Nimmo: I want to keep myself quite right. Sir Malcolm refers to the reports which would require to be handed to headquarters. I have some knowledge of one department. What I am putting forward is this: Would there not be likely to be very much increased, having regard to our existing experience, if the mines were nationalised? I think that is a most relevant question.

18,016. *Chairman*: What is the answer?—My answer is, I am not attached to the Coal Controller's Department. I cannot speak with any knowledge of what goes on there.

18,017. *Sir Adam Nimmo*: Later on you say the status of the under officials would also be improved, quite a better class of men would be attracted than is found at present in many of the mines. How are these men to be got?—The conditions of service would be made more attractive in some cases. We find, for instance, for the post of fireman the manager often finds it difficult to get the best men. The position is not sufficiently attractive. Under a system of State working I think it would probably be the case that those positions would be made more attractive, and an attempt would be made to get a better class of man. I am not speaking of the present system generally. In many cases the firemen are a very fine type of men. We do come across cases where the management finds it difficult to get the man he wants for the post.

18,018. Do not we really work up the best men to the higher positions in the mine? Is it not the fact that the men desire to better themselves? Is it not the men with ambition who work their way from the positions of miners into these positions?—There has been a good deal of evidence recently that the men will not take the position of fireman because it is not sufficiently attractive, from the point of view of wages, especially.

18,019. That may be a question that can be dealt with altogether apart from bringing the mines under State control?—It could be, of course.

18,020. It is a question of remuneration?—It could be done, of course.

18,021. I take it in No. 8, under the heading of nationalisation, what your suggestion is, that the industry would probably slow down under the system. Does it not amount to that?—What do you mean by "slow down"?

18,022. You suggest initiative and enterprise might be withdrawn. There would not be initiative behind the industry. I take it that means this industry would slow down. Is not that the inevitable conclusion to be drawn from this paragraph?—Do you mean the rate of production would be decreased?

18,023. Yes?—I cannot say.

18,024. On the part of everybody?—I cannot offer an opinion.

18,025. Take it with regard to the high official you suggest in paragraph 9 it would be more difficult to get rid of an official if inefficient under nationalisation?—Yes.

18,026. Is not the position this: If a man knew he had a safe job he would not work so well under the existing employer who has the power of dismissal in his hands?—You cannot make a general statement of that sort. You find quite as high a standard in the Government service as in the other.

14 May, 1919.]

SIR MALCOLM DELEYINGNE.

[Continued.]

18,027. I recognise that. I think we have to deal with the men on the average, that is to say the general position in a matter of this kind. What would be the effect in the mine at the mean not the rare spirits who do their work irrespective of initiative?—I cannot go further than what I have said in my *précis*.

18,028. I take it your view in regard to pit Councils is that dual control in a council of this kind would be impracticable in the sense of equal authority being established between the representatives of the management and the representatives of the men; they would be in equal authority?—You mean if the Council is given executive powers?

18,029. Yes?—Yes. I think the thing is impracticable in that way.

18,030. We are not to assume the possibility of executive authority. Assuming that an executive authority was given at all, would it not lead to the breakdown of the whole system of management?—That is what I suggest.

18,031. *Sir Arthur Duckham*: With regard to the safety regulations in this country, how do they compare with the regulations in other countries; are they more stringent?—I should not like to say without refreshing my memory. On the whole I should say our regulations are stricter and more strictly enforced.

18,032. Now a question with regard to this Government control. You answered Sir Adam with regard to a question of it being more difficult for a State than a private employer to get rid of an inefficient man. You have had difficulties, I presume, in your position with men who you cannot, if I may put it, shift or have difficulty in shifting?—That is the general experience.

18,033. With regard to the question of putting the responsibility on to one higher, that is more prevalent as you say, here in Government departments than in private enterprise?—I have not sufficient knowledge of private enterprise generally to say. So far as regards this particular question I think there would be that tendency.

18,034. That would have to be strongly guarded against in any move if possible. I do not know if you consider it possible to guard against that if a move was made towards nationalisation?—I think it would be very difficult.

18,035. One other point is this. Is there not a great deal of difficulty, though we have heard of these large sums of money being wasted by the State, and I think we have heard more of it since the civil servants have been assisted by the business men, but is there not a great deal of difficulty, although you see the sums of money wasted by the State, in spending money in a Government department, there is a long rigmarole to go through?—There is difficulty in getting money for things that one wants. For urgent matters it is always possible if the case exists.

18,036. Have you heard of the Treasury ever holding up a scheme that is wanted urgently by the nation?—I think the Home Office has not had that experience very often.

18,037. The Home Office has not; I congratulate the Home Office. There is the inclination for it to be a long job if you want to start any definite national work if it has to go through the different departments; say the Finance Department of a department and then the Treasury for sanction?—You are speaking from your knowledge of the Ministry of Munitions and I from mine of the Home Office. The two are different. You are a great spending department, we are an administrative department. The department has to make its own case and satisfy the Treasury that the needs exist. Our experience is that if you do there is not usually difficulty with the Treasury.

18,038. It does not necessarily follow it exists?—No.

18,039. *Sir Allan Smith*: This opinion is your own and not in any way the official opinion of the Home Office?—These opinions are put forward as the official opinions of the Home Office.

18,040. *Sir Leo Chiozza Money*: I do not know if you have followed the evidence that has been given before the Commission. You may have noticed a great deal has been said about the incentive of private profit. Do you think that private profit-making conduces to the safety of the mines—does it make for safety?—That is rather a difficult question to answer. I do not think you can give a direct answer to such a question. Private enterprise has developed a system of working in England which on the whole is as safe as any in any country.

18,041. I am not speaking of other countries. There is no country with nationalised mines, that is to say, with a complete system?—I only meant to say private enterprise has developed the system of working within this country and it has reached a very high standard.

18,042. Has that resulted from the majority of the mine-owners adopting safety regulations, or has it resulted from the State forcing those regulations on the majority of mine-owners?—I think it is a mixture of both. I think, as I tried to point out in my *précis*, the State has done a very great deal by its legislative and administrative action. On the other hand it is only fair to say the owners have done a great deal to devise safety methods of working, to improve their methods and so on. I do not think it is possible to say how much the present safety standard is attributable to the one or the other. You will always have varieties of management, varieties of enterprise and varieties of carefulness.

18,043. I put it to you, if the manager of the mine is sometimes hampered by the owner, does not hampering affect the question of safety?—It might.

18,044. Does it?—It does in some cases.

18,045. I was very much struck with a thing of great importance, that it not infrequently happens owners unduly interfere with, or hamper, managers. You say that not infrequently happens? What kind of case have you in mind there? I do not want you to give names. Tell us the kind of case you have in mind which has led you to write those words. They are very important words?—The manager may wish to renew his plant, or a particular part of his plant, and the owner may feel difficulties at that time about spending the money or he may take a different view. I had in mind the cases which sometimes occur where we have discovered some contravention of the Act or orders, and some provision has not been made perhaps which was required to be made, and the conclusion we have been forced to in some cases has been that the owners had not made, or been slow to make, the provisions the manager required for the purpose of carrying out the Act. I ought to add this further. It very often is a matter of opinion as to whether a particular alteration in the plant or a particular provision is required for the purpose. I adhere to what I say; there have been some cases.

18,046. *Sir L. Chiozza Money*: That not infrequently happens, I think you said, for financial reasons which operated in those cases?—Yes, I suppose in some cases they would be financial reasons.

18,047. If financial reasons operate in those cases, it is not really right to say that the incentive of private profit does not make for safety in mines?—In those cases it certainly does.

18,048. Do you find that is not only true of mines, but other dangerous occupations with which the Home Office is concerned, and is it not the rule?—I should not like to say that. I think very often it is a case of the management not appreciating the necessity for precautions being taken or provision being made which the expert knowledge of the Mines or Factories Department shows to be desirable.

18,049. The whole question is as between interference by the Home Office and the direct action of a Government Department in charge of mines, and one of the most important questions we have to decide is which of these makes for safety in the mines and saves the greatest number of lives. Is it not the fact that even in the war, with regard to the factories, for example, that made T.N.T. and had to handle it, you had very great difficulty in some of

14 May, 1919.]

SIR MALCOLM DELEVINGNE.

[Continued.]

the privately-owned factories to induce the proprietors to take care of the girls in that highly-dangerous occupation? Is not that the fact?—No, I do not think, as a rule, there was any difficulty.

18,050. Was not one factory actually shut up by the Ministry of Munitions?—That I cannot say.

18,051. Was it not taken out of the hands of private proprietors, because they were so bad?—I do not remember that at the moment.

18,052. Will you take it from me that it was so?—If you say it was so, no doubt it was.

18,053. I happen to know about it. Now with regard to the next paragraph in your proof, you speak of cases in which a capable managing director or agent, a mining manager of high qualifications, who controls a number of mines, produced a high standard of efficiency. If a system were arranged in which in each mining district the best brains of the district were placed in charge of the mines of that district, do you not think that it would help you to raise the standard of all the mines in the district?—Well, I do not quite understand you. Do you mean all the mines in the district would be placed under one man?

18,054. Let us assume a suitable district is arranged with a governing body upon which you had the best brains and experience in the particular kind of mining practised in that district as to the particular seams and so forth, and a man who was well acquainted with them, and those brains were in charge of that district. Would you not get very much the same kind of result but on a larger scale, as you say in page 1, column 2, of your *précis*?—I think it would very much depend upon several things, one of which would be the size of the district.

18,055. One supposes a suitably devised district. It is not difficult to imagine it or arrange it. Would not those good brains have a better opportunity?—Within limits, the better the brains the better the management.

18,056. Would it not have very much the same effect you describe in your *précis* as in the case of the best managed colliery companies?—I am not an expert mining engineer, but I should have thought you could not extend the sphere of control very widely.

18,057. Could not your excellent man or your first-class man inculcate the practice of his district with his good ideas of management? Could not he make his brains effective over a wider area than he now does?—It might be possible, but I should rather like the Chief Inspector of Mines to speak about that. I should think there is at present a great deal of interchange of ideas and information in each district.

18,058. Do you think there is sufficient?—I cannot say. I should like the Chief Inspector of Mines to speak about that.

18,059. With regard to the next page of your *précis*, page 2, paragraph 3, you say: "There is too little co-operation between the management and the workers in the mines in promoting safety." Is it for that reason that you support the idea of an advisory pit council?—Yes. I mean an advisory pit safety committee.

18,060. Do you not think that that co-operation which you seem to favour would be secured if you had a really effective representation of the workers in the district in the management of the industry?—What do you mean by a share in the management of the industry?

18,061. Exactly what I say?—Do you mean they should take part in the management of the mine?

18,062. You say in your evidence you have looked at the schemes which have been suggested. They may vary in detail, but they have all an essential idea, namely, the co-operation of the workers and the management in the carrying on of the industry?—I am not clear what some of the schemes suggest. I notice a good deal of stress is laid on the retention or preservation of the responsibility and authority of the manager. Provided the responsibility and authority of the manager were preserved, the suggestion of an

advisory pit council, as I say in my *précis*, would have great advantages.

18,063. Could the co-operation go further and extend to the making of general regulations of the industry, for example, for its benefit?—In the framing of general regulations the men already have a voice.

18,063. Could the co-operation go further and effective if there were direct and downright action by the management in which the workers took part if they felt the industry was in effect managed by themselves in co-operation with experts and representatives of the State?—Are you referring now to a central mining council?

18,065. I am referring to the whole scheme of management as a whole and not merely to the pit councils?—Yes. I should certainly say that the men have a contribution to make which it is most desirable that they should make. Under what conditions and by what method that could be secured is a matter I am not prepared to express an opinion about, but certainly the men have a contribution to make, and they ought to be able to make it.

18,066. I think you said in reply to Mr. Evan Williams that there was very great difficulty in obtaining proof of breaches of the regulations either by the masters or the men?—It is very often difficult, owing to the circumstances of underground working, to ascertain exactly what has been the cause of an accident—whether there has been a breach of regulations, or whether the accident has been due to inattention, or purely a matter of natural causes.

18,067. Is that not because our system is an interference of regulations and it is impossible, without a great army of inspectors, to see that the regulations are observed?—It is a question of the supervision of the men.

18,068. It is not a question of the supervision of the men; it is a question of your being able to find out what was the cause of the accident. I ask you how you are able to find out the cause of the accident, with this great body of regulations which is contained in these Acts, when all you have to help you to find out whether they are carried out or not is a small body of inspectors who cannot physically inspect the mines. Is that not all you have to rely upon?

Chairman: We are going to call Mr. Walker, the Chief Inspector, who can no doubt answer the question.

Sir L. Chiozza Money: Yes; but, after all, the witness has been at the Home Office for many years.

Chairman: Yes, but he does not manage this and Mr. Walker does.

18,069. *Sir L. Chiozza Money*: Very well. I will not ask the witness further about that. At any rate you are aware, of course, that since the passing of this Act of 1911, not only during the war, but before the war, there have been very serious breaches of the Act, even in that short period?—Yes.

18,070. Like the Senghenydd disaster?—Yes.

18,071. Do you not think that that is proof that no matter how you may seek to interfere in an industry of this kind, you cannot interfere, and that interference is a bad policy?—I am afraid I do not follow that.

18,072. That interference cannot secure the results which you aim at. You lay down regulations which you know it is practically impossible for you to see carried out?—That must be taken with a considerable amount of qualification. I do not say we do not enforce our regulations, because we do, and, on the whole, the regulations are observed.

18,073. As between interference and direct action in management, is it not obviously much more difficult to secure your ends by mere interference than by taking the mines themselves and managing them as you know they ought to be managed?—I think there would be great difficulty under a system of nationalisation in preventing accidents.

18,074. I put it to you that in the first place you would no longer be confronted with what you say here: "It not infrequently happens that the owner unduly interferes with or hampers the management."

14 May, 1919.]

SIR MALCOLM DELEVINGNE.

[Continued.]

State management would not be hampered with that interference, and there would be no financial interference to hamper it?—No.

18,075. Would not that be a very much better system than by regulation?—I do not think that would have very much effect on the total number of accidents. I say that this is one of the drawbacks, but I am not putting that forward as one of the main causes of accidents in mines.

18,076. Taking the Senghenydd disaster, was that not the cause there?—Unfortunately in the Senghenydd case we lost our prosecution. It was held that, so far as the question of the removal of coal dust was concerned, no breach of the law had been committed.

18,077. A few months after that was is not necessary for all the workers of a mine to come out on strike because the regulations were not observed, and because the mine, in spite of all the many clauses of the Coal Mines Act, 1911, was in a desperately unsafe condition?—What case was that?

18,078. I forget the name of the case, but did not the men come out and ask to secure the safety of the mine?

Sir Adam Nimmo: Could we have the name of the mine?

Mr. Evan Williams: It is a frequent excuse for strikes in South Wales.

18,079. *Sir Leo Chiozza Money:* I put it to you, if I may, that it would be most unlikely to happen if a Government Department associated with the workers themselves were directly managing that mine. Is it not most unlikely that the men would have come out on strike in order to secure the safety of the mine?—It is very difficult to answer. You are not going to change entirely the character of the working of the mines by a system of State management. You would still have to depend upon the supervision by the manager and on the supervision by the officials and the carrying out of their duties by the workers.

18,080. But in the case of the Senghenydd Mine, may I remind you that you yourself had issued regulations which the management of the mine had not conformed to? Is it not perfectly clear, if that mine had been managed directly by a Government Department, that the work would have been done?—In the Senghenydd case, the High Court held the management had conformed to the regulations.

18,081. Were you satisfied with the verdict?—No, we were not.

18,082. And therefore you admit it is most unlikely that those regulations would not have been carried out in the case of Senghenydd.

Sir Adam Nimmo: Is it a fair question to ask the witness's opinion on the verdict of the Court?

Sir Leo Chiozza Money: I am quite capable of asking these questions without assistance.

18,083. It is most unlikely that the regulations would have been carried out?—I should not like to say, but the particular regulation in question was with regard to the removal of coal dust from the sides and roof of the mine. The ease of the owners was that there were very great difficulties in removing the dust from the sides and roof, and that in the circumstances of the mine it was not reasonably practicable, and the High Court decided in favour of the owners.

18,084. The Home Office did not accept that verdict. You thought and think now it could have been done?—That is our view.

18,085. Forgive me pressing you, but is it not most unlikely that if that mine had been directly managed by a State Department, with the workers in association with the management, that those regulations would not have been complied with?—I think the State would have made a great effort to carry them out. The State might not always be able to secure their carrying out.

18,086. In that case they were grossly neglected, were they not?—We considered they were neglected.

Mr. R. H. Tawney: I was going to ask you about the administrative system of the Home Office and the number of inspectors, and so on, but I understand that is to be left over.

Chairman: Yes, to Mr. Walker.

18,087. *Mr. R. H. Tawney:* (To the Witness.) I should like to ask you about one or two other points. The first is this. You say on the top of page 2 that the manager may have too much to do. Have you considered whether it would be practicable or desirable to have a special safety manager in mines who was financially independent of the firm?—Well, it was in reference to that that I made this remark at the bottom of page 2. I do not think you can divorce the safety management from the technical management of the mines. The safety depends so much upon the way in which the mine is laid out and developed, and so on.

18,088. With regard to the need of financial independence, on the part of the fireman. It is the duty of the fireman to go round the workings and see that they are safe, is it not?—Yes.

18,089. For example, to see that there is no gas about and so on?—Yes.

18,090. Do you think that these duties would be better performed if he was financially independent of the particular firm where he was working and where it was his duty to look after safety? What I have in mind is this. I make no general charge, but it has been said to me, "So-and-so was careful not to find anything wrong yesterday, because he did not want to get into trouble." I do not make a general charge, but it is a conceivable motive?—That has been stated to the Home Office, but very few cases have been brought to our notice; and when we have investigated the cases brought to our notice it has been very difficult to see whether that operated or not.

18,091. All I want to get at is, whether it is not desirable that the question of safety should be altogether separated from the economic question?—Do you mean from the question of profit?

18,092. Yes?—Well, I have tried to set out in my *précis* the considerations on both sides. I do not think I can really say more than that.

18,093. You had considered it and meant this to be a discussion of that particular question?—Yes.

18,094. Now, may I take, as an example, Senghenydd, because one of the things which strikes me—again I speak from memory—is that one of the breaches of the regulations was failure to reverse the air current?—Failure to provide means to reverse the air current.

18,095. And that was a breach of the Act which your inspectors regarded as extremely serious?—Yes.

18,096. And it occurred in spite of, at least, I think, two warnings from the Home Office?—Yes. They were providing means for reversing the ventilation, but they were dilatory in carrying it out.

18,097. Do you remember what penalty the magistrates imposed for that?—I have forgotten that.

18,098. Was not the penalty an almost ridiculously inconsiderable penalty.

Sir L. Chiozza Money: They usually are.

18,099. *Mr. R. H. Tawney:* I think I can show you the particulars of the case?—If you give me the facts I am quite willing to accept them.

18,100. It was: for failure to provide means of reversing air current, fined £10 or one month. You do not regard that as anything but a perfectly ridiculous and inadequate penalty, do you?

Sir L. Chiozza Money: It shows how the regulation works.

Witness: The maximum fine is £20.

18,101. *Mr. R. H. Tawney:* I am not trying to make any point, but I want your opinion about this: it strikes me, as an outsider, as wholly disproportionate to the crime. What do you think about it?—I should certainly not quarrel with you if you suggested it ought to be £20, which is the maximum penalty.

18,102. But there were two points: there is the penalty imposed by the magistrates and the penalty allowed by the law. I understand you agree with me as to the inadequacy of the penalty imposed by the magistrate. But with regard to the penalty allowed by the law, do you regard £20 as a reasonable penalty for an offence of that order?—There are certainly cases in which the penalty might be very much higher. Of course, the Act does

14 May, 1919.]

SIR MALCOLM DELEIVINGNE.

[Continued.]

provide in section 101 (4) that, in certain circumstances, imprisonment may be substituted for a fine, but I admit the cases in which imprisonment is imposed are very rare.

18,103. Where 439 men are blown up and killed, as in this case, it is desirable that there should be some penalty of a somewhat drastic kind?—I am speaking from memory, but I think the failure to provide, at the time of the explosion, the means of reversal had nothing to do with the accident.

18,104. I quite take that if that is your opinion?—I quite agree there might be a very much heavier penalty provided for certain classes of cases.

18,105. You suggest if the mines were nationalised and you had a manager who committed breaches of the law, you could only take administrative action against him—that is to say, presumably reduce him or dismiss him. Is it not possible for the Factories Department to prosecute the manager of a Crown factory now?—No.

18,106. Why is that so? Is it the theory that the Crown cannot proceed against itself?—I suppose it is.

18,107. Does it not seem a highly ridiculous theory? The Crown is constantly taking action with regard to itself in all other relations of life. It writes letters to itself. Why should it not take action against itself?

Chairman: Would you repeat that?

18,108. *Mr. R. H. Tawney:* The witness has said that the Factory and Workshops Department cannot prosecute the manager of a Crown factory or State factory, the theory being that the Crown cannot prosecute itself. (*To the Witness.*) Is that not the case?—Yes. One Minister of the Crown cannot take proceedings against another Minister of the Crown or its officials.

18,109. I am not a lawyer, but I suggest that that is not a reasonable theory, and that there is no reason why we should be bound by it if we nationalise the mines. Is it not extremely desirable, if these services are nationalised, that your Department should be able to prosecute an official of the Mines Department for a breach of the Act?—If the present administration of the Acts were left to the Home Office?

18,110. Yes, the Mines Regulations Act?—I am afraid in my *précis* I was assuming that the Mines Department, if created, would take over the administration of the Mines Act as well as the technical control of the mines.

18,111. That is a possible course of action, but I put it to you it is not an inevitable course of action and it is not the best course of action. Is it not desirable to discriminate between the question of administering the mines and the question of enforcing the law with regard to safety in mines?—I think it would be very difficult to separate them.

18,112. Do you really think it would be difficult to inspect a Crown factory or a Crown mine, more difficult, I mean, than to inspect a private one?—I think it would be very difficult to have one department managing the mines and taking all action that is necessary for the production of coal and the provision of plant and the carrying out the safety precautions, and having another department going on its heels to see that it does its duty.

18,113. Why is it more difficult to do that than go on the heels of the private employer and see that he does his duty?—In the case of the private employer you have a number of individual units. The Crown factories, for instance, are few in number, and they have not got the accumulation of experience and knowledge in regard to safety in factories that the factory department has, and therefore Parliament has decided that the supervision of matters of safety in a Crown factory should be undertaken by the expert department. In the case of a Mines Department, you would have the expert knowledge and experience concentrated in that department, and if you left the administration of the Mines Acts with the Home Office you would have two departments dealing with the same matter.

18,114. You say you would have two departments dealing with the same matter, but I put it to you that really you would not. You would have one department dealing with the extraction of coal and you would have another department dealing with the preservation of life and safety. Now the mere fact that in each of those departments miners are concerned is not the point. The functions are quite different. Would you not divide your administration according to the service which is rendered?—I do not agree with you. The producing department would have as one of its chief duties the pursuit of safety. It would have so to conduct its operations that the safety of all employed was safeguarded as far as possible. They would have to regard questions of safety as among the most important with which they had to deal. You could not have a producing department which did not bother its head at all about safety.

18,115. I am afraid I have not made my point clear. Perhaps the Chairman would put it in a better way.

18,116. *Chairman:* Perhaps we can clear it up. (*To the Witness.*) If the inspectors remained under the Home Office and were responsible for safety, and a manager who was under the Mines Department committed a breach of the Mines Act, would it not be feasible for the inspectors to prosecute that manager?—Well, it would depend upon the circumstances in which the manager stood—the position might be that he was carrying out the instructions of his superior official and was acting under the instructions of his department.

18,117. That might be a defence, but supposing he had not done that. Would you tell me under what jurisdiction the Director of Public Prosecutions is now acting? Is it not the Home Office?—Yes.

18,118. Supposing someone at the Treasury were to commit defalcations (it is impossible to imagine it), I suppose the Director of Public Prosecutions would have no hesitation in prosecuting the Treasury official?—I imagine not.

18,119. Why should not an inspector under the Home Office prosecute a manager under the Mines Department for not conforming to the rules of his Department? That is your point, is it not, Mr. Tawney?

Mr. R. H. Tawney: Yes, exactly.

Mr. Arthur Balfour: May we have a reply?

Witness: There would be nothing to prevent it in theory.

18,120. *Chairman:* Of course we have not started the practice, but what is the objection to it? If you have the Director of Public Prosecutions responsible under the Home Office for prosecuting people in other Departments, what is the difference between that and the case Mr. Tawney is putting?—Well, I think there is a very distinct difference, but perhaps it is difficult to put it into words. In the one case, the hypothetical case of a Treasury official, it is a question of a distinct breach of the general law. In the other case, although it might be a breach of the law, it would also be a case in which the man was working under instructions and under authority, where the Department under which he was working was responsible to see that he carried out his duties. I think theoretically it would be possible to prosecute him, but I think it would lead to very great difficulties of administration.

18,121. I quite follow that. It is a very important point. For instance, supposing it is not a question of the mines manager doing something conforming to the rules of your Department, but supposing he neglects to conform, and as the result a number of men are killed; there might be a charge of manslaughter. Is he not to be prosecuted for manslaughter?—No, I should certainly not say that.

18,122. Would you mind listening to this clause which I have before me: "Every mine shall be under one manager who shall be responsible for the control, management, direction and safety of the mine, provided always that such manager shall not be personally responsible for conforming to any order of authority imposed upon him by (blank)"—we will say the Minister of Mines for the moment. Is there any

14 May, 1919.]

SIR MALCOLM DELEIVINGNE.

[Continued.]

harm in that clause? The position is this. The manager is generally responsible, but if he has to obey superior orders, and in consequence of that there is an accident, he shall not be personally liable?—That would exculpate him in that particular case, but I think the objection I mentioned would still hold in regard to the general question: that is, that there would be great difficulties in administration if one department were to interfere with the control of another department and prosecute its officials and servants.

18,123. You see it is not a question of interfering with another Department, but interfering in the case of a man who has broken the law?—It would be an interfering with another Department if you took proceedings against its officials instead of the Department dealing with the case itself.

18,124. *Mr. R. H. Tawney*: Take a Government dockyard: Supposing a man in that dockyard commits a theft, he is presumably prosecuted in the ordinary way?—I presume so.

18,125. And also disciplinary action would be taken. Suppose he does not commit a theft, but a breach of the Factory Act or such Acts as apply to dockyards. What is to prevent his being prosecuted again and disciplinary action being taken in precisely the same manner? Why is it more difficult in the case of a breach of the Factory Acts than in a case of a breach of the mining law?—If we found a breach in the dockyard, we should call the attention of the Admiralty to the case and request that they should take the necessary action to put the matter right, and I think there would be grave public disadvantages if we followed any other system.

18,126. Are there public inconveniences if you prosecute a man for theft when he is employed in a dockyard?—That is a different matter. It would not be the Home Office who would prosecute him for theft.

18,127. It would be some Department?—It is a very difficult question to answer.

18,128. *Mr. Sidney Webb*: I want to take you a little further on the same point, because it is rather important in view of other nationalisations. Do you suggest that, whenever any industry or service is nationalised, it will then cease to be practically convenient to continue the liability to prosecution which may have existed previous to nationalisation; is that a general principle?—I think all I said was that it would be practically inconvenient if one department instituted proceedings against the officials of another department in respect of matters for which that department is responsible.

18,129. For instance, if a branch of the Home Department was transferred to a new Ministry of Mines, it would then be that department's prosecution of a branch of the same Ministry?—I am not suggesting that the Ministry of Mines, if that was established, should not have, if it considered it desirable, power to institute prosecutions against its own servants.

18,130. Then I gather your objection is to one department prosecuting another department of the same Ministry. I thought your objection would not apply if that department were in the same Ministry?—That was in answer to Mr. Tawney. The ordinary practice in Government service is that the matter would be dealt with in all cases by disciplinary action.

18,131. Take, for instance, one of the largest Government services at present, the Admiralty dockyards. I am sorry to say that in that large staff, prosecutions for dockyard thefts have been rather frequent in the year in the aggregate. Is it not the regular system that one of the Admiralty administrations institutes prosecutions against Admiralty dockyard workmen who are suspected or proved to be guilty of theft of dockyard stores? Is there any difficulty in that?—I see no difficulty at all in that, but I think that is a very different case from the class of case we are considering now.

18,132. Supposing you had a Minister of Mines who, under the Coal Mines Regulations Act, or any

similar Act which made a number of criminal offences in connection with the administration of mines, would there be any inconvenience in the Ministry of Mines taking action for the prosecution for breaches of the Act?—I do not think the department would work very smoothly if you had the headquarters of the department prosecuting its managers.

18,132A. That may be a matter of opinion, but, at any rate, that is what does happen in the dockyard cases?—I draw a distinction between the offence of dishonesty and a breach of regulations.

18,133. *Chairman*: Your probable distinction is between indictable offences and offences punishable on summary proceedings?—The offences under the Coal Mines Act are only punishable on summary proceedings.

Chairman: Mr. Sidney Webb wants to know whether you draw any distinction between those offences.

18,134. *Mr. Robert Smillie*: If the mines were nationalised, you would have the workmen, as well as the managers, servants of the Ministry of Mines. Would you for a moment think of prosecuting a minor for a breach of rules, and at the same time not prosecuting a manager? You would never carry on the mines if that is the suggestion. Would you suggest that either the Home Office or the Ministry of Mines would not prosecute a manager for the neglect to carry out the rules, and yet you could and would prosecute an ordinary workman?—I think the tendency would be for the workmen to be dealt with by disciplinary action.

18,135. *Mr. Sidney Webb*: If the railways are taken over, I believe the railway companies at the present time have a considerable prosecution department in the aggregate. Is it suggested that offences on the railways by the staff would no longer be liable to prosecution?—Do you mean the offences of dishonesty or breach of the regulations?

18,136. Both?—I have no experience of railway administration.

18,137. You have said, I think, that you do not prosecute Crown factories for breaches of the Factory Act. Do you prosecute Crown factories for breaches of the Explosives Act?—No, the Explosives Act does not apply to Crown factories.

18,138. Nor the Factory Acts?—They do.

18,139. Who prosecutes for the breaches of those?—There are no prosecutions.

18,140. That is to say, the Act creates criminal offences, and if those offences are committed in Crown factories there is at present no prosecution?—No, the procedure is to call the attention of the Government Department responsible.

18,141. It seems to me that that ought to have required an amendment of the Act of Parliament?—The Government Department is the occupier of the factory, and as such is responsible for carrying out the provisions of the Factory Act. The Home Office does not prosecute the Admiralty as such.

18,142. As a matter of fact, you do prosecute the driver of a Post Office van. The Home Office does actually institute prosecutions against the driver of a Post Office van for furious driving or for manslaughter if a child is run over?—I think the police would do that. However, I cannot say.

18,143. At any rate, it is not necessary, is it, that in nationalised service the whole liability to prosecution should drop: there is no inherent necessity for that, is there?—No, I agree; there is probably no inherent necessity for it.

18,144. May I point out what you yourself quote:—
“In Defence of the Realm Regulation 9a it is expressly declared ‘that the possession by the Board of Trade under this regulation of any coal mine shall not affect any liability of the actual owner, agent or manager of the mine under the Coal Mines Acts, 1887 to 1914, or any Act amending the same.’ The full responsibility for the observance of the Acts remained with the management, and the Home Office has enforced its observance against the owner, agent and manager in exactly the same way as before.”
Although the owner or agent or manager has to obey

14 May, 1919.]

SIR MALCOLM DELEVINGNE.

the orders of the Board of Trade?—Not with regard to safety matters.

18,145. At any rate, it is provided by that that possession by the Board of Trade shall not affect the liability?—Yes.

18,146. That could he provided, I suppose, under any nationalisation?—The Board of Trade are given no powers at all with regard to matters covered by the Coal Mines Act. The Board of Trade did not become the owners of the mines: they only entered into possession of the mines. The ownership of the mines and the responsibility remain with the owners.

18,147. You yourself say the question of safety is inseparably connected with that of the technical management. However, it is clear that a clause could be put in any Act nationalising the mines which would preserve the criminal liability?—I suppose it is possible.

18,148. With regard to the question of accidents, you say on page 1 that the accidents have steadily decreased. Then you say on page 2 that the number shows no tendency to decrease. You are referring there to a particular class of accidents—falls of roof—but it does not apply to the fatal accidents?—I am taking the experience over a long period of years in the first passage. In my remark I am simply referring to the experience of the last few years since the code of regulations was drawn up and put into force.

18,149. Are you referring to fatal accidents?—Yes, fatal.

18,150. Those are only about one in 100 of the number?—We have no statistics of the non-fatal accidents over a long period of years.

18,151. I think you have every year a statement of how many accidents there are?—It has only been the last 10 or 12 years that we have had the return of the non-fatal accidents which disabled men for more than 7 days.

18,152. Before that time you had the returns for all accidents?—Only the accidents of certain classes that require to be reported to the inspector. Those only amounted to a few thousands a year.

18,153. Then it is not possible to say that the number of accidents has diminished?—Over a long period of time you mean?

18,154. Yes. They may have diminished?—In the absence of statistics one cannot say.

18,155. Is it not a mistake to say that the accident rate has diminished?—I think I should have said the fatal accident rate has diminished; but the experience is, if the fatal accident rate diminishes, the other rate diminishes.

18,156. I do not know that that is so. On page 2 you make it as one of the imperfections of the present system that the manager is sometimes too much occupied to be fully responsible on the managerial side. You would regard it that it is best that the manager should have nothing to do with the sale of the coal?—I have not suggested that. All I meant to suggest there was that the manager should not have other work to do which would interfere with his management of the mine and the fulfilment of his duty under The Coal Mines Act. If the mine is of such a size that he can manage the whole business without any interference with his managerial duties, I should see no objection to that.

18,157. Suppose it was of a certain size, would you not think it an advantage to separate the business of the sale of the coal from the business of the producing of the coal?—When it reaches the point at which the two things cannot be combined under one man.

18,158. I want to know whether you think, when you get a mine of a thousand men, it is better that the two things should not be combined?—I would rather that you should ask the Chief Inspector about that.

18,159. You first of all suggested the advantages of joint safety committees, and then, speaking of them, you confine them to the promotion of safety, but then in the last paragraph you say: "One can see many advantages in the establishment of a body which, while not interfering with the manager's responsibility for the control of the mine, would

provide a means by which the views and suggestions of the men could be obtained by or brought before the management." Now assuming that the executive control of the manager were maintained, would you see any objection to what you call the joint safety committee being a joint committee for all purposes? You are suggesting at the end of the last paragraph that there would be advantages in what you have at first called a joint safety committee being a general pit committee, provided that the executive control was not interfered with. I am anxious not to misrepresent you?—I am not in a position to express a decided opinion, because it is a matter on which we have had no experience so far, but I think there would be very great advantages in bringing in the experience of the miners.

18,160. The Home Office reports of late, describe at great length these joint committees, and give us an example of the encouragement of the workmen to make suggestions with regard to their work or conditions of employment. It was found that many useful suggestions were received and so on, and the Home Office strongly recommends that to the consideration of the management?—That was so.

18,161. Therefore, the Home Office would have no objection to these joint committees not merely dealing with safety, but all other conditions, provided that the executive authority was not interfered with?—I think not.

18,162. You point out yourself that the safety is connected with the safety of the technical management?—Yes.

18,163. If that is true of the managers, it must also be true of the men?—Yes.

18,164. With regard to the question of the making up of returns; that surely is only a matter of the management having an adequate clerical staff. The manager does not need to make up the returns with his own hand if he has a proper number of clerks to do the work?—Some returns have to be made by the manager himself.

18,165. That is to say, they have to be signed by him?—Yes.

18,166. The manager of a business does not make up the statistical returns, although he signs them?—No; still, our experience is that we do get complaints from the management of the extra trouble given to them.

18,167. That is not incident to nationalisation; that is incident to having a system of private ownership which the State is attempting to check. You have the conflict at once. It is also incident to the fact that a proper staff has not been provided?—I think you probably would have a greater volume of correspondence and returns under a system of State management.

18,168. You say, "Difference of efficiency in the management of mines will still continue to exist." That, of course, is obvious. The mines differ and the men differ. Have you had any experience in comparative statistics of different units?—No, I have not.

18,169. I do not know whether the Mines Department at all have attempted to compare one mine with another with regard to accidents? Have you any statistical information as to which mines have the accidents? There are 160,000 accidents in 1,500 mines or about a million men. That means there is an accident to every sixth man each year. That is an average. Will it vary very considerably among the different mines? Have you at all checked the different mines?—The inspector keeps a watch on that.

18,170. Could those statistics be produced?—We could produce the statistics.

18,171. You point out that the administration of the industry would be concentrated in fewer hands under nationalisation. Is not that a little inconsistent with your desire to bring in all the million men, for what it is worth, with regard to suggestion and advice in the administration?—What I mean is, that under a system of State management you would have a certain number of district officials in charge, supervising the working of the mines in the district. That is what I mean by saying they would be concentrated in fewer hands.

14 May, 1919.]

SIR MALCOLM DELEVINONE.

[Continued.]

18,172. There would be still the same number of mine managers?—Yes.

18,173. Boards of Directors do certain functions?—Yes. You would not have a district official for each mine; you would have one for the district. You have more Boards of Directors than you would have district officials.

18,174. You were merely alluding to the fact that the district superintendents would be fewer than the Boards of Managers?—Yes.

18,175. On the other hand you would bring in the miners to a much greater extent?—Yes.

18,176. Therefore, it would hardly be in fewer hands?—The direction would be in fewer hands.

18,177. You would not suggest that the direction would tend to be more rigid?—I think it would be.

18,178. *Mr. Frank Hodges*: In paragraph 9 of your *précis* under the heading of "Nationalisation" you say: "Conversely, the penalty for failure or error of judgment is not the same under the State as under the private employer. It is much more difficult for the State than for a private employer to get rid of an inefficient man, and the difficulty would be increased under a system of nationalisation of mines." Why do you arrive at that conclusion? What basis have you for arriving at a conclusion of that rather sweeping character?—From my experience of Government administration.

18,179. Have you had cases brought to your notice where obvious inefficiency has been noticed in your department, and no one has had the courage or the will or the authority to dismiss any inefficient official?—There are cases of inefficiency in Government Departments, where the inefficiency cannot be established as so serious that it must necessarily lead to dismissal.

18,180. That is true of every case. There are colliery companies, are there not, who feel that their manager is inefficient, in a sense, but they do not dismiss him, because there has not been as it were a definite breach of his instructions or of the coal mines regulations?—I think a private employer gets rid of an employee very much more rapidly than a Government Department does. If a private employer is not satisfied with a man he tells him to go, but the Government Department does not.

18,181. You think that makes for efficiency?—That is one factor certainly.

18,182. Let me put it in this way; that if you have a class of men specially trained to be managers, and the whole industry is owned as it were, either by one employer or by the State, the fact that he knows that once he is dismissed he cannot get a job as manager again, would not tend in itself to decrease the inefficiency?—It would also make the State slow to dismiss a man.

18,183. How is that?—Because the Department would feel that it was taking a man's livelihood entirely away if it dismissed him.

18,184. Not at all—he could be put into a position for which he is more adapted. It may be an act of beneficence on the part of the State to put him into a position for which he was adapted. Under the present system, his livelihood is often taken away from him when he is on the labour market?—At the present time, there is a scarcity of managers, rather than a surplus.

18,185. If a man is characterised by his employer as inefficient, and he is dismissed, it stays with him for the rest of his life. It characterises him on the labour market?—It does not prevent him getting another job as manager.

18,186. It might?—It often might, but it does not necessarily.

18,187. I should like to ask you one question with regard to the subject of prosecutions, as this question has been raised. You are aware, are you not, that the Mines Inspector at present is the only person who can prosecute a colliery manager for a breach of the Act or of a regulation?—No, anybody can prosecute provided the consent of the Secretary of State has been obtained.

18,188. Does not that, in your experience, amount to the same thing?—It is seldom that anyone does apply to the Secretary of State.

18,189. Because everybody leaves it to the Mines Inspector to do the prosecuting?—Exactly.

18,190. A manager can prosecute a workman without consulting the Secretary of State?—That is so.

18,191. But the workman cannot institute proceedings to prosecute the manager for breaches of the regulations or of the Act?—He could if he got the consent of the Secretary of State.

18,192. That is to say, he has not a free right to enter the Court as a prosecutor because of a breach of the regulations. He has to come to the Home Office for consent, but the manager has not?—If the offence is committed by the manager personally anyone can prosecute.

18,193. As an individual, but not if it is a breach of these regulations?—What the Act says is this: "No prosecution shall be instituted against the owner, agent, manager, or under-manager of a mine for any offence not committed personally by such agent, &c., except by the Inspector with the consent in writing of the Secretary of State." If it is an offence committed by the manager personally, there is nothing to prevent the miners or anyone else proceeding against the manager.

18,194. In what way could the manager commit a personal offence in his capacity as a manager?—By not managing the mine in conformity with the Act.

18,195. The Chairman reminds me very properly that such a case would be a manager having matches in his pocket?—Yes; and more important matters than that. If the ventilation of the mine is not in accordance with the Act that is an offence for which the manager can be prosecuted.

18,196. Without the consent of the Secretary of State?—Yes.

18,197. By any workman?—Yes.

18,198. Do you know of any case on record where a workman has had that right given to him?—He has the right under the existing law.

18,199. Can you give me a case in which that has been accepted?—I know of no case where it has been done, but I think I am right in saying that in a matter of that sort it is possible for proceedings to be taken by any private person.

18,200. *The Chairman*: Might I help you. Suppose the colliery company refuses to supply him with the money to get the machinery, what happens then; is he personally liable?—He is still liable. I think so.

18,201. *Mr. R. W. Cooper*: He would be protected, would he not, under Sub-Section 3 of Section 102?—The owner or the manager?

18,202. Anyone. "Nothing in this Act shall render the owner liable if he proves that it is due to causes over which he has no control"?—Yes.

18,203. *Mr. Frank Hodges*: Has not the practice been that the manager always acts on that assumption prior to any prosecution or while the prosecution is in contemplation and that makes it indispensable for the workman to have to apply to the Secretary of State?—I am afraid I do not quite follow that question.

18,204. You make the point, I gather—and this is the first time I have ever heard it—that a workman can prosecute the manager in any mine for a breach of the Act for which he is personally responsible?—I understand that to be the law.

18,205. All I can say is that you propound a theory which has never been propounded by the Home Office before in all attempts that the workmen have made to prosecute colliery managers?—Are you quite sure of that?

Mr. Frank Hodges: Quite sure.

18,206. *Mr. R. H. Tawney*: Is it the case that under the Factory Acts the individual cotton-spinners can prosecute?—There is nothing to prevent proceedings being taken by anybody.

18,207. Can the secretary, for instance, of the Operative Spinners prosecute?—I am not quite sure how the law stands with regard to a representative person taking proceedings.

18,208. *Mr. Robert Smillie*: Has that point ever been put to you before? You say any person can prosecute a colliery manager or a colliery under-manager, or an agent of the mine, provided that he is guilty of a breach of the Act?—I am speaking rather on the spur of the moment, but I think the question has been put to us, and, if my memory serves me

14 May, 1919.]

SIR MALCOLM DELEVINGNE.

[Continued.]

rightly, that is the answer we have given, but this is a legal question, and if the Commission wishes to follow that up, I should like to look into it further.

18,209. Are you aware that the miners have again and again asked the Home Office to put them on an equal footing with the managers to give them a right to prosecute the manager, just as the manager has a right to prosecute them?—I do not think we have had any requests of that sort.

18,210. Do you know that it has been the subject, year after year, of resolutions at the Miners' Federation and deputations?—I must say I cannot recall it at the moment.

18,211. You are aware that there is a difference between the position of matters in Scotland and in England: the managers cannot prosecute the mine worker for breaches of the Act in Scotland. Are you aware of that?—It is always taken by the Fiscal.

18,212. And the Fiscal must be permitted by the Home Office to raise a prosecution?—Against the worker?

18,213. Against the manager of a mine?—Against the manager, yes.

18,214. A manager has only to convince the Procurator-Fiscal in connection with a charge against a workman, and the Procurator-Fiscal takes action?—Yes.

18,215. But the workman cannot take action against the management?—The system in Scotland is different from the system in England, as you say.

18,216. I want to put it to you that up to the present time no workman has ever taken action against the manager, because they knew they had no right to do so?—I do not know why they have not done it, but I think what you say is a fact, that they have not done so.

18,217. *Mr. Herbert Smith:* Let me give you a case. We have been working for a conviction of a manager under breach of rules. We want to take proceedings. We have had word from the Home Office that we have to get the Secretary of State's permission?—If it falls under sub-section 5 of section 102, that would be so.

18,218. *Chairman:* I think it would be the best way for Sir Malcolm to look into the cases. Would you look at the case of *Hall v. Hopwood*, in 49 Magistrates' Cases, p. 17. I think you will probably find something that will help you there? Will you look into it?—I will.

18,219. *Mr. Robert Smillie:* It was put to you by Mr. Evan Williams that there was hardly any clause put into the 1911 Act of Parliament to enforce provisions which was not already being done by the majority of colliery owners?—I did not say that.

Mr. Evan Williams: I did not say the majority—which had not already been put in operation at some colliery or other.

18,220. *Mr. Robert Smillie:* I put it to you that practically all mining legislation in the past has been for the purpose of bringing up the majority of the colliery owners to the position of the best of them?—And also beyond the best standard then obtained.

18,221. Can you tell me how many colliery owners in this country had a method by which they reversed the air current prior to the passing of this Act?—I could not.

18,222. Will you take it from me that there were not two in the country?—I am afraid I have not the information.

18,223. I suppose prior to the Act of 1887, or even 1863, there were very few collicries having two shafts?—I am afraid I cannot speak to that without making enquiries.

18,224. Did the last Act of Parliament make it compulsory that there should be detaching hooks in every mine, and in the case of a mine more than 100 yards deep detaching hooks and a conformer?—Yes.

18,225. Do you know of any mine at all in that position before the passing of the Act?—I think that is a question that the chief inspector of mines can answer better than I could.

Mr. Frank Hodges: The unfortunate thing is that Sir Malcolm gave an answer to Mr. Williams without conferring with the inspector of mines.

18,226. *Mr. Robert Smillie:* I think you are not in a position to answer these questions?—In those matters I should answer only after consultation with the chief inspector of mines. The opinion I put forward in my *précis* was after consultation with the chief inspector.

18,227. *Chairman:* When you are making that little note that you are going to make for us, if you will look at section 102, sub-section 3 of the present Mines Act, I think that will help you to come to a conclusion. I do not want you to look at it now?—I am afraid I am not quite clear as to the point you have in mind.

18,228. You are going to make a little note with regard to the matter generally, and I asked you to look at this case of *Hall v. Hopwood*, and while you are doing that will you look at section 102, sub-section 3, and let us have your opinion on that?—Do you mean as to the application of section 102, sub-section 3?

Chairman: I mean this. In order that you may be clear on the point we have in mind I should be obliged if you would look at that case, also at section 102, sub-section 3. I am very much obliged to you for the assistance you have given us.

(The Witness withdrew.)

Dr. JOHN SCOTT HALDANE, Sworn and Examined.

Chairman: I am going to ask one member on each side to ask Dr. Haldane questions. I will ask Mr. Tawney on the one side and Mr. Balfour on the other. Dr. Haldane is a Doctor of Medicine, a Fellow of the Royal Society, Fellow of New College, Oxford, and a Director of the Coalowners' Research Laboratory:—

“For the last 25 years I have been largely engaged in the investigation of questions of health and safety in mining and other occupations, and I served on the last Royal Commissions on Health and Safety in Coal and Metalliferous Mines.

Although coal-mining is associated with a number of special dangers, it entails in this country less loss of life than average occupations. The death-rate from accidents is about double the average in other occupations; but owing to the exceptionally healthy conditions the death-rate from disease is much below the average. The total death-rate is thus below the average, as shown by the following figures compiled from the last Decennial Report of the Registrar-General on Occupational Mortality:—

Death-rates from all causes per 1,000 living at each age-period.

Age period ...	15-25.	25-35.	35-45.	45-55.
All occupied and retired males.	3·5	6·3	10·9	18·7
All occupied and retired colliers.	3·8	5·1	8·0	15·2

About sixty years ago the general death-rate among coal-miners was about a third higher than in average occupations, but has since then diminished much more rapidly than in most other occupations. The accident death-rate among coal-miners has diminished to about a fourth of what it was sixty years ago.

This improvement is due, I think, partly to the better wages earned, partly to improved methods of mining, and partly to greater knowledge and skill,

14 May, 1919.]

DR. JOHN SCOTT HALDANE.

[Continued.]

better discipline, and greater loyalty to one another of those engaged in the industry. As one who has come into contact with the British coal-mining industry from outside, I should like to place on record my admiration for the men engaged in it, including those who manage it and the inspectors of mines, with some of whom I have been very closely associated. In spite of all the clashing of interest the highest qualities of our race seem to me to stand out among them at once whenever there is danger or difficulty. It is most emphatically not my experience that in the conduct of the industry, whether on the part of managers or manual workers, motives of gain interfere with regard for the safety and health of fellow men.

As regards safety and health, there is evidently plenty of room for further improvement. This depends on the advancement and dissemination of knowledge, on skill in applying it, and on individual discipline and moral qualities.

As regards the advancement of knowledge in connection with mining, I think that the organisation in this country is at present inadequate. Very valuable work is done by the Institution of Mining Engineers and the South Wales Institute in the publication and discussion of original papers; but their usefulness is considerably crippled by lack of funds. Until recently the Government has done very little in a direct way for the advancement of knowledge in relation to health and safety in mining; but as a result of the establishment of the Medical Research Committee under the Insurance Act and the Department for Scientific and Industrial Research this is being altered.

As an instance of the manner in which knowledge and practice with regard to safety in mining have been retarded by lack of organisation, I may take the prevention of colliery explosions. The late Royal Commission struggled with this subject to the best of its abilities. By far the most promising suggestion for preventing disastrous explosions was placed before the Commission by Mr. (now Sir William) Garforth, who proposed stone-dusting. To test this plan on a proper scale a considerable sum of money was needed. The Commission applied to the Treasury, but the application was refused. The consequence was that the present Mines Act is very much out of date in its complicated and burdensome provisions against explosions. Disastrous explosions still continue to occur, and are, in my opinion at least, a disgrace to the country which has produced the men who, like Professor Galloway, Sir William Atkinson, and Sir William Garforth, have patiently laid bare the causes of, and means of preventing these explosions. After the Mines Commission had failed in its efforts, the required experiments were initiated at Alftoft's Colliery by the Mining Association under Sir William Garforth's direction, and afterwards, as the Alftoft's site was too dangerous, carried forwards at Eskmeals at Government expense under a Committee presided over by Sir Henry Cunynghame of the Home Office. The more progressive mines have, to a large extent, adopted the plan of stone-dusting, as initiated by Sir William Garforth in mines under his direction; but probably the majority of mines have still done nothing but carry out the totally inadequate existing legal provisions. As a consequence, many mines are still liable to the most disastrous explosions.

To further the development of knowledge with regard to special mining problems, I think that laboratories ought to be established, under competent local direction, in the main mining districts and in connection with universities where possible. These laboratories would be in touch with the collieries, and would assist in the solution of problems of special local interest as well as those of more general importance. A scheme of this character has recently been under the consideration of the Mining Association and the Department of Scientific and Industrial Research.

The Doncaster Coal Owners' laboratory, of which I am director, was established with these objects by the late Sir Arthur Markham, on behalf of the Brodsworth and Bullcroft companies, and the late Mr.

J. W. Fryar, on behalf of Barber, Walker & Co. At present it is the only laboratory of the kind in this country. Its more immediate objects were to assist in securing the safety of the mines of the companies in question; but it has published in the transactions of the Institution of Mining Engineers and elsewhere a continuous series of papers on questions of health and safety. As an example of the subjects investigated at the laboratory I may mention the dangers associated with the use of mine-rescue apparatus. By hasty legislation the provision of such apparatus had been made compulsory at mines, without sufficient being known about the various kinds of apparatus, or the precautions absolutely required in their use.

It was the hope of the founders that other companies would become associated with this laboratory, and that similar laboratories would be established elsewhere. Unfortunately, however, the establishment of the laboratory, and the consequent initiation of stone-dusting and other measures of safety, were followed by what seemed to me a most singularly ill-advised prosecution of Mr. Fryar by the Home Office, with the result that other collieries became very shy of the laboratory.

I would point out that in the United States an important Government Department, the Bureau of Mines, devotes itself mainly to obtaining and spreading knowledge as to safety in mining. Like the Bureau of Agriculture, and other similar extremely useful and popular United States Departments, it has no executive powers. I recently visited some of its laboratories and experimental stations, with the result that I felt that we are in danger of being left behind for mere lack of organisation.

As regards the question of nationalisation of mines, I share the general British distrust of too much bureaucratic control, and I think that, so far as health and safety are concerned, it would hardly be possible to nationalise coal-mining without largely stifling initiative and the sense of individual responsibility. To colliery managers who are endeavouring to secure real safety in their mines, or inspectors who are striving after real safety in their districts, the amount of paper work thrown upon them by too detailed regulations is already far too great. Their energies are absorbed over paper safety, whereas they ought to be devoted to real safety. I have noticed with great regret the growth in recent years of a system of wooden bureaucratic control in matters of safety in mining, and it seems to me that with nationalisation this tendency would inevitably be greatly increased, to the detriment of safety and health. To give an example of this tendency, it seems to me that in inquiries as to mining accidents far too much stress is laid on whether the letter of the Mines Act has been carried out, and far too little on the real causes of the accident, and how similar accidents could be prevented in future. The safety of mining depends very little on paper regulations, but mainly on the accumulated knowledge, skill and discipline which constitute good mining. Where good mining is absent accidents will be frequent, in spite of an infinity of regulations and armies of inspectors.

As a member of the late Royal Commission on Coal Mines, I took a keen interest in the question of instituting pit-head changing houses and baths, as well as in housing, to which Mr. Smillie specially directed our attention. From personal observations at that time I can confirm Mr. Robertson's description of the very unsatisfactory housing conditions in some parts of Scotland, and the need for pit-head baths. I went round many of these houses, and discussed them and the pit-head baths question with the miners or their wives. I was disappointed to find that there was at that time an almost unanimous objection to pit-head baths. I had hoped that at any rate the wives would have favoured the baths, on account of all the work and discomfort caused by the dirty pit clothes and by providing warm water for washing. To my surprise the wives seemed more strongly against the pithead baths than the men. They feared that their husbands or sons might take harm, and seemed also to resent the idea that anyone but themselves should see after the washing and

14 May, 1919.]

DR. JOHN SCOTT HALDANE.

[Continued.]

clothes. In view of the feeling amongst the miners against pithead baths the Commission could not proceed further than recommend that they be provided by law if a majority of the miners at any colliery asked for them. It seemed to me that this was a matter which the Miners' Federation might, with great advantage, actively take up with its own members. At metalliferous mines in this country pithead changing and washing is a universal custom.

As regards the bad housing, I was also disappointed to find that, considering their apparent earnings, a very intelligent class of persons should acquiesce in living amid such overcrowding and discomfort of every kind. They said, however, that they objected to pay more than about two shillings a week for a house. It did not seem possible to provide proper houses at such a rent. Much better houses were, I was told, available near the worst of these houses at about three and sixpence, and were standing empty. It seemed to me that both in the matter of housing and in that of pithead changing and washing, most of the difficulty arose from rooted custom. In the Doncaster area the miners' houses are, to a large extent, built and owned by the mining companies, who have followed the lead given by Sir Arthur Markham in the case of the Brodsworth village. The occupants are accustomed to pay a rent corresponding to the value of a good house. The housing question was outside the terms of reference of the late Royal Commission, who passed it on to the Local Government Board. I felt, however, that this question would never be settled without more active co-operation from the miners themselves."

18,229. *Mr. R. H. Tawney*: You give some very interesting figures at the beginning of your paper as to the death-rate per thousand, and I think the inference you draw is that on the whole miners are rather above the average in the matter of health?—Yes, certainly, in the matter of health, very much above the average.

18,230. I should like to ask you one or two questions about those figures from a statistical point of view. In the first place, would it not be true to say that the mining industry is a somewhat selected industry? Let me give an example with regard to the entry into mining; would it be true to say that on the whole the stronger boys go in and the weaker ones stay out?—There is no medical selection of any sort. I should say that practically in the mining industry nearly all the boys went in unless they went right away from mining into some rather exceptional occupation.

18,231. On the other hand, the industries vary in the physical demands they make, and naturally the heavier industries tend to take the stronger boys?—That would be so in some cases, but I do not think it is usually so in the mining districts.

18,232. You know North Staffordshire?—Yes.

18,233. You know that in North Staffordshire the boys can choose, roughly, three employments. They have the choice of mining, they have the choice of railways, and they have the choice of the potteries. Would it not be true to say that on the whole the stronger boys go into mining and the weaker into the potteries?—I should not like to answer that question. I should be rather doubtful about it. There is some very trying work in the potteries.

18,234. Yes, there is. I was only putting it to you from a statistical point of view. It is relevant?—I think it depends more on their fathers and brothers.

18,235. Have you considered the proportion of miners in different age groups?—Yes; these are given in the Registrar-General's Blue Book.

18,236. You remember then that the proportion of young men among miners is much larger than in any other industry in the country. It is much larger than all the industries together. It is very much larger than some and rather larger than some others?—That may be so.

18,237. May I give you some figures to remind you? The proportion of men between 20 and 45 in the case of all trades is 58 per cent. In the case of

agriculture it is 42 per cent., in the case of miners of coal and shale working at the face it is 69 per cent.—Are these from the occupational statistics?

18,238. From the Report of the Registrar-General? Does that not suggest that there is a considerable drift out of working at the face after the age of 45?—I should put the age a little higher. If I may put it so, the number of miners has increased very rapidly, and the increase is at the lower end among the young men. Comparing them with agricultural labourers, for instance, they are not increasing at all.

18,239. What I meant was that, compared with other occupations, the proportion of young men is relatively large?—Yes, it is relatively greater.

18,240. That means that there is a certain drift out of the occupation—a drift after a certain age. Is it not fair to suggest again that that drift is probably of the men who find the life most trying—that is to say, of the weaker men?—I doubt whether there is much drift till a man gets past hard work. A miner's work is very strenuous work. He must be in first-rate physical condition.

18,241. Statistically there is this discrepancy between the mining occupation and other occupations. Would it not be true, to take your phrase, to say that miners get past the strenuous work at rather a younger age than men get past work in other occupations?—I think that is so.

18,242. That means, on the whole, that the men who get past it first are probably the less strong, and the men who go on longest are probably the stronger men?—Yes, I should think so.

18,243. Ought not your figures for sickness always to be read in connection with age distribution?—Certainly—they are so there; they are given in terms of age distribution.

18,244. What I meant was that, although you show that at different ages in the industry the proportion of miners who suffer from disease is smaller than the proportion of other males, I do not think you have taken into account the fact that the miners are a selected class, because the weaker drift out sooner?—It is a thing that ought to be considered if possible, but I see no reason to think myself that it would make any difference. I have gone very carefully into the statistics of a great many occupations.

18,245. Do not think that I am questioning the statistics, but these questions of statistical methods always arise. Although I do not profess to be a statistician, I have always had that point drummed into me by those who do, and it seems to be a relevant one?—Certainly.

18,246. We might read your figures with some qualification pending the consideration of that. Now about tuberculosis among miners: I understand that on the whole the mining occupation is an occupation which suffers to a remarkably small extent?—Certainly it does.

18,247. Does it not suffer to a remarkably large extent from diseases of the respiratory system?—I think it does. That means as miners get old. I wrote a paper on that subject two or three years ago, and I quite agree that a larger proportion of miners than of most other occupations die, say, of bronchitis.

18,248. I think the actual figures are 140 among miners and 78 among the general population, who die from diseases of the respiratory system. That ought to be taken as some set-off again against the phthisis figures. They ought to be read together?—Certainly. I have discussed this thing very fully in a paper, which I do not want to trouble the Commission with. Two or three years ago I went into it very closely myself.

18,249. *Mr. Arthur Balfour*: Where can we get that paper?—It is in the transactions of the Institution of Mining Engineers.

18,250. Might we have a copy?—I have brought a copy here.

18,251. Could you let us each have a copy afterwards?—Certainly.

14 May, 1919.]

DR. JOHN SCOTT HALDANE

[Continued]

18,252. *Mr. R. H. Tawney*: We have had quoted to us several times the low phthisis rate with regard to miners, but we have not had quoted to us the fact that the rate from these other respiratory diseases is unusually high. I am not putting that as a point against you; but the two ought to be read together?—Certainly.

18,253. I was very much interested in what you said about accidents in the second column of your paper. You give an account of the progress of science in making it possible to prevent accidents, and you go on to say that "probably the majority of mines have still done nothing but carry out the totally inadequate existing legal provisions. As a consequence, many mines are still liable to the most disastrous explosions." Does that mean that in your opinion there are a good many mining accidents which could be prevented?—Most certainly.

18,254. That, of course, is an immensely momentous fact. It means that we sacrifice unnecessarily a large number of lives?—We put them at risk, and occasionally when there is a bad explosion, as that at Stoke the other day, there are a lot of men killed.

18,255. Would you elaborate that? What kind of preventative have you in mind?—Stone dusting. That is, for example, the conclusion of the Esmear's Committee, which found that if you got more than half and half of shale dust on the roads along with the coal dust you cannot get an explosion from any accidental blown out shot or ignition of gas; whereas at present with the roads left in their present condition as to a great many mines the whole place is like a train of gunpowder; you get a puff of gas and the whole thing is off, as at Seughennyth, or the recent explosion near Stoke.

18,256. Does that mean, in your opinion, that mining is unnecessarily dangerous in the sense that if we used our knowledge we could make it less dangerous?—As regards explosions the existing knowledge is not properly used, certainly.

18,257. You speak of the totally inadequate legal position. Do you want the regulations tightened up?—I want them simplified and altered. If you want to prevent explosions you want to get the mines like Sir William Garforth's mines; that is to say, stone dust the roads.

18,258. That is practicable?—Quite practicable. There is plenty of experience on the subject. There are people who hold another opinion, but it is my very strong opinion.

18,259. That is to say, we really have the means in our hands if we just use them in this matter?—I think so. I think these huge explosions are a disgrace to this country.

18,260. It is a question of simplifying and tightening up the regulations?—I think so.

18,261. I am interested with regard to what you say on page 2 with regard to your account of your visit to Scotland. You make a statement referring to mining districts generally in Scotland?—To Scotland in particular. Lanarkshire and Ayrshire are the places I refer to there. I have not been there just lately, but Mr. Robertson's description seems to me to be rather a moderate one. If I had written the description of the things as they were 8 to 10 years ago I should have put it more strongly.

18,262. Some papers described it as an hysterical exaggeration. With regard to pit head baths, you say, on the whole, public opinion, especially the opinion of women, is against it?—It was then very strong against.

Mr. R. H. Tawney: It strikes me the one class from whom we have not had evidence is the women. Would it not be very valuable to get the evidence of women about this?

Mr. R. W. Cooper: How are you going to select them?

Mr. R. H. Tawney: I presume they would find a way to select themselves.

Chairman: Would you like representatives from England, Wales and Scotland?

Mr. R. H. Tawney: I have not a plan ready. It is not beyond human wit to devise one.

Chairman: We could get some ladies who like baths and some who do not.

18,263. *Mr. R. H. Tawney*: Are you familiar with the provisions of the Act with regard to baths?—So far as I remember, baths have to be provided if two-thirds of the workmen ask for them, and the cost is not to be over 1½d. a week. I think that is the provision in the Mines Act.

18,264. That is to say, there is a limit of cost per head?—Yes, to the minors.

18,265. And to the employers?—Yes, I think it is too.

18,266. I put to you this question. I have not any knowledge. Is it not well known that in nine cases out of ten the cost per head of establishing baths will exceed the figure which is specified in the Act; and that, therefore, if the miners did vote for a bath it would often be inoperative?—That is not the evidence we had on the Miners' Commission. We went into that question of cost. The cost was considerably less than 3d.

18,267. That is what has been told me, and on that point those who have more experience have asked the question. You know the proposal of the Home Office was to make baths universal and compulsory?—Not as far as I know. It was Mr. Smillie's proposal Mr. Smillie was prepared to make miners take baths at the point of the bayonet.

18,268. Of course I did not mean that persons who did not wash were to be subject to legal penalties. I mean that a firm that does not provide facilities for washing should be subject to legal penalties. Was not that in the Draft Bill?—I only know about the recommendations of the Commission. I do not know what the Home Office may have thought.

18,269. I think I am right in saying that was in the Draft Bill?—I do not recollect that.

18,270. If you look at it again I think you would modify your opinion. I think it was in the Draft Bill and supported by the representatives of the miners and knocked out of the Bill under the pressure of the representatives of the owners?—It may have been so. The Bill as passed was very much what the Royal Commission recommended, I think.

18,271. You will find the Bill was amended in that sense if you look at it again. On page 2 you make certain statements with regard to the probable effect of nationalisation. I shall not cross-examine you about that. They are matters of opinion and your opinion is of great value. Do not you think that there is to be said that whatever disadvantages from an economical point of view nationalisation might have made there is one advantage you would not get, that is to say, the tension you get now between the desire to make the conditions safer and the question with regard to cost; they are in such an acute form. Do not think I am making imputations against managers or owners. I suggest there are certain ways of preventing accidents which do cost money and under a nationalised system public opinion will be rather more sensitive on the humanitarian side than on the economic side?—My own feeling is one of very much doubt on the subject. I have seen a great deal of the industry and the way it works, and I have seen a great deal of Government departments and the way they do things. It appears to me one has a soul, the other has not—just a mass of regulations. Ordinary individuals on the other side are very anxious to do their best.

18,272. Before this imposing mass of regulations were made under the Mines Regulation Act were there not a good many accidents that could be prevented and were prevented by the regulations?—I think they always level up the mines that are backward.

18,273. Even there there may be some soul lurking beneath this forbidding red tape?—I am complaining of too many regulations, not the main ones that exist in the Mines Act. They are most valuable and necessary.

18,274. *Mr. Arthur Balfour*: I think you are of the opinion that nationalisation of the mines is not necessary to secure proper safety and health?—Certainly not necessary.

14 May, 1919.]

DR. JOHN SCOTT HALDANE.

[Continued.]

18,275. Private enterprise could do all that is necessary, if associated sympathetically with the State, with regard to inspection, new acts, and so on?—I think so.

18,276. You are of opinion the profit does not come before safety in the minds of the present owners?—Certainly, in my experience, profit does not come before safety.

18,277. Do you think it would be a good plan to have a definite revision of the Mines Act at fixed periods, so as to bring in new improvements to prevent explosions?—I think that is very necessary. In practice it is done by the Home Office by introducing new regulations, but it is always governed by the last Mines Act.

18,278. Ought it not to be a definite period, say, every three or five years?—I should like to see it. The existing Mines Act is out of date in many respects already.

18,279. Do you think any consolidation of the coal-fields or of the collieries and districts would help in connection with the safety and health of the mines?—I do not feel I am qualified to express an opinion upon that subject.

18,280. Now, as regards the housing question. A very great number of good houses have been put up by employers in different parts of the country?—Yes.

18,281. Where there are bad houses, it is not due, or certainly not entirely due, to the employer that those bad houses exist?—I think some of these bad houses have been put up by the employers perhaps 50 years ago, or more. I do not know. Some of the Durham houses are old colliery houses.

18,282. I gather from your *précis* it is necessary to educate the miners up to the desire for better houses and the willingness to pay higher rents for better houses?—I am impressed with the force of custom. In some districts no miner would think of asking for a house for 2s. a week or expect to find it in this world.

18,283. If he was living in any town he could not find houses of that kind?—I do not think so.

18,284. Are you in favour of the Minister of Health?—Yes.

18,285. Do you think such a Minister of Health should have control of the health of the miners as well as the general population?—Certainly, above ground. There may be difficulties below ground of separating health from other subjects.

18,286. Great care will have to be taken to make the provision clear?—Yes, at present the medical officer of health is responsible for the whole of the condition in the mining villages, say.

18,287. As regards the question of baths and drying arrangements for the miners' clothes, if the provision of baths and drying arrangements was to be allowed by the income tax authorities against revenue and made compulsory on the owners and miners to use them, do not you think that would be a quick way of settling the question?—It would be quick. I should gladly have supported Mr. Smillie about 10 years ago, that is to say, making it compulsory on both sides, but I was afraid of bloodshed then, and that was why I did not support. I found there was such a strong feeling against it. I was not prepared to apply violent compulsion to my fellow countrymen when there were so many against it. I do not know how that stands now, or what the feeling is amongst the miners.

18,288. I think, from your reply, we may assume it was not the fault of the private owners that baths were not generally provided?—As far as I know, not—it was certainly not.

18,289. Where do you find that strong feeling against baths?—Where I went in the mining districts. It was a terrible disappointment to me: I was very keen about baths.

18,290. On which side, the owners' side or the miners' side?—On the miners' side. I did not think of the owners. As far as I saw the owners were perfectly willing to do anything and were anxious to.

18,291. Do you know under the Mines Act a great deal of the provisions for the welfare of mines was allowed against revenue?—Yes.

Mr. Sidney Webb: Only those firms paying excess profits.

18,292. Mr. Arthur Balfour: Would it not be a reasonable way of applying these things, such as baths and drying arrangements?—Certainly; they would be part of the expenses of the colliery.

18,293. They would not. They would be capital provisions unless provision was made specially. Unless special provisions were made and the Income Tax agreed, the baths would be capital expenditure and not allowed against revenue?—That is to say, the capital expenditure in setting them up would be?

18,294. Yes.—I should think they ought to be charged in the same way as anything else connected with the colliery is charged.

18,295. I point out to you the bulk of the welfare work during the war was charged against revenue by special provisions of the Act?—Yes.

18,296. And that helped to improve very considerably the health arrangements in this country?—Yes; it may be a good thing.

18,297. Mr. Herbert Smith: On your first page you make a comment about the prosecution that took place and about a man being very ill-advised. Was not that about an accumulation of gas and in not having proper ventilation?—There were a number of counts in it, but that was one.

18,298. Accumulation of gas and not taking proper precautions and ventilation to remove it, and also very dusty?—Those were the counts. There was a very, very strong defence. They were taking better and much closer precautions, as far as I know, than any other mine in the country at that time.

18,299. We had an explosion at Bentley Colliery, where three or four men were burnt?—That was a small explosion from a gob fire. It was these gob fires that made them so very anxious to take precautions with regard to ventilation and dust.

18,300. There were any amount of gob fires?—In Bentley?

18,301. Yes.—There were a number and that made them so anxious and in the other pits there.

18,302. Do you not think the men thought that was a wise precaution for the protection of these lives?—The Home Office was prosecuting a man who was not doing all he might do to make things safe.

18,303. The Home Office was prosecuting a man who was not carrying out the Mines Act. Is not that correct?—The prosecution nearly fell through. There was only one technical point.

18,304. Am I right in this that you made this statement, but you did not do it, that is, if you went down Bentley Pit with a naked light there would be no fear of anything happening. You made that statement?—I admitted it.

18,305. You made it.—I admitted it. I said there was enough coal coming out of Bentley Pit to light any of the capitals in Europe.

18,306. Gas?—If it was converted into gas.

18,307. No.—There was gas enough coming out to light Doncaster if you could collect it—there was 1·3 per cent.

18,308. You would not be surprised if I told you Yorkshire miners have some very strange opinions about you making statements like that?—It was Sir John Cadman who made the statement for the prosecution.

18,309. But you admitted it?—Yes.

18,310. You did not do it, neither did Sir John Cadman. Neither of you went down with naked lights to see if it was right or not?—We should have been put in gaol if we did, and rightly too.

18,311. If you want to convince us you ought to have done it?—To have gone round with a naked light? If anybody had tried to do that I should have handed him over to the police.

18,312. That is what we thought you wanted doing with, handing over to the police when you made that statement?—All I meant was the ventilation was very good and the percentage of gas was a long way below the danger limit.

14 May, 1919.]

DR. JOHN SCOTT HALDANE.

[Continued.]

18,313. I do not know what you intended to say. I know the effect it left if that was your idea of a fiery mine?—My statement was perfectly clear.

18,314. You refer to Brodsworth village houses and you talk about miners not being willing to pay more than 2s. a week. You do know at Brodsworth they pay from 6s. to 10s. a week?—Yes.

18,315. Would you call that a modern village?—They are very good houses.

18,316. Are they? Would you like to live in one built similar to what they are costing to build—cost of labour from £17 10s. to £19 a house?—I do not know about the cost. That was built by the late Sir Arthur Markham, who had an extraordinary interest in all having good things.

18,317. I admit at once they are better houses than those generally found about that locality. They are not ideal houses. They look better outside?—I admit they were aesthetically designed with special colours.

18,318. Have you found houses at Denaby and Cadeby? You spent a good time in Yorkshire and did not get much result from what you did?—I do not know those houses.

18,319. Close to Doncaster?—I know that pit.

18,320. Did you see the houses at Charlston, near Wakefield?—No.

18,321. Did you not see Whildale Lane ideal houses?—No.

18,322. Built on a bog soil—damp. It has been decided they are not fit for human habitation, but the people cannot be turned out because there are no more houses for them to go into. Do you remember that explosion that happened at Altofts in 1886 or 1887?—I remember the circumstances.

18,323. They were a very long time in getting any reform with regard to it. You complain about slow process in getting compulsory dusting?—The facts were not known then.

18,324. Do you not know ruiners are up against dust that is being used, and it is causing asthma and bad eyes?—I do not know, unless that is where flue dust is being used.

18,325. You come down one day and I will take you down, and you can have a dusting and see how you like it?—Is that flue dust?

18,326. It is ordinary dust that is ground out of the Stone and Bind from Roof?—Where is this?

18,327. At Denaby and Cadeby and in some places in Doncaster, and really all over Yorkshire?—I have often been down some of these pits myself, and I did not notice anything the matter with them.

18,328. *Mr. Robert Smillie*: You are looked upon as a scientist as far as ventilation and health conditions underground are concerned. Is it not rather a dangerous thing to say that you could go round that colliery with a naked light? Was it a good example to leave with the men there?—I cannot remember the statement. As far as I remember it was particularly put to me by the Home Office Council: "Could you go round that? I said there was a good deal less fire-damp than was dangerous; it was nowhere near the explosive limit." I have a very vague recollection of this.

18,329. Were you giving evidence there on behalf of the company?—Yes, I was in defence.

18,330. Does your opinion at the moment depend upon which side you are giving evidence on?—No, I do not think so. I was very strong in my opinion in that case. I was very indignant at the whole thing.

18,331. That is the feeling that has got abroad, rightly or wrongly, that it depends upon which side you are giving evidence as to your opinions of gas?—I am not in the habit of giving evidence. The only cases I have given evidence in were where I had strong opinions. I have given evidence, very strong evidence, in support of the Home Office, for instance, about incompetent firemen in Scotland.

18,332. I suppose it might be taken the miners, if it is true that Sir John Cadman and yourself made this statement, might have taken it literally that the pit was really in a fit state to go down with a naked light. Would not it be a dangerous thing to believe?—Certainly. If they do not read the evidence carefully it would be a dangerous thing.

18,333. From a question about housing. You and I went round a considerable number of houses in Ayrshire?—Yes.

18,334. Do you remember going into some of the houses where the women said three times in a year they papered the walls?—I remember the damp houses which Mr. Robertson did not refer to and I should have referred to if I had been Mr. Robertson.

18,335. Do you remember going into one house as clean as a new pin and the young woman in it was as clean as could be, but she had to put paper on the walls three times in the first year?—Yes.

18,336. Did you see the third paper falling off the wall then?—The impression left was they had no damp course and had bad leaky roofs.

18,337. Were there any houses available within 3 or 4 miles as far as you know in Ayrshire that the miners could get with the exception of employers' houses, and they were all about the same condition? Did you see any houses?—Not at that place.

18,338. Did you see a house fit to live in for miles round?—Not at that place, so far as I remember.

18,339. Then it is not fair to say it is because those people would not pay more than 2s. or 3s. a week that they are not in better houses if they had the opportunity to go into better houses. If they had the opportunity of going into better houses and did not go you would say that was true. If they did not get any houses that had been built within the last 60 years it would not be fair to condemn them?—Supposing it had been myself and I found I could not get a decent house if I wanted to work at the colliery, I should never work at the colliery. I should not go there at all.

18,340. Supposing you shifted to another district and you were in the same position you would have to shift again. You would shift from place to place until you found a decent house?—Yes, certainly.

18,341. It would take some shifting in some parts of Scotland?—There were places where we were told some houses were available.

18,342. Some of our people have shifted to America to get a decent house. In Lanarkshire you remember the horrible roads where the filth was nearly to the front door?—Yes.

18,343. Did you hear a woman say she did not want the baths at the pit but wanted her man home as soon as possible?—I remember the expression.

18,344. Have you seen that for miles around there was not a decent house to be got? I guarantee you did not see any within miles of that place. I put it to you only in one case of the enquiries you made, did a woman say she did not want baths at the pit but she wanted her man to come home?—That is not my impression. I remember one woman in favour of pithead washing, and I think she was very sensible and good about it.

18,345. I will take you to a place and you can east your mind back to a place you and I know very well, and the only place in this country where the baths have been established, that is at Mr. Fletcher Burrows at Leigh. You have been there?—I think I have; I am not sure.

18,346. Do you remember Mr. Burrows saying to us that if he stopped the baths there would be a strike at the colliery?—I am not sure I was with you at the time.

18,347. You do not know if you have been at Fletcher Burrows?—I cannot remember now and that is the only reason I cannot answer your question.

18,348. You are aware that they do not pay anything for the baths there at all?—No doubt it is so if you tell me so.

18,349. Do you know that if you go down another pit and they wanted the men to come up the other shaft and go home without a wash they would threaten to come out on strike?—I am very glad to hear that. I am sure this matter of pithead washing only wants to be introduced and understood by the men and all concerned for it to become established as a custom in this country as it is in Cornwall.

14 May, 1919.]

DR. JOHN SCOTT HALDANE.

[Continued.]

18,350. Did we not visit many places in Westphalia?—Yes.

18,351. Is it not a custom that a man must not go to the pit with his pit clothes on?—Yes.

18,352. Do you remember the committee you were on with me when we recommended the baths?—Yes.

18,353. Are you aware that the Bill introduced by the Government was going to go through without any mention of payment for baths, and the employers on behalf of the Mining Association of Great Britain had put into the Bill the clause with regard to it?—I remember the recommendation of the Royal Commission that recommended them.

18,354. They did not recommend them?—I think they did.

18,355. *Sir Adam Nimmo*: Would you not say that the houses that are referred to by Mr. Smillie are of an exceptional character?—I do not know enough about Scotland. Certainly in other parts of Scotland there are much better which I have seen.

18,356. Is not the tendency of deputations who wish to examine miners' houses to go and examine the worst of the houses?—I do not know. I examined the houses and I was very much impressed by their badness.

18,357. I recently took part in a deputation to Scotland along with the President of the Board of Trade and the Controller of the Coal Mines. The houses which we were asked to go and see were, I think, picked out as the worst houses we could go to.

Mr. Robert Smillie: And the best.

Sir Adam Nimmo: Produced by the County Council.

Mr. Robert Smillie: Did we not say the best houses were at Hamilton Palace, and we would take you to see them there? You are not going to answer that question. You know it is true.

Sir Adam Nimmo: It does not bear on the point. I agree you brought us round by some County Council houses. With regard to the employees' houses the deputation was taken to see the worst houses.

Mr. Robert Smillie: And the best.

Sir Adam Nimmo: I am not aware of that.

18,358. Do not you find poor houses in every large centre?—Certainly, and shocking houses.

18,359. Are you aware of the number of persons in Scotland, taking the large cities such as Glasgow, Edinburgh and Dundee, who are living in single and double-roomed houses?—I used to be very familiar with it. I specially investigated these things in Dundee and I was familiar with it in Edinburgh when I was a medical student.

18,360. Would you take it from me, the greater part of the population is living in these houses. I can give you the figures?

Mr. Robert Smillie: Single room.

18,361. *Sir Adam Nimmo*: 62 per cent. in Edinburgh, single and double; 63 per cent. in Dundee; 65 per cent. in Paisley. Is not the problem with regard to houses a national problem? It is not peculiar to the mining districts?—There is this about the mining industry, that there may be no other house near available, except some very bad ones.

18,362. You would agree, I suppose, that even in the mining districts the position has been essentially progressive?—Yes, as far as I know, the quality of the houses has gone on improving.

18,363. And the houses being put up are of a good character?—Yes, as far as I know those now put up by mining companies are good, but there are often not enough.

18,364. Is there not a great deal of reconstruction work with regard to old houses going on?—That I do not know about. Old houses being pulled down?

18,365. Yes, and reconstruction?—I do not know. I am quite clear a lot of these houses Mr. Smillie and I saw ought to have been pulled down, and done away with altogether.

18,366. Would you think I was making a correct statement if I said the colliery owners in Scotland have been spending many thousands a year before the war on houses?—I am sure your statement is correct.

18,367. With a view to improving the housing conditions of the miners?—Yes.

Chairman: The next witness is Dr. Frank Shuttlebotham.

Sir Adam Nimmo: Might I suggest that the cross-examination of this witness be left over. These are very important witnesses. We might have the proof put in. I suggest we should carry on much too long if we began to cross-examine.

Chairman: I hope the cross-examination will be confined to our gentleman on one side and one on the other. We are nearly three days behind our time-table. If you will agree to-morrow morning to put off your Report until the 20th July, well and good.

Mr. Sidney Webb: I support that. I want to ask Dr. Shuttlebotham and Mr. Walker quite a number of questions.

Chairman: Then we shall not finish by the 20th June.

Mr. R. H. Tawney: I suggest we might sit really late. If one is going to spend the evening here until half-past seven, we might as well spend it till half-past nine or ten.

Chairman: Are you willing to sit until 10 o'clock?

Mr. R. H. Tawney: We cannot do our work to-day.

Mr. Robert Smillie: I suggest we should proceed for a time.

Chairman: I had hoped the last witness would have been cross-examined by one gentleman on each side; instead of that it was not so. If you all want to ask questions we cannot finish.

Mr. Evan Williams: I think we should not take important witnesses like Dr. Shuttlebotham and Mr. Walker at the end of a long day.

Chairman: I tell you frankly the Report will not be finished by the 20th June.

Mr. Sidney Webb: There is still the alternative to sit on additional days.

Chairman: After this week, are you willing to sit on Mondays and Saturdays?

Mr. Sidney Webb: If necessary

Chairman: It is necessary. Then after next week we sit Saturdays as well, and after that on Mondays and Saturdays as well as the other days.

Sir Arthur Duckham: Have you allowed for a few days?

Chairman: I am afraid we shall have a very few. During the last two days we have got so much behind the time that we are now getting into serious difficulties.

Sir Arthur Duckham: Then keep us late. I think those few days are more important to us than anything else.

Mr. Robert Smillie: I suggest two things might be done. If you say two to cross-examine on either side or one on either side, then we can make up our minds with regard to it.

Chairman: To-morrow, Mr. Webb, will you cross-examine Dr. Shuttlebotham, if you want to?

Mr. Sidney Webb: Yes.

Chairman: Who shall we say on the other side?

Sir Leo Chiozza Money: I think it is a little unfortunate to limit us.

Sir Adam Nimmo: There are other witnesses who could be much more readily passed over.

Mr. R. H. Tawney: Who are these after these witnesses?

Chairman: There are about 50 left.

Mr. R. H. Tawney: If we have any more of the sort we have had during the last few days, I suggest one on each side would be ample for them.

Mr. Sidney Webb: We have put off a good deal, because we were to ask Mr. Walker. It is the question of the selection of the witnesses.

Sir Adam Nimmo: We might be able to cut down some.

Chairman: Would the Commission like to adjourn now?

Mr. Sidney Webb: Could we put these two roofs in without reading them?

14 May, 1919.]

DR. JOHN SCOTT HALDANE,

[Continued.]

Chairman: I do not think we can do that. We must have the evidence read. I do not propose to read all Dr. Shuttlebotham's proof.

Mr. R. W. Cooper: Could we not take his proof now, and have his cross-examination to-morrow?

Chairman: We will do that certainly.

DR. FRANK SHUFFLEBOTHAM, SWORN AND EXAMINED.

18,368. *Chairman:* I believe you are a Master of Arts and Doctor of Medicine of Cambridge; a Justice of the Peace, and Medical Adviser to the Ministry of Munitions, Member of the Chemical Warfare Committee, and that you have contributed a number of articles on industrial diseases to the Medical Journals, and that you are a Medical Referee under the Workmen's Compensation Act for the North Staffordshire District?

18,369. I will read first of all that part of your proof which deals with accidents in mines. You say:—

“With regard to the number of accidents in mines the Commission already has information on this point, and I strongly urge that steps be taken to diminish, not only the number of accidents, both fatal and non-fatal, but efforts should be made to improve the treatment of non-fatal accidents so that recovery may take place in a shorter time and the period of incapacity for work be thus diminished.

I would like to point out that, in spite of legislation, since 1893 there has practically been no reduction in the number of fatal and non-fatal accidents which occur in the mines of this country year by year. In addition to 1,300 fatal accidents there are more than 160,000 non-fatal accidents which occur from the nature of the men's employment. It is interesting to learn that a greater number of persons are disabled for two to four weeks than for any other stated period, and roughly speaking there are 50,000 miners injured every year in such a way as to incapacitate them for work for between one and three months, while the number of injuries which cause incapacity between one and two weeks is extremely small, being about 8 per cent. of the total. Almost as important as the yearly death roll is the number of miners who are incapacitated each year and who have not recovered at the end of one year, this number amounting to something like 12,000 per annum.

I would like to emphasise, in speaking of the question of accidents, the importance of injury as a causation or aggravation of disease, especially of tuberculosis. This is a subject I refer to in detail in my Milroy Lectures, which I delivered before the Royal College of Physicians in 1914.

Accidents do not mean in the miner simply broken limbs or sprained backs, but the injury may set up a sequela of symptoms which show that diseases of a very serious nature may arise or may be intensified as a result of the original accident.

I believe that the ambulance arrangements at all collieries are most efficiently organised, so that serious cases can be conveyed to the nearest hospital centres with all possible speed, but in view of the fact that the large proportion of injuries arising out of the employment in the mines consist of sprains of muscles and joints, particularly of the loin muscles, something more should be done for such cases. There are tens of thousands of miners disabled in these ways treated at home under the National Health Insurance Scheme, where the treatment simply consists of applying liniments prescribed by the panel doctor. This treatment amounts to no treatment at all. If they were treated seriously as disabled soldiers in the hospital have been treated I feel sure that the duration of the incapacity for work might be halved.

There should be provision in all colliery centres for massage and electrical treatment, so that the men who are injured in the mine can have the best attention and treatment at convenient centres. This treatment would be of the highest value in dealing with cases of neurasthenia, which are intractable unless a systematic treatment is carried out in the early stages. Again, through the lack of proper treatment and the small amount which is paid to the disabled man from the Workmen's Compensation Fund, in the majority of cases he is unable to obtain proper food and runs the risk of getting into debt

How is it possible for a disabled man who requires special nourishment on account of his disability to keep himself and his wife and family on 25s. a week?

I suggest that arrangements should be made for the better after-treatment of injuries which would include massage and electricity for suitable cases, especially those of fractures and sprains, and that the Workmen's Compensation Act payments should be increased, so that the disabled men should obtain proper nourishment and be relieved from financial anxiety.

It may be said that if the weekly payments of compensation be increased, it is an inducement to malingering or exaggeration of symptoms. In my experience, working men who are disabled through injury and who can claim compensation are no more likely to exaggerate their symptoms than patients who find in better circumstances in private practice.”

Then, I do not think we need go into Miners' Nystagmus, which is a well-known disease, and on which you have written a long memorandum.

Then we come to your recommendations, and then you say, “With a view of improving the health condition of miners, I make the following recommendations:—

1. That provision be made for reducing the temperature of hot seams in the coal mines, and that a temperature of not greater than 77° F. (wet bulb) be regarded as injurious to the health of the worker. (This is the standard adopted in France.)
2. That the question of increased candle-power of the miner's safety lamp be considered without delay. In my opinion this work could be carried out most efficiently by a small committee of experts specially selected for this purpose.”

18,370. Is that to remedy Nystagmus?—That is so.

18,371. And then you say: “3. That the housing question of miners be dealt with in a practical way and with all possible speed. 4. That investigations be made as to the causation and prevention of such miners' diseases as bent hand, bent knees and the skin diseases to which miners are specially prone.” Do you include in that ankylostomiasis?—I do not mean ankylostomiasis, but diseases such as inflammation of the skin and septic rashes set up by the action of pit water and other conditions.

18,372. Then you say: “In my opinion, these questions would be most efficiently investigated by the Medical Research Committee. (5) That means be taken to ensure the best possible after-treatment for miners who sustain injuries or contract diseases which are directly due to their employment in the mine.”

I have read all your views with regard to accidents in mines, and I am going to read your views with regard to nationalisation. “With regard to the nationalisation of mines, I have not sufficiently studied this subject in all its aspects to give an opinion that is worth very much. All that I would say is that the Coal Mines Act, 1911, gives full power to the Secretary of State to make such general regulations to prevent dangerous accidents and to provide for the safety, health, and convenience of persons employed in the mines, but it does not appear that he has availed himself of his powers in this direction to any extent.

The record of the Home Office with regard to the health conditions of miners is very disappointing. On their own initiative they appear to have done very little, and there is not, and never has been, a Medical Department dealing with mines attached to the Home Office. Whether improvements would be made under a Scheme of Nationalisation is one

14 May, 1919.]

DR. FRANK SHUFFLEBOTHAM.

[Continued.]

that the future can only tell. The great lever to bring about such improvements is undoubtedly public opinion and the attitude that this Commission takes in dealing with these questions.

"Should nationalisation come about or not, I strongly urge that there should be a Ministry of Mines, with a Medical Department, the head of which should not be in a subsidiary position (as the medical adviser to the Factory Department is at the Home Office), but that he should be a member of the Minister's Council, with free access to the Minister."

18,373. Now, if there is anything else you would like me to read, I will certainly do so. I have read your valuable memorandum upon the causation and prevention of miners' nystagmus, but I do not think, unless you desire it, it is necessary to read the whole of that?—I do not think so, but there are one or two points to which I would like to draw attention.

18,374. What are those points?—I think, with regard to the introductory remarks, something ought to be said with regard to the amount of wear and tear to which miners are subject as the result, in my opinion, of the conditions of their employment. I think that that is particularly important in view of the comparatively early age at which miners give up their work, and the small percentage of miners who are found actually working in the mines at over the age of 50.

18,375. I will read that:

"The Registrar-General's report, however, cannot be said to represent the whole picture of the health conditions of miners, as, it will be easily understood, he is dealing with dead men and not with those who are alive. My own impression is that working miners are a healthy set of men. The coal mining industry is a selective industry, in which there are no light jobs, and unless a man is strong in wind and limb he is unable to carry out his arduous duties in the mine. On the other hand, the continual work-

ing in the mine undoubtedly produces wear and tear, which is shown very clearly in miners over 40 or 45 years old. Arterio-sclerosis, or degeneration of the blood-vessels, is very frequently found in its initial stages in miners between these years, and, speaking from an experience of 15 years' work in a coal mining district, it is my opinion that the percentage of men working underground over 55 years old is relatively small.

"It is not surprising that miners should be predisposed to this general wear and tear when one considers, not only the arduous nature of their work, but that they are working practically in the dark and very often at high temperatures, with an atmosphere charged with a good deal of moisture."

18,376. What is the next point you would like me to read?—I would like to emphasise the question of temperature in mines.

18,377. You say in your proof under "Temperature of Mines":—

"Great Britain is the only European country in which there is no legislation to regulate the temperature at which men work in coal mines, and I think that this country should be brought into line with the other principal European countries, and employment forbidden in workings where the wet bulb thermometer reading is so high as to be injurious to health. I am not going to lay down what the limit shall be. That should be a matter for full consideration. But when we realise that the Lancashire weaver, the Staffordshire potter, and the collieries in France, Germany, and Belgium are protected against working in temperatures recognised to be injurious to the health, I do not think it unreasonable to suggest that legislation should do at least as much for the coal miner in this country."

18,378. Is there anything else you want to draw attention to?—I do not think so. I think most of the other points have been raised by Dr. Haldane.

(Adjourned to to-morrow morning at 10.30.)

SECOND STAGE—THIRTEENTH DAY.

THURSDAY, 15TH MAY, 1919.

PRESENT:

THE HONOURABLE MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. ROBERT SMILLIE.

MR. R. W. COOPER.

SIR ALLAN M. SMITH.

SIR ARTHUR DUCKHAM.

MR. HERBERT SMITH.

MR. FRANK HODGES.

MR. R. H. TAWNEY.

SIR LEO CHIOZZA MONEY.

MR. SIDNEY WEBB.

SIR ADAM NIMMO.

MR. EVAN WILLIAMS.

SIR RICHARD A. S. REDMAYNE (*Assessor*).

MR. ARNOLD D. McNAIR (*Secretary*).

MR. GILBERT STONE (*Assistant Secretary*).

Sir Allan Smith: Sir, before you proceed with the further examination of the witness, I should like to refer to a question I put to Sir Malcolm Delevingne yesterday. I asked whether he was giving personal evidence, or giving evidence officially on behalf of the Home Office. He replied that he was giving the official view of the Home Office. I do not know

whether it is possible for us to accept the official view of a Government Department from the hands of an Assistant Secretary without having an authority from the Minister in charge of that department justifying us in accepting the views of the Assistant Under-Secretary of State as the official views of a Government department. I do not know

15 May, 1919.]

DR. FRANK SHUFFLEBOTHAM.

[Continued.]

whether a Government department can give official evidence of that description without committing the Government as a whole, and having regard to the answer which Sir Malcolm Delevingne gave to me, I should like to know exactly where we are, and whether the evidence that he has given, being official evidence on the part of the Home Office, is the official mind of the Government on the points upon which he spoke.

Chairman: That is a very important question, and I am very glad you have raised it. I had better say what my personal view was, and then I will make enquiries. A number of gentlemen who have given evidence from various Government departments have been careful to put at the head of their proofs that the witness only expresses his own view and not the view of the Ministry. My own view is that Sir Malcolm Delevingne is in the same position, and as he was giving evidence of what his personal

views were I do not know whether he had authority to commit the Home Office, but I should say certainly not the Government. That is my own view, but we can make enquiries.

Sir Allan Smith: My difficulty is that the answer he gave stated that he was giving the official view and not his personal view.

Chairman: As soon as I got the shorthand note I will look at the answer and make enquiries. I am very glad you have mentioned the point, because it had escaped me.

Sir Adam Nimmo: Sir, would you give me an opportunity at some time to make a personal explanation to Mr. Smillie on a question which he raised yesterday? He is not here this morning; otherwise I would have taken the opportunity now, with your permission.

Chairman: Yes, certainly. As soon as he comes you can do that.

DR. FRANK SHUFFLEBOTHAM, Recalled.

18,379. *Sir Adam Nimmo:* (To the Witness.) In the fourth paragraph of your *précis* you deal with certain mortality figures. What year have you taken?—I have taken the figures that appeared in the last Registrar-General's Report. They are the figures prior to the war.

18,380. Would it not have been better, in dealing with your figures, where you contrast the mortality in respect of the miner with the mortality as a whole, to have excluded from the larger figure the mortality in respect of the miner?—I do not quite understand your question.

18,381. When you deal with the figure of 175 I see you include in that figure the mortality applicable to the miner?—That is so.

18,382. And thereby, of course, you reduce that average considerably?—Yes.

18,383. Of course, by taking the figure that you use later you increase the average by bringing in the figure of the miner?—That is so.

18,384. Would it not have been better, in making the comparison that you have done, to have excluded from the larger figure the mortality in respect of the miner?—I think it would have made it clearer.

18,385. I see that you speak of the mining industry as an exclusive industry?—A selective industry.

18,386. In what sense do you use that word?—I use it in this sense—that, in my opinion, a man who is a weakling is unable to work in the mine. It is an occupation for strong men, and both men and boys must be physically fit before they are able to work in a mine.

18,387. Would you not say that as a matter of general practice the sons follow the fathers in connection with this industry?—That is so.

18,388. It may be merely an argument that the miners as a class are a virile body of people?—Yes, that is so.

18,389. I see you lay great stress on the question of nystagmus. I do not wish to go into that very largely, but may I ask you if it is the general medical view that there is no doubt whatever about the cause of nystagmus?—That is so.

18,390. You think it is undoubtedly proved that it is due to poor light?—Yes.

18,391. It has nothing to do, has it, with the angle of inclination at which the men work constantly?—I do not think so.

18,392. You think that is entirely disproved?—Yes, it is entirely disproved, and it is disproved from the fact that one never finds miner's nystagmus in coal pits, or in ironstone mines where naked lights are used. It is an unknown disease in those pits.

18,393. You have not any view that the coalowners stand in any way in the way of the best light being secured?—No. I do not think so. The only thing is, I think, that a certain amount of responsibility devolves not only upon the coalowners, but also upon the men in not having insisted upon something being done to improve the lighting conditions of the mine, especially when one realises that miner's nystagmus is the commonest of all industrial diseases in this country.

18,394. So that from the humanitarian aspect of the subject the coalowner is interested in doing the very best possible to secure the best light for the men?—Certainly.

18,395. As a matter of fact in the past he has done a good deal to encourage research in that direction, has he not?—That is so.

18,396. After all, as to what is the best light, or what is the best that could be done in securing the best light, is a matter for careful scientific investigation?—That is so.

18,397. And when expert opinion has decided upon the best light that can be used you have no doubt that, so far as the coalowners are concerned, they would welcome that light?—I feel sure they would.

18,398. I notice you say a good deal about the housing question in relation to the men, and you say that the houses that have been provided have been houses for miners and not homes for miners: Do you think that these remarks apply only to miners' houses?—No, I do not, but I think that the housing condition of the working people in this country at the present time is deplorable. I do not think it is worse for miners than for other classes of the community, except in so far that a miner is occupied in a dirty occupation. As a rule he has a large family, and with his dirty work and dirty clothes, it is all the more important that his housing conditions should be even better than those of working people engaged in other industries.

18,399. I suppose you would take the view that the public authorities have had powers by which they might have brought about very considerable improvement?—That is so.

18,400. Have they exercised those powers?—In my opinion, no.

18,401. So that the problem that is involved is one that probably concerns the public authorities much more than it does the employers?—It concerns them quite as much.

18,402. Do not public authorities act very largely from the public view point; that is to say, it is public opinion, after all, that is the driving force behind either local or imperial legislation?—Well, I think this with regard to the housing question. So far as my experience goes—and I have had six years' experience on the Staffordshire County Council—what I found was that the County Council would draw up a report on the housing conditions in a given district and would send on the report with recommendations to the local authority and that the local authority never put them into operation.

18,403. Do you think that taking the rank and file of the men themselves there has been any very strong demand or any demand at all for better housing?—I think there has been of late years.

18,404. Do you mean since the war began?—Yes.

18,405. And probably since this Commission began to sit more than at any other time?—I have not had the opportunity of making observations since the Commission began to sit.

18,406. I think you make special reference to the question of housing accommodation in Scotland?—Yes.

15 May, 1919.]

DR. FRANK SHUFFLEBOTHAM.

[Continued.]

18,407. Have you any personal experience of housing accommodation in Scotland?—Yes.

18,408. Do you know the mining districts in Scotland well?—I cannot say that I know them well, but I know Ayrshire.

18,409. Have you spent any considerable time in investigating the housing question in Scotland?—No, but I should like to say this. When I obtained this information I wrote to the Medical Officer of Health in each mining county in Scotland and I made these remarks on the strength of the reports which were sent on to me.

18,410. *Mr. R. W. Cooper*: You made them on the reports?—Yes, I made them on the reports and any supplemental questions that I might have put to the medical officer.

18,411. *Sir Adam Nimmo*: Apart from Ayrshire do you know the problem from a close personal investigation?—No, I do not.

18,412. Do you know anything about the extent of the problem of the single apartment in Scotland generally?—Not personally. I only know it from the reports which I have received from the Medical Officers of Health.

18,413. Do you know the extent of that problem apart altogether from the mining population?—I heard you say something on this point yesterday.

18,414. I would like to give you some figures to show you the extent of this problem in Scotland generally and I take first of all the single apartment houses. The figure that I have as applicable to Glasgow, for example, is this: that 14 per cent. of the population is living in one-roomed houses; that in Dundee 10 per cent. of the population is living in one-roomed houses; that in Edinburgh 6 per cent. of the population is living in one-roomed houses; that in Aberdeen 5 per cent. of the population is living in one-roomed houses. I put it to you that these are not centres that contain any considerable mining population at all?—That is so.

18,415. As a matter of fact, some of them do not contain any mining population?—That is so.

18,416. And yet these figures go to show that a considerable portion of the population in Scotland is living in single apartments?—Yes.

18,417. Apart altogether from the mining position?—That is so; but I think they show something else—that something ought to be done at once to remedy these evils.

18,418. Yes, I am not objecting to that view, but I merely wish to bring out this—that you are here dealing with a very big question. Is that not so?—Yes. A national question.

18,419. Do you know anything of the figures applicable to Scotland as to the population that is living in one and two-roomed houses?—I have not got the figures at hand, but I have seen them.

18,420. I mentioned some of these figures in examining *Dr. Haldane* yesterday.

Sir Leo Chiozza Money: Could we have these figures put in to save our time? I cannot see with regard to the housing in every part of Scotland what relation it has to the mining industry. You have appealed to us to save time. I do not see the relation unless we indict other industries as well as the mining industry.

Sir Adam Nimmo: I submit that a considerable indictment has been brought forward against the mining industry in respect of its housing accommodation, and that it is suggested by way of argument that that is a special reason for nationalising mines. I am bringing forward these figures to show that this is a very much wider problem altogether, and that it ought to be dealt with from a national point of view. I submit within that position my questions are perfectly relevant.

Chairman: Yes.

Sir Adam Nimmo: I do not want to traverse more ground than is necessary.

Chairman: Yes. You have not many questions to ask, I am sure. We will get the figures put in because time is valuable.

Sir Adam Nimmo: Yes, I will not take up more time than is necessary. I gave the figures yesterday, but if the figures are to be put in I will not delay over them.

Chairman: *Sir Adam*, we had not the advantage of having your advice and assistance when we had our first enquiry, but when the first enquiry was on there was put in—no doubt every Commissioner except myself read it—a report of the Royal Commission on Housing in Scotland. You will find all the information there, and it is before the Commissioners. There are only about 500 pages to read.

Sir Adam Nimmo: The figures which I have given are taken from that report, and it is a very exhaustive report.

Sir Leo Chiozza Money: May we have permission to cross-examine on this?

Chairman: No, we have it all in the report. Everyone has read the report, I am sure, except myself.

18,421. *Sir Adam Nimmo*: (*To the Witness*.) I put this as a general question—that in Scotland you have a very large percentage of the population living in either a one-roomed house or in two-roomed houses?—That is so.

18,422. And you agree with me that this is not a problem that specially refers to the mining industry?—Not particularly. It refers to the whole housing question.

18,423. And that it is in no sense bound up with the question of the nationalisation of mines?—Not so far as I am concerned.

18,424. On the question of housing I should like just to say this. You refer to the fact that you had taken the question up with the various medical officers in different parts of the country before you submitted your evidence?—I did it some time ago. This information with regard to housing was pre-war information.

18,425. Do you know *Dr. John T. Wilson*, the Medical Officer of Health for Lanarkshire?—I know him through writing to him.

18,426. Do you know that he is a man in a public position?—Certainly.

18,427. And a man of considerable knowledge and scientific attainment?—Yes.

18,428. We have had his report quoted in an earlier part of this enquiry and I should like to refer to one or two things he says about single and double houses. In the report which was previously referred to by one of the witnesses here, he says this: "It is very desirable that the public mind should be cleared of any sickly sentiment as to the supposed evils of a one-apartment house. There can be no doubt that a real demand exists for such houses, and they are suitable for young married people as well as for old couples whose families have left them; in other words, for the two extremities of married life. The great danger in one-apartment dwellings is their liability to be occupied by a grown-up family quite able to pay for better accommodation. Assuming, however, all one-apartment houses are only used by married couples with one or two young children, or by elderly couples who have no families at all, what objections can be urged on the ground of health when they are provided with suitable domestic and sanitary conveniences?" Do you know whether in Scotland the miner has shown any very strong desire for a better house by being willing to pay for it?—No, I do not.

18,429. May I put it to you that we ought to regard it as a reasonable attitude on the part of the miner that if he wishes for a better house he should be willing to pay more for it than he does?—I suppose so. May I ask what was the object of reading that long statement from the Medical Officer of Lanarkshire's Report? Did you ask me to accept it or not?

18,430. No, I put it before you as the view of an eminent medical man in dealing with houses of one and two apartments in a country where there are a large number of these houses?—Did you wish me to agree to it or not?

18,431. Do you agree with it?—I do not, certainly. I think that it is pitiable that a statement like that should be put in.

18,432. I am only taking it out of the report which has been already referred to. I think we all agree that the miners' houses should be made as good as is possible?—Exactly.

18,433. But we have to deal with the actual facts of the situation and that situation is a broad national

15 May, 1919.]

DR. FRANK SHUFFLEBOTHAM.

[Continued]

one. Now, coming to the question of accidents in mines, I see you say on page 2, under that heading: "steps be taken to diminish, not only the number of accidents, both fatal and non-fatal." What steps do you suggest?—In dealing with this question, I think it is most important that there should be a periodic review of the precautions taken in each mine to diminish accidents on similar lines to what took place some years ago when the Royal Commission sat to consider these questions. It is common knowledge that improvements are made from time to time in certain mines with a view of reducing the number of accidents. By reviewing the whole situation periodically, I feel certain that all mines would adopt the very best methods to prevent accidents. Further, I am of opinion that these accidents in every mine should be notified, if not week by week, certainly month by month, in the same way that notifications of diseases are notified, and they should be published, not only in Government reports, but in all the local papers, so that those responsible for the conduct of mines, whether they be managers or men, would be really put on their test to do their best to reduce the number of accidents, not only year by year, but month by month. I feel certain that this would create a public opinion on the subject, and I am convinced it would do a great deal towards the reduction in the number of accidents.

18,434. Your object, I take it, is to secure a progressive policy?—That is so.

18,435. But you are not suggesting that the methods that are adopted to-day to prevent accidents are not up-to-date?—Oh no, but I think that they could be improved.

18,436. By investigation?—That is so.

18,437. And by building upon the experience of the past?—Yes.

18,438. I take it you would agree that the process must necessarily be slow, but of course continuous?—Quite. Another point I would like to raise on this question is this: I feel sure with an improved illumination of the mine that the number of accidents will be reduced.

18,439. I see that you suggest that there should be provision in all colliery centres for massage and electrical treatment, and so on?—I do.

18,440. Do you suggest that these facilities should be provided free; that is to say, that there should be no charge upon the workmen for providing these facilities?—I should think so.

18,441. You think they ought to be provided free?—I do.

18,442. Do you know whether there is any unwillingness now on the part of the workmen to undergo this treatment?—I know of none, and I should say that if there is any unwillingness it will soon disappear. From my own experience I know, with regard to discharged soldiers who have been injured in such a way that they require massage and electrical treatment, that there is a great desire on their part to obtain this treatment, and I think this educative influence which is going on at the present time will certainly reflect upon the mining industry in which there are so many discharged soldiers and sailors.

18,443. Do you know whether the Coalowners' Insurance Associations do or do not adopt methods of securing massage and electrical treatment?—I can say so far as my own experience goes that where it is available in large hospital centres, the men are encouraged to undergo this treatment, and in centres in North Staffordshire, where it is not available, the coalowners in certain cases have actually paid for this treatment to be carried out on the advice of the colliery doctors or their medical advisers.

18,444. I think we would all agree that it must be in the interests of the employer to keep his workmen as fit as possible?—Yes.

18,445. When you come to deal with the temperature of mines, has there been any exhaustive analysis made, or any complete record of the temperatures in British mines?—I am not aware of it.

18,446. It has not been done in any thorough or organised way?—The only investigation that I know of on this point was made some years ago by Professor Cadman and Mr. Walley, who, I believe, was one of the Inspectors of Mines. So far as I am

aware, that is the only report that has been made upon this subject.

18,447. Do you think the investigations that have been made have gone far enough to draw general conclusions from them as to existing temperatures?—I should think so.

18,448. Is it your view that the temperature of British mines is higher than it ought to be?—In certain seams or certain mines, certainly.

18,449. Of course the temperature must necessarily depend upon the depth of the mine?—That is so.

Mr. Herbert Smith: Not necessarily.

Sir Adam Nimmo: Unless artificially dealt with.

Mr. Herbert Smith: No, not necessarily.

Witness: No, it depends upon the depth of the mine plus the temperature generated by the oxidation of the seam minus the cooling effect of the ventilation.

18,450. *Sir Adam Nimmo:* You have a variety of circumstances to take into account?—Yes.

18,451. I notice under the heading of "Temperature of Mines" you suggest that it is not desirable for you to lay down what the limit of temperature should be, but when you come to your recommendations you do proceed to lay it down?—I simply put that in because I felt certain I should be asked something on this point. I think it is a matter for consideration.

18,452. This is merely a personal view on your part?—Yes. The whole of my report is a personal view.

18,453. Then under the head of "Nationalisation" you rather suggest, I think, that while the Secretary of State has full powers to carry out such safety regulations and health regulations as he desires, he has not exercised these powers as he ought to have done?—That is so.

18,454. I suppose it is a fact that we all need probing up in these matters?—Do you mean you personally or the Home Office?

18,455. I mean the State does not seem, upon its own initiative, to go very far in these matters?—I do not think it does anything with regard to improvement in the working conditions of mines.

18,456. You do not suggest it merely stands and looks on, do you?—Well, I think it does, and if I may I will support that statement by reading from the Act. According to section 86, paragraph 1, of the Coal Mines Act of 1911, it says: "The Secretary of State may by order make such general regulations for the conduct and guidance of the persons acting in the management of mines or employed in or about mines as may appear best calculated to prevent dangerous accidents and to provide for the safety, health, convenience and proper discipline of the persons employed in or about mines." This was in 1911, and since 1911 I am not aware that the Secretary of State has done anything to improve the working conditions of mines with regard to either temperature or illumination, or with the object of reducing the number of diseases which undoubtedly arise out of the employment.

18,457. You think he could have done a great deal more if he had been active in the matter?—I am sure he could.

18,458. Is not a State Department very much in the position of an employer in this matter; that it merely acts upon the force of public opinion that is brought to bear upon it?—It may be so.

18,459. And would the employer under the influence of public opinion be just as likely to go as far as anybody else if left free?—I think in certain instances, yes, but one wants a general raising of the standard throughout the whole industry.

18,460. Is there not a different outlook upon industry generally since the war took place?—Yes, I think there must be.

18,461. Are not the employers themselves more alive to all the necessities of the case since the war developed?—I think so.

18,462. Do you not think the new spirit which has been created will carry industry as far as can be reasonably expected?—I am not so certain, unless those responsible avail themselves of all the information that they can obtain.

15 May, 1919.]

DR. FRANK SHUFFLEBOTHAM.

[Continued.]

18,463. You rather suggest the State has not done very much, but it has been left to itself in that direction?—I think it has done hardly anything in this direction.

18,464. You are not here to suggest that the nationalisation of the mines is going to bring about this position?—Oh, No!

18,465. You do not express any view in that direction at all?—No, I do not.

18,466. I take it that the question of health is not one that is confined to the mining industry. Is it your view that it should be dealt with on particular national lines?—No. I think the health of the miner is something quite distinct from the health of work-people employed in other industries. It is the only industry where over one million men are employed, and it is the only underground industry, and I suppose one might say that it is the pivotal industry of the country.

18,467. If there were a Public Health Department, could there not be within that Department concentration upon the special problems of mining?—There could be, but probably it would not be as satisfactory as if these questions were dealt with separately.

18,468. Could they not be dealt with separately in connection with such a Department?—I am not sure. I have not very much faith in these Government Departments.

18,469. Do you mean none of them?—Not very many of them. I would like to illustrate it by the way in which tuberculosis was dealt with by a Government Department. That was brought under the Local Government Board and was put under the supervision of medical officers of health, who are not experienced in the clinical side of tuberculosis, with the result that the treatment of tuberculosis has been a failure throughout the whole of the country.

18,470. *Mr. Evan Williams*: In your recommendations you give a temperature of 77° Fahr., wet bulb, as the maximum which you would permit. I want to ask you whether it is the actual wet bulb temperature or the difference between that and the dry bulb temperature?—It is the difference between that and the dry bulb.

18,471. So that you would say a temperature of 77° wet bulb with a dry bulb of (say) 82° would be worse than a wet bulb temperature of 82° with a dry bulb of about 90°?—That is so.

18,472. Is it not rather a mistake to prescribe a definite wet bulb temperature in this way?—If I am bound to answer that question yes or no. I say it is, but I think the whole question is one for full consideration. I think it is a matter in which there should be some limit.

18,473. If you are going to prescribe a limit is not the difference between the wet and dry bulb temperature what you would prescribe?—But there must be a maximum.

18,474. Yes, a maximum, but not an exact maximum of this kind?—No, perhaps not.

18,475. *Mr. R. W. Cooper*: With regard to Workmen's Compensation, I do not propose to ask you any questions about that. Have you seen in the "Morning Post" of to-day an announcement that the Government have appointed a Committee on the matter?—I have not; I never read the "Morning Post."

18,476. They have appointed a Committee to investigate the whole question of workmen's compensation. With regard to nystagmus, your memorandum is exceedingly clear. I believe it is a fact that they have appointed a committee to consider the question of improved safety lamps?—I believe the Home Office hurried up last week in the matter.

18,477. *Sir L. Chiozza Money*: You realise that we have not only to enquire into the social conditions of the miners, but to try and make up our minds, if we can, whether nationalisation would improve those conditions?—That is so.

18,478. In replying to *Sir Adam Nimmo*, I understood you to say that you had very grave doubts (I hope I am interpreting you correctly) as to whether nationalisation would have any beneficial effect?—I do not think you are right in assuming that.

18,479. Would you put it in your own way?—My own view about it was this. I have no opinion at

all upon nationalisation—I want to be perfectly clear on that point. With regard to the health conditions of miners, I think that great improvement can be made without nationalisation.

18,480. But I thought you said your experience led you to have no faith whatever in Government Departments in that connection?—That is so.

18,481. Do you know anything about the work of the Ministry of Munitions?—Yes.

18,482. Would you think it true to say the Ministry of Munitions has not studied the health of the millions of people who were under it?—Certainly not; I did not say every Government Department.

18,483. Forgive me, but it makes all the difference. I am putting it to you that what we are deciding here is the relative merits of leaving mining under private ownership with a Government Department or Departments interfering with or trying to interfere with its methods on the one hand, and on the other hand the direct ownership of the mines, making a Government Department directly, and not by way of interference, responsible for the conduct of the industry. Can you not see a very clear distinction?—Quite.

18,484. May I put it to you that that is entirely the difference which has obtained between the conduct of the Home Office in regard to health in mines, and, secondly, the conduct of the Ministry of Munitions in relation to the factories for which it was directly responsible?—That is so.

18,485. If that is so—and this is the point at issue—would not that rather lead you to revise your opinion?—I cannot say yes. One is dealing with conditions in times of war, and the other is dealing with conditions in times of peace.

18,486. Dealing with a mine, it means of course that the men have to be congregated together or segregated almost from the rest of the population sometimes, and it requires a certain number of men to work the mine. Now take the Holytown Mine. 430 were employed there. There were 107 two-apartment houses, one storey, brick-built, with no damp proof course and no garden and the scullery used as a washhouse, no boilers, and there were 36 pail privies and 18 open ash-pits. Can you imagine any Government Department allowing those conditions to obtain?—No, and I do not think any coalowner, if he were building afresh, would be allowed to do that.

Sir Adam Nimmo: These houses belong to my own company, and I submit that the statement made by *Mr. Robertson* is absolutely incorrect and untrue.

Mr. Frank Hodges: It is in evidence taken on oath.

Sir Adam Nimmo: It may be, but if you call for the facts to-day you will see they are quite different. That report is in 1910, and these houses were all reconstructed before the war.

Chairman: We will call a witness as to that, if you will let us know the witness you desire to call. *Mr. Hodges* is quite right. Of course we entirely accept your statement, and no doubt it is perfectly accurate, but as a matter of order *Mr. Hodges* points out that that has been given on oath, and we had better call some one to deal with it.

Sir Adam Nimmo: Yes, it will be brought out by one of the witnesses later.

18,487. *Sir L. Chiozza Money*: Now remember what mining is. You have to build houses. You said in reply to *Sir Adam Nimmo* that it was a national question. I put it to you that houses in connection with miners are something more than a national question. They do pertain to the mine, because of the need to bring people together for the purposes of the mine, and therefore the housing becomes almost, as it were, part of the direct operations of the mine?—Yes.

18,488. Does that not also lead you to modify the opinion which you expressed in concurrence with *Sir Adam Nimmo*? It is a national question, I agree, but does it not bear upon the operations of the industry as in many industries it does not do?—It does to a large extent, but, on the other hand, what you say would apply to other industries—to furnace work or pottery work; the people have to live somewhere, and they live as near to their work as is convenient.

18,489. But this is a case where you have, as it were, rather suddenly to bring together a number of

15 May, 1919.]

DR. FRANK SHUFFLEBOTHAM.

[Continued.]

men to work in a particular industry, as the Government had to do or thought of doing—and, I put it, will still do it—at Chepstow?—Yes.

18,490. Have you been to Chepstow?—No.

18,491. Do you know what the Government did there?—No, I have only read in the papers what they have done.

18,492. It is a pity you did not see it yourself without reading it only in the papers. Do you know both at Chepstow and Bletchley there are beautiful garden cities—I saw them in November last. They were erected then, and they are beautiful garden cities of the latest type. That is another Government department doing exactly what you know the Ministry of Munitions did in connection with similar work. Wherever it had occasion to bring workpeople together, it did it under circumstances of appalling difficulty with regard to labour and material, but nevertheless it housed the workpeople to the best of its ability?—Quite so.

18,493. Have you ever known that to be done save in the rarest cases by private employers?—No; of course there are Port Sunlight and Bourneville.

18,494. Are not they the rare exceptions?—Quite so.

18,495. No matter what political party were in power, do you not think if a new pit was sunk, say in Sussex or Kent, and a new field was discovered, that the Government would put up houses, and good houses, for the people?—I do.

18,496. When you know the conditions which you yourself have denounced here, do they not amount to a denunciation of the industry in that respect as carried on?—Do you mean at the present time?

18,497. Yes, or any time within the last 20 years?—It is a reflection, but I do not know that one ought to denounce the industry any more than the general public for allowing such conditions. I think the responsibility is at the present time, and has been for years, on the local public authorities who have not risen to, even when these matters have been brought before them, and have not taken advantage of, the powers they have.

18,498. Is it possible for a local authority to deal with matters of housing that can only be dealt with in a regional way. Is it not a fact that in relation to mining districts you ought not to put up houses in the districts of the Local Authority, but they ought to be put up with proper transport accommodation to the mines?—That is so.

18,499. How could that be done by the Local Authority?—The Local Authority has power to close insanitary houses.

18,500. Again and again have they not tried to bring pressure to bear on mine owners with unsatisfactory results?—In the last few years that is so; it is because building operations have been suspended.

18,501. Are you not able to make up your mind about this after your knowledge of what has been done by the Ministry of Munitions. Do you doubt less would be done by the Minister of Mines?—I cannot say I have considered that question.

18,502. Have you looked at the evidence of Dr. Collis?—Yes.

18,503. Do you know he said he could get things done more quickly with national factories than with private factories?—I saw that.

18,504. Let me bring you to the point to be decided at this Commission, the question of interfering with industry on the one hand and the owning on the other. If you wanted to take care of a house which do you think would produce the best results? Do you think it would be better to own the house and to have your own servants in it, or, on the other hand, for the house to be owned by somebody else with that person's servants and you could only interfere by way of making rules and sending an occasional inspector?—The first condition of things.

18,505. You blame the Home Office. What is the Home Office doing in regulating over 3,000 individual mines owned by 1,500 different colliery companies, owned by all sorts of people, some responsible and some respectable, others not at all responsible—what would you do without an army of inspectors to go to every mine once in every three months?—They could do a great deal by creating public opinion.

18,506. Do you know the regulations sent round were neglected again and again. They sent round these formal notices and they have had no attention?—I am not aware of that.

18,507. Do not you know the dreadful accidents that occurred within a short period of the Home Office making an attempt to make the mine owners do things; the Inspector has been there and said do it, and they take advantage of the law and do not do it, and that is followed by a dreadful accident?—I am not sure of that.

18,508. Is it not what you would expect to occur under a system of interference?—I am not sure of that. What I feel is there is a good deal of, I will not say carelessness or callousness on the part of the employer and the men. I think there is a personal anxiety on the part of every individual to make the working conditions as perfect as possible. There has not been the force of public opinion behind the industry to raise the standard along the lines I have suggested.

18,509. You yourself have had examples to-day. You heard the one-roomed house defended here by a Coal Commissioner after sitting on this Commission, which has gone on for weeks, yet you have faith in public opinion to act in that manner.

Sir Adam Nimmo: I did not defend single-roomed houses. I referred to certain facts in connection with them.

18,510. *Sir L. Chiozza Money*: It was put that a one-roomed house was good enough for young people and old people?—I think it is monstrous.

18,511. Yet you still have faith in a policy of interference?—I think the word "interference" is your own.

18,512. Is not the Coal Mines Act an interference?—It says what you must not do.

18,513. It is entirely a system which does its best so far as it can by writing down on paper to say there must be this, there must be that. If explosives are used they must be used under certain conditions; the managers must have certain conditions. The State does not directly own its own house and in this matter puts its own house in order?—It does not. This is a kind of policeman's job.

18,514. If that book were to be carried out you would not want 100 inspectors but several thousands. If you were to get anywhere near carrying that book out as written in the letter and spirit in which it is written it would need thousands of inspectors and well-paid men and able men both physically and mentally to see that it was carried into effect. Is it not common sense that it is so?—I am not sure of that, if you get personal responsibility in each mine.

18,515. Do you get personal responsibility in each mine. Is it not the fact there is evidence to show things are neglected? Is it not the fact that accidents have occurred again and again because of neglect? Do not you urge that?—I do.

18,516. Think of our present inspectors. You blame the Home Office. What is it to do? Is it to put up a new palace in Whitehall to house a tremendous staff of clerks to receive thousands of reports from inspectors to see that this Act is carried out?—I hope not.

18,517. You yourself, after considering this, say you hope not. I say it is the only way to get it done.

18,518. *Chairman*: Your questions, Sir Leo, are very long, and the witness does not get an opportunity of putting in even half an answer. Your remarks are very valuable, but we want to get answers. Dr. Shufflebotham, do you know what the last question was?—No, I do not.

18,519. *Sir L. Chiozza Money*: You have 3,000 mines, and do you really think that those mines could be thoroughly inspected from year to year with the present number of inspectors?—No, certainly not.

18,520. How many do you think it would want?—The evidence I am giving to this Commission only deals with health questions. I want that to be perfectly clear, and I do not want to give opinions on things I do not know and do not understand.

18,521. I do not doubt that. Yet you said in your evidence you had no faith in Government depart-

15 May, 1919.]

DR. FRANK SHUFFLEBOTHAM.

[Continued.]

ments, and you blame in your *précis* the Home Office for what it has done?—For what it has not done.

18,522. I put it they cannot do more with their given material?—I think they can. The Home Office has known with regard to miners' nystagmus that it is the commonest occupational disease known, and I cannot find out how they have tried to diminish the disease in any way whatever. There is another group of diseases known as beat hand and beat knee. That has not been considered at all. I consider the Home Office are the people to have brought these subjects before somebody and to have done something or to have suggested something to diminish the amount of suffering produced, and the amount of incapacity for work. I give those as two illustrations.

18,523. Have you noticed in that particular class of disease the Ministry of Munitions did make investigation—take T.N.T. poisoning?—I agree.

18,524. It is the difference between the department which is subject to interference and a department that has direct responsibility. That makes all the difference in the working of the people in the department?—That is exactly the reason why I believe the Home Office are not the people to carry this out, because it is a kind of super police office.

18,525. There we come to agreement?—I believe myself that a better condition of things would accrue from the Ministry of Mines with a Medical Department, the head of which should be a responsible director of the Ministry.

18,526. Do not you think there would be great difficulties if the Ministry of Mines did not own the mines and was not in the real sense of the word responsible for what it owned?—That is a matter I have not had time to consider.

18,527. Do not you think it has been rather proved in the war?—There is no doubt with regard to factories and filling stations where very dangerous occupations have been carried out the Government has been very fortunate in the method of management.

18,528. *Mr. R. H. Tawney*: First as to your statistics, you compare the disease rate among miners with that among all occupied males. That is a perfectly correct statistical method. It is the ordinary way to compare the rate amongst part of the aggregate with the rate amongst the aggregate itself?—These figures are taken from the Registrar General's Report.

18,529. That is the thing done every day by all statisticians?—Yes.

18,530. I think you point out with regard to this, the rate of sickness due to respiratory diseases must be taken as being very high among miners, and is a set off in a way against the disease of phthisis, which is low?—I put it clearer than that. My view is this, that up to very recently there have not been the opportunities of making a correct diagnosis in many chronic respiratory diseases. With the new information that has been obtained through using more refined methods of diagnosis, a great many cases that were supposed to be simply chronic bronchitis or asthma are really tuberculous in origin.

18,531. That is to say, there is a ragged margin between the two?—There is no ragged margin when a proper and systematic examination is made. Suppose a man is examined with a stethoscope, it is impossible to ascertain in a great many instances whether he is suffering from bronchitis or tuberculosis. If his sputum is examined bacteriologically you can say definitely. If his chest is X-rayed one can say decidedly what is the correct diagnosis.

18,532. Is what you mean that when the correct diagnosis is made, the rate of disease from phthisis would be rather higher than now appears?—That is so.

18,533. The low rate of phthisis must not be taken at its face value?—That is so.

18,534. You point out mining is a selected industry. By that, you mean, in the first place, it recruits stronger boys for the mines?—Yes.

18,535. In the second place, it involves exhausting work, and therefore the age at which men leave it is comparatively low compared with other occupations?—That is so. One must bear in mind that one out

of every six or seven miners is injured every year, apart from those that are killed. Many thousands are incapacitated in some way or another and they do not return to the mines.

18,536. The consequence is an elimination of the weaker men in favour of the stronger?—Yes.

18,537. To draw the conclusions from the health of the latter would be as reasonable as to take the health of the population by the health of the men in the Army?—Or football players.

18,538. They are a highly selected class?—Yes.

18,539. You gave some figures about infantile mortality. Can you tell us what the causes of that are. I understand infantile mortality is higher in the textile districts and the mining districts?—That is so.

18,540. About the textile districts, we have our own opinion; what about the mining districts?—I think in the mining districts it is due, probably, to two causes: the housing conditions and large families. There is a high birth rate amongst miners, and, if the housing conditions are poor, it operates against the children, and with the large families the children do not have much individual attention.

18,541. You say houses ought to be adapted to families and not families to houses?—That is so.

18,542. Could you particularise a little more as to what you mean about the housing conditions? When you say bad housing conditions, do you think of the percentage of overcrowding?—I think of the whole question. The question is not only the number of rooms, but the sanitary conditions, whether the windows open or not or whether the only ventilation is through the front door. One is entirely on a very big question.

18,543. Have you considered how far the special requirements of the miners' occupation aggravates the bad housing conditions? A miner gets dirty, and has to wash at home. If there are three men in a family washing at home, then that is less healthy?—No. I think I said to Sir Adam Nimmo that I thought that whilst the housing condition of the workers in this country was in a deplorable state it was all the worse for miners, because of the dirty nature of their occupation.

18,544. Would it not be true that the nature of the miners' occupation exposes them to special disabilities?—Yes.

18,545. And if those special disabilities are met, there ought to be special housing precautions?—That is so.

18,546. Would you say one of those precautions was facilities for washing away from home—baths at pit head?—Yes.

18,547. With regard to the obligation as to housing, I do not know if you are dealing in your paper with the administrative question or merely with the effect. Several questions have been asked about them. There was put to you that there was an obligation on the local authorities, and that the owners had no obligation at all?—The owners have, certainly, an obligation as well as the local authority.

18,548. You know North Staffordshire?—Yes.

18,549. In North Staffordshire a good many of the mining villages are isolated?—That is so.

18,550. When a pit has been opened there arises a special need to house the miners?—That is so.

18,551. If it were to be met by the local authorities that would involve a special expense over and above the general expenditure on housing conditions?—Yes.

18,552. On the other hand, the pit is opened primarily for the profit of the company engaged in the industry, and is it not reasonable it should make a special contribution?—I think so.

18,553. Let us take this question of pit baths. It was said better houses might be forthcoming if the miners demanded them or would pay for better houses. Do you think it would be reasonable to say that rotten fish would not be sold if people were unwilling to pay for it? You are aware the law punishes the selling of rotten fish if people are willing to buy it or not. Is not the position of houses rather analogous to the position of rotten fish for food?—I think it is.

18,554. It ought to be punished in the same manner. The same obligation rests on the vendors of houses

15 May, 1919.]

DR. FRANK SHUFFLEKROTHAM.

[Continued.]

as on the vendors of fish if they deal in inferior articles?—I think that is so.

18,555. You point out the number of accidents has not diminished since 1893. Then you go on to say that we really cannot measure the effect of the accidents by the death roll?—Yes.

18,556. You have to measure it not only by the death roll but the permanent incapacity roll?—Yes.

18,557. You say that amounts to something like 12,000 a year?—I mean to say at the end of one year there are 12,000 miners that have not recovered from accidents sustained during the previous year.

18,558. Who are incapacitated for a year or more?—That is so.

18,559. Is it your opinion or not that the number of accidents could be diminished?—I think it is, on the lines I suggested to Sir Adam Nimmo.

18,560. I have forgotten for the moment what they wore. Would you kindly repeat them?—I hope I shall say exactly the same thing. My view is that there should be a review of all conditions—

18,561. I remember now. Your point was that the accidents should be published?—Yes.

18,562. I was very interested in that. I have often felt the same thing. Is that what you mean: that the figure as to these accidents with the names should be published?—I think the number of accidents which occur week by week or month by month at each pit should be published, not only in Government reports, but in the public Press.

18,563. It would be a good thing to publish it on the walls of the large towns in mining districts, for example in Yorkshire or Staffordshire?—It would be enough to publish it in the "Staffordshire Sentinel."

18,564. You would bring it to the public notice?—Yes, and there would be competition; and although the working conditions in mines vary a great deal and the working conditions in the different seams in the same mine, I think it would really lead to a competition between one mine and another with a view to diminishing the number of accidents.

18,565. Have you any other proposals about accidents?—I believe myself in an improved miners' lamp. If the men could see what they were doing better than they do at the present time it would materially reduce the accidents.

18,566. Then you would advocate the publication of accidents and improved lamps? Are there other things?—Yes, I mentioned that there should be a periodical review of all the precautions necessary to diminish the number of accidents in mines, so as to bring up to a higher standard the general safety precautions.

18,567. Does that mean a quinquennial inquiry, or something like that, or even at shorter periods? Is it your opinion that the precautions which are now actually adopted are the maximum which our knowledge and scientific progress could enable you to adopt?—It is impossible to say. I feel sure that at certain progressive mines in this country they are doing something in one direction and something in another to diminish the number of accidents, and this knowledge should be made public.

18,568. You say the temperature of the mines ought to be regulated in the same way as the temperature is regulated in weaving sheds?—That is so.

18,569. Could you explain that more exactly as to what you have in mind? Do you mean the law should fix the limits with regard to the atmospheric conditions?—I think so.

18,570. That you think is practicable?—I think the whole matter is one for consideration especially in view of the technical difficulties in each mine.

18,571. You think it very relevant to the question of health?—Yes.

18,572. It has been done already in certain industries?—Yes. I was very much struck a few years ago in visiting a seam where I was told the temperature was over 90 degrees. I went into that seam and six or eight people were working there. The temperature, I think, was 90 degrees Fahrenheit with the dry bulb and over 80 degrees with the wet bulb. I took the temperature of each man at meal times. He had just had his meal or was about to commence

to work. I found in each case the temperature was over 100 degrees and the pulse rate was over 100. I thought it was a very bad thing for the workmen to be working at such a high temperature with such a high pulse rate when the whole of the conditions could be improved by ventilation.

18,573. You make certain proposals at the bottom of page 2 of your *précis* with regard to the treatment of men who have been disabled. One is an increase in the amount of compensation to be granted. In the first place, suppose extra facilities for treatment were forthcoming, do you think men would take advantage of them or not?—I think they would take advantage of them.

18,574. That is to say it is really a matter of providing facilities and getting the men accustomed to use them?—That is so. Within the next three months there will be in every large centre of England facilities for the treatment of discharged soldiers by massage and electric treatment provided by the Ministry of Pensions. I understand within three years there will be no necessity for these arrangements for discharged soldiers, but there will be the necessity for the civil population. It seems to me that those institutions should be available for miners and other workers who are injured in this way.

18,575. The argument that men or women would not be interested in using facilities is trivial; it is a matter of habit?—I think at the present time the view with regard to the treatment on the part of workpeople is altogether changed. They are anxious to get well in the shortest possible time.

18,576. Now about compensation. You know one of the reasons why workpeople very often do not desire to have prolonged treatment is the financial burden it imposes upon the family?—Yes.

18,577. I do not mean by the doctor's bill, but by being out of work?—Yes.

18,578. The ordinary workmen cannot afford to be ill?—That is so.

18,579. Do not you think one way to encourage him to take the treatment he ought to have is to remove these financial obstacles?—Yes.

18,580. And make it financially possible for the workmen to get treatment and be off work exactly in the same way as it is possible for the well-to-do?—Exactly.

18,581. Has not that a very important bearing on the question of health?—I think so.

18,582. Do not you think many workmen return to work when they ought to be in bed?—Yes.

18,583. Are you afraid in those circumstances of malingering?—No. I have had long experience of diseases and accidents among the mining population. I do not think there is any fear of malingering amongst them to any greater extent than amongst the general community.

18,584. You bring some criticisms against the Home Office which I, personally, was very glad to hear. What is your complaint? What do you want them to do which they have not done?—I think I have already pointed that out to Sir Adam Nimmo and Sir Leo Money. I do not wish to repeat myself. The only thing I would like to say which I have not said is with regard to the fact that they never had any Medical Department at the Home Office Department to deal with the health conditions of the miners, and it seems a *prima facie* case against them for not taking any interest in the matter.

18,585. You are in the Ministry of Munitions?—I am finishing up.

18,586. You have large experience of getting provisions with regard to health and welfare introduced into firms of different kinds?—In connection with the production of poisonous gas.

18,587. That is hardly a provision for health?—Yes, it is. The manufacture of poison gas is the most dangerous of all occupations.

18,588. Do you find any difficulty in getting provisions for health carried out or do you find one type of firm was more easily dealt with than another, or that a Government department or private enterprise was more ready to take it up?—The nature of the employment was so dangerous that every one was anxious to do what was possible.

15 May, 1919.]

DR. FRANK SHUFFLEBOTHAM.

[Continued.]

18,589. *Mr. Herbert Smith*: Did I understand you right in reply to Sir Adam Nimmo that coal owners were anxious to adopt better lighting?—If one puts a general question to them, "Do not you think that something ought to be done to improve the lighting of pits," they say, "Yes." If one says further: "Are you prepared to do everything possible," they say, "Yes."

18,590. Have you heard about strikes taking place because the owners refuse to put electric lights in?—Yes.

18,591. Do you know from experience that where electric light has been introduced there has been improvements?—All I can say with regard to the introduction of electric light is this: I have made enquiries from friends of mine who are mining engineers and they believe the electric lamp can be used within certain limitations, but it cannot be used, of course, as the miners' safety lamp is at the present time. An experiment has been made at one of the collieries in North Staffordshire where the owner was anxious to test the comparative merits of electric lamps and a good class oil safety lamp, and that experiment is still going on. He is of the opinion that up to the present time the electric lamp is much superior to the oil safety lamp he has been using.

18,592. *Sir Arthur Duckham*: Is that a little lamp?—Yes.

18,593. It is not a general scheme of lighting?—No.

18,594. *Mr. Herbert Smith*: Am I right in saying that the majority of cases you get of nystagmus is men working at the face?—Yes.

18,595. Would the electric lamp prevent nystagmus?—I do not want to pose as a specialist on lamps. The only thing as far as I can see with regard to the great disadvantage of the electric lamp is its weight. I feel certain that is a matter that could be got over.

18,596-7. I am not counting on you to be an expert on lamps. Have you not seen the table of results between using the electric lamp and the ordinary safety lamp?—Yes.

18,598. So you know it has reduced nystagmus by 35 per cent. in five collieries?—Yes.

18,599. Yet at one colliery we had to have a strike to enforce it?—That is so.

18,600. Have you had any case of nystagmus come under your observation that has ended in insanity?—A considerable number.

18,601. Is that on the increase?—I cannot say.

18,602. Have you had any experience with regard to men that have been suffering from nystagmus and have partly recovered and indemnity companies and insurance companies have refused to re-employ them again when they wanted to get light work?—I think that is so. I think it is probably on medical advice because a man who has got nystagmus ought not to work in the pit again.

18,603. I put it to you, is that so?—I do not know about that.

18,604. I want to put to you the cases I am trying to put are not on medical advice, but it is with regard to indemnity companies and the Coal Owners' Association's orders to the managers that the miners are not to return to the mine?—If you say it is so, I will take it from you. I do not know of any case.

18,605. I can produce letters. Is it not usual for owners when the man is incapacitated to refuse to take him back to do work?—I do not think it is.

18,606. Especially when 25s. for compensation is only equal to about 12s., is all he can get for the full amount?—That is so.

18,607. Do not the insurance companies and the indemnity companies try to do it so as to force a man to accept a lump sum to clear him off?—It is possible.

18,608. The indemnity companies are as bad as the insurance companies. You know the indemnity companies are colliery owners?—I understand what you mean. I have only had experience of one of them, and I cannot speak as to any others. I will say with regard to North Staffordshire the Mine Owners' Association deals very fairly with the men.

18,609. Do I understand you to say that you put it that colliery owners as a rule are willing to provide for special treatment free?—Again I say as far as my experience goes I have known many cases where this treatment has been provided free.

18,610. Have you not known of cases where they refuse it?—Quite.

18,611. You know more where they refuse it?—Quite.

18,612. Have you read Doctor Haldane's and Sir John Cadman's evidence with regard to what was happening in certain coalfields in Yorkshire where the men were working in a temperature as high as 111 degrees?—Yes, I have seen that report.

18,613. 82 degrees was common?—That is so.

18,614. And men were suffering from boils brought about by this?—That is so.

18,615. I am hoping some good will come out of your paper with regard to this. Now with regard to the local authorities and their powers, is it your general experience that local authorities in mining areas are largely composed of colliery owners, the managers and their officials, and they send out orders to the men to make them believe that the rates will go up 1s. in the pound if they do so and so?—I think there is a great deal in what you say.

18,616. Did you ever know miners refuse to pay for good houses fair rents? Would you call this a fair rent for houses being built in Yorkshire that cost about £150 pre-war where they are paying from 6s. 0d. to 7s. 0d.? Is that a fair rent on £150 for house, rent, building and everything and the miners are paying 6s. 0d. to 7s. 0d. a week, and they are paying the rent?—Does that include the rates?

18,617. Yes, is not that a fair return?—Yes, I think so.

Sir Arthur Duckham: What sized house is this?

Mr. Herbert Smith: Two rooms and a lean-to downstairs as we call it, and three bedrooms made out of two rooms. They would have made two good bedrooms, and they have made three out of it.

Sir Arthur Duckham: How long before the war were they built?

Mr. Herbert Smith: Between 1908 and 1912.

Sir Arthur Duckham: It is an extraordinary price, that is all.

Mr. Herbert Smith: It would not be a bad rent pre-war from 8s. to 8s. 6d. with four bedrooms?—No.

18,618. The miners are willing to pay a fair rent unless there is an agreement that the colliery company should provide like they do in some counties and pay very much less wages?—Yes.

18,619. In Durham and Northumberland they pay indirectly for their houses by getting less wages?—Yes.

18,620. Sir Adam Nimmo shakes his head. Could you tell us what is the difference why a Yorkshire miners should get a minimum wage of 7s.? I am talking about a base rate, and the Northumberland and Durham miners get a base rate of 5s. 6d.? Suppose I suggest a reason to you; you need not accept it?—If you suggest to me and also suggest they get their rent for nothing I suppose that explains it.

18,621. The point I am going to make is this. They get their coal free and they get their rent free in Northumberland and Durham. In Yorkshire we pay rent and pay a small acknowledgment for coal. A Durham and Northumberland miner is as good as a Yorkshire miner?—I suppose the difference is explained by the free rent.

Sir Adam Nimmo: You do not deal with Scotland

Mr. Herbert Smith: In Scotland they may do worse than that.

18,622. With regard to these other things. Do you think that there is anything in the question of causing accidents to men through hurry and scurry in mines on account of their being on contract work? There is a bit too much of pushing men on?—Yes I think so.

18,623. Do you think it would reduce it if contract work was abolished?—It might be so. That is a question I would sooner not give an opinion

15 May, 1919.]

DR. FRANK SHUFFLEBOTHAM.

[Continued.]

upon. I think the general speeding up in a pit conduced to an increased number of accidents.

18,624. *Mr. Frank Hodges*: I was interested in your paper where you make what I understand to be a useful practical suggestion on page 3. Apart from the question of nationalisation with which I believe you are not particularly interested you say, "Should nationalisation come about or not I strongly urge that, there should be a Ministry of Mines with a Medical Department, the head of which should not be in a subsidiary position (as the Medical Adviser to the Factory Department is at the Home Office) but that he should be a member of the Minister's Council with free access to the Minister." You put that proposition forward based on the inefficiency of the present machinery for coping with the health of the miners?—That is so.

18,625. You rather supplement that by your argument as to the treatment of miners suffering from nystagmus. The Chairman did not read this last night because he thought we would all read it carefully ourselves. I notice there you make a comparison as to the cost of the compensation to workmen who are suffering from miner's nystagmus?—That is so on page 5.

18,626. You say, "I have no actual statistics to hand with regard to the total cases of compensation for this disease in the whole country, but feel sure that it may be estimated at somewhere about £1,000,000 per annum." In the other paragraph you say that the cost of putting in suitable lamps with sufficient candle power to give proper illumination would be somewhere in the nature of £1,250,000?—It has been estimated at that.

18,627. Although you appreciate the fact that that would be an initial cost and the lamps so purchased in one year might have a life of three or four years?—Quite.

18,628. Taken over a period of three or four years you could, according to your suggestion, providing you have the lamps purchased, save in actual money, or putting it in another way in the process of time you would save on that expenditure all the misery which accompanies nystagmus to miners?—That is so.

18,629. I gather that the cause of nystagmus is due to inefficient light?—Absolutely.

18,630. That, you think, would be the proper field for investigation by such a minister as you propose, the Minister of Health?—That is so.

18,631. That is to say, if this department specialised in the health of the workmen they could on investigation come forward with propositions which, although they were of a financial character and would mean a considerable cost either to the State, if they owned the collieries, or the employers—you think they should come forward with those propositions with power to enforce them?—That is so.

18,632. I want to come to that. Have you thought out in what sense this Ministry would be empowered with authority to enforce a decision as to the health of the men?—My view is this. If there was a Ministry of Mines, and a council to advise the Ministry of Mines, the head of the Medical Department should be a member of that council so that he could bring directly to the knowledge of the Minister points such as I raise in this memorandum. I feel sure that if, we will say, the Miners' Federation considered the matter in the same light there would be sufficient force behind it to bring about such a desired change.

18,633. That is how it would appear to one looking at it just casually. Does not that imply the Minister of Mines must himself be a person who through his department can give legislative effect as it were to any proposals you put forward?—That is so.

18,634. And that presupposes the creation of an institution that does not now exist. There is no Ministry of Mines now?—It does presuppose that.

18,635. In order to have an effective Health Department you presuppose a new Ministry of Mines coming into being?—That is so.

18,636. Because you consider the existing machinery is not adequate to deal with your proposals?—Quite so.

18,637. Would that department provide, or is it contemplated that it should be provided with moneys to engage the best specialists in medicine and surgery that money could obtain?—Exactly.

18,638. That in turn would have to depend upon Treasury sanction?—Yes.

18,639. The Ministry of Mines would have to put it to the Treasury that this Health Department of ours must have a considerable amount of money to carry out our proposals?—Yes.

18,640. In short, your proposals looked at from the health point of view would involve a drastic rearrangement of the form of control in the industry?—Quite so.

18,641. Would it, as part of its work, look after the housing and the sanitation of the workmen?—That is a point I have not considered.

18,642-3. I think you linked that up with the most interesting data on page 2 with reference to the housing of miners. I wondered whether you had in your mind that it would include the housing of miners in this suggested Health Ministry of Mines?—That is a point that I have not considered. I have only mentioned the housing conditions in reference to its general relationship to the health of miners. With regard to the housing question I do not know as yet, and I have not made up my mind, whether the housing of miners should be dealt with by the proposed Ministry of Mines or brought within the general housing scheme affecting the whole nation. I think I should be inclined to take the latter view.

18,644. If it could be ascertained that the housing of the miners presented a peculiar problem as distinct from the housing of the working classes generally—if it could be established that this was a peculiar problem due to the nature of the occupation and situation of the mine, would you then make provisions for the Medical Department to deal with the housing of miners?—I would consider the point.

18,645. I feel sure your mind is perfectly open upon that. For a moment, dealing with the question of houses, you give in your *précis*, on page 2, quotations from the reports that have come from the Counties of Midlothian, Linlithgow, and four others, including Lanark. You say, out of 33,355 houses occupied by miners, 18,582, which is equivalent to 55.7 per cent. of the whole, are only two-roomed tenements, while 3,866, or 11.3 per cent., are only two-roomed dwellings. We thus see, of the mining houses in these counties, 67 per cent. of them have either one or two rooms. Do not you consider that that is a startling revelation of the housing conditions of the miners in those counties?—I do, and I say so.

18,646. Have you lived in the country at all?—No.

18,647. Have you ever had anything to do with the breeding of pigs?—No, I have not.

18,648. Have you ever had it brought to your notice, in rearing its family, in fact, even with a single pig, it has a two-roomed dwelling? Are you aware of that?—I cannot say that I am.

18,649. Let me put it to you. Are you not aware, when a pig-sty is built, even a pig-sty of 30 years ago—there are more modern ones now—there is a cot for the pig to sleep in and an outside railed-off area for it to eat in?—That is so.

18,650. Would you say, then, if that is the condition of swine in the country, that the miners who have been compelled to live in these one-roomed dwellings in which they live, sleep and eat, are worse housed than swine?—It appears the conditions are—I would not like to make the comparison quite so strong, perhaps—but it is a most deplorable condition.

Sir Adam Nimmo: I think the Scottish people will resent your insult.

18,651. *Mr. Frank Hodges*: If *Sir Adam Nimmo* or anybody on this Commission lends himself to the suggestion that the talk of the one-roomed dwelling is sentimental talk, what position would you place such a man in, with the full knowledge of the facts before you?—I should not attach very much importance to what he said.

18,652. Would you think he was a fit and proper person to look after any body of workmen?

Sir Adam Nimmo: Is that a fair question?

Chairman: I did not quite gather what it was.

15 May, 1919.]

DR. FRANK SHUFFLEBOTHAM.

[Continued.]

Sir Adam Nimmo: It is most irregular.

Mr. Frank Hodges: I will repeat it. I was asking the doctor if he was aware of how swine were bred in this country, and whether he was aware that the breeding of swine involved, at least, the erection of pig-sties for the pig to sleep in and one to eat in, and I suggested that if there were workmen or families living in one-roomed dwellings, the inference is they were worse housed than swine. Then, I proceeded to ask if there was any member, Sir Adam Nimmo, or any member of the Commission, who would lend himself to the suggestion that the talk of the one-roomed dwelling which has been talked about was mere sentimental talk, was he a fit and proper person to have the destiny of workmen under his control.

Sir Adam Nimmo: The reference was specially to myself. I was merely referring to facts. I certainly think I am entitled to your protection, sir, against any such insinuations made.

Chairman: I do not think there was any insinuation made by Mr. Hodges. I think we all agree that would be a very deplorable state of things. I am sure it was not meant to refer to any particular coal-owner.

Sir Adam Nimmo: I submit the words could only have that effect. If Mr. Hodges says they did not, I am quite content.

Mr. Frank Hodges: All I say is Sir Adam Nimmo quoted an eminent doctor named Wilson with apparent approval.

Sir Adam Nimmo: He is the Medical Officer of Health for Manchester.

Mr. Frank Hodges: I put this question, as far as I know, to a doctor of equal, if not superior, qualifications.

18,653. Dealing with compensation you say: "It may be said that if the weekly payments of compensation be increased, it is an inducement to malingering or exaggeration of symptoms. In my experience, working men who are disabled through injury and who can claim compensation are no more likely to exaggerate their symptoms than patients we find in better circumstances in private practice."

18,654. What do you mean exactly by that?—I mean to say this, that as soon as one suggests an increase in weekly compensation, it may be urged on the part of the employer or insurance company that it is an inducement to malingering on the part of the disabled workman. I maintain that it is not. Speaking from a large experience of all classes, my opinion is that workpeople who are disabled by accident, or incapacitated by industrial disease, are not more likely to exaggerate the symptoms than people in better circumstances.

18,655. You are aware that the maximum amount of payment now is 25s.?—That is so.

18,656. Are you aware that that represents somewhere about 11s. 6d. in purchasing power?—That is so.

18,657. Are you not surprised that the workmen who are embraced in the Miners' Federation of Great Britain have not taken some form of drastic action to support the claims of these unfortunate men for a higher compensation rate?—I am surprised.

(The Witness withdrew.)

Mr. Herbert Smith: I should like to ask whether it is possible to get statistics from each district of the number of men suffering from nystagmus?

Mr. EDMUND MILLS HANN, Sworn and Examined.

Chairman: I need not introduce you to this Commission. I will read the *précis* of your evidence. Mr. Hann says:—

"I have been engaged in coal mining 53 years, of which the last 40 years have been spent in South Wales.

During that time very great advances have been made in every one of the chief operations involved in coal mining, and particularly during the past 14 years, in the application of electric power.

18,658. Would you be surprised to learn that one of the reasons why the Miners' Federation of Great Britain has not embarked upon a strike in order to raise these men's amounts during the war has been that they were very largely animated by patriotic reasons?—I have no doubt of it.

18,659. Are you familiar with the fact that an application has been made to the Government by way of deputation for an increase in the compensation payments?—Yes.

18,660. But nothing has been done, I regret to say, as a result of that. Can I gather as a general proposition that it is your view, apart from the money value of 25s., that when a man is incapacitated through accident he really requires an added income to supply him with those necessities that are requisite for him to have a speedy recovery?—That is my view.

18,661. In short, that he ought to have more money while incapacitated than while working?—I would not go so far as to say that, but I believe that he should have better treatment provided for him and a considerable increase in the compensation.

18,662. *Chairman:* I wanted to ask you one question that I have been asking Sir Richard Redmayne about: is it your view that there ought to be a sort of medical inspector in addition to what I might call safety inspectors?—I should think that if there is a medical department connected with the suggested Ministry of Mines, the safety inspectors would be dealing with engineering problems, whereas the medical officials would be dealing with purely medical questions.

18,663. Would you have local medical officials?—Certainly. I think there should be a medical official attached to every mine, and there should be provision made at every mine for the treatment of accidents and illnesses which arise at that mine, and something more than the first aid ambulance arrangements that are provided at the present time.

18,664. What is your view of convalescence arrangements?—The consideration of the development of a medical department would certainly involve provision being made in that respect. In my view at the present time there is not sufficient provision made by either local enterprise, or in other ways, for the convalescent period of miners who have been disabled.

18,665. What about things like electrical massage treatment: what is your view with regard to that?—I believe that in every colliery district there should be instituted something like an orthopaedic clinic as is being established in every district for disabled soldiers, where a disabled miner can come under proper conditions of electric treatment and massage and whatever treatment he requires for the special complaint from which he is suffering. At the present time I understand that clinics are being arranged throughout the whole country by the Ministry of Pensions, and I am told that they will be available not only for disabled soldiers, but for the civil population. If these institutions are utilised by the mining industry, I feel sure that it will be to the advantage of the disabled man.

Chairman: I am much obliged to you for the assistance you have given us.

Chairman: Yes, that shall be got.

15 May, 1919.]

MR. EDMUND MILLER HANS.

[Continued.]

good steam engines, more especially when it is a case of substitution, and that cost has to be borne in mind, as well as the shorter life of electric apparatus generally.

There is undoubtedly a saving to be made by the complete electrification of collieries driven from large power stations, but it is by no means as great as seems to be generally supposed. Whilst in the North of England there have existed large power supply companies, only one was formed in South Wales, and unfortunately for the district it started on wrong lines and never offered a cheap supply, and to this bad start I attribute mostly the fact that electric plant at South Wales pits has been behindhand, and progressive concerns have installed their own plants. Due regard to the enormous capital cost involved in altering the drives of existing machines, especially winding engines, does not seem to be taken. In most cases of shafts deeper than, say, 250 yards, an entirely new winding equipment would be necessary, and there is rarely an alternative site to the existing one available. In the case of new projected collieries, of course, there is a clean slate, and most of these difficulties will not exist.

In dealing with the problem of increasing production or economising production in face of shorter working hours, particularly as affecting South Wales conditions, it should be recognised that it is a wholly different and more difficult and slower thing than speeding up a factory. It does not seem to be appreciated that owing to the presence of a feature peculiar to South Wales, viz.: the occurrence of what are termed "slips," together with the softer nature of many of the beds in the strata, increases the difficulty created by the heavy pressure of the strata on the formation and maintenance of large roomy pit bottoms, also the fact that there is quite a disproportioned increase in the cost of maintaining roadways of an increased area is a serious obstacle, and it is not only the cost, but these repairing operations on the main roadways are always liable to interrupt the passage of coal along the roadways. It may be taken as generally correct that the mechanical haulage appliances on the pit bottoms and main roads are sufficient to maintain approximately the full output in practice obtainable over such roadways. It is found in practice that there are several limits to the rates at which coal can be conveyed over a piece of road, which is determined by the speed at which the journeys may run and the time required for changing ropes, shunting, etc., and the weight of journey. The maintenance of track underground cannot be compared to that of a railway, the continual squeeze and movement of the floor and the timbering render the upkeep of a real good road underground an impossibility. For this reason the speeds of the journeys cannot in most cases with safety be considerably increased beyond those now used.

In the case of the Powell Duffryn Collieries, with the exception of certain cases in which collieries and districts are not fully developed owing to local causes, no substantial rate of increased output per hour can be obtained except by increasing the winding power, pit bottoms, and the number of main roads leading towards the shaft, and these must necessarily be extremely slow in construction. I think they are fairly typical of South Wales and therefore, whilst improvement can go on it will necessarily be slow, and slower than in some other coal-fields, as well as more expensive, and will delay the speeding up in the winding and haulage which are, of course, prime factors in the output of most mines.

In the collieries I am intimately acquainted with I find that the amount of electricity consumed per ton of coal produced varies in two instances of single collieries from 10 in one to 32 in the other. Neither of them does its winding by electricity, the latter uses face conveyers largely, and differences in general conditions account for the rest of the difference.

In the Powell Duffryn case with which I propose to deal more fully, the firm's 12 collieries are in two groups, of 7 in the Aberdare Valley and 5 in the Rhymney Valley; the two groups are 8½ miles apart, the units consumed per ton of coal raised upon an

output of 3,800,000 tons is 20, but the winding is only done to the extent of 20 per cent. by electrical machines, the haulage, ventilation and pumping are almost wholly electric where the use of power is permissible. The collieries being heavily watered, the pumping load is very great, and 35 per cent. of the total units generated are absorbed in that way there are 5 tons of water raised per ton of coal got. The total consumption of coal was reduced betwixt the years 1902-1909 from 6 per cent. to 3½ per cent. Since that time increased depth and the introduction of cutting machines and conveyers has caused a gradual increase in the percentage, which for the last year was 5·2 per cent., but I estimate that if the collieries were on their full output it would not exceed 4½ per cent.

All that remained of the old steam plant has been renewed of recent times, and it is now of a high class, and would not repay for electrification. 24,000 k.w. of electric generators have been installed, mostly turbines of 500 to 5,000 k.w. capacity, and coke oven gases and exhaust steam are utilised as far as reasonably practicable.

In coal cutting, experiments with four or five classes of machines have been going on for a dozen years, but not quite 10 per cent. of the output is machine cut, in spite of our having scrapped the older types and adopted the turbine driven chain machines; this slow progress is due chiefly to three things, firstly, most of the coal seams contain slips or breaks every foot or two, and thus loosen the coal, a feature peculiar to South Wales (and in the other coal districts confined generally to areas adjacent to faults). Secondly, the weight or crush is far greater at equal depths in South Wales than in any of the other fields, thus rendering far more face timber necessary, and increasing the difficulty of safely maintaining the necessary space for the machine, likewise other troubles in the faces. Thirdly, the fact that small faults or dislocations are so much more numerous than in other districts, and so frequently prevent the development of or interrupt the progress of a face. A less frequent trouble is the presence of water which, however, is sometimes absolutely fatal to the attempt to use the machines. I do not therefore anticipate a great increase in machine cutting in South Wales, except so far as it may facilitate the working of thin seams that have really good roof, and in course of time this is bound to come about.

The introduction of face conveyers which has been going on also for about a dozen years has resulted in better types of machines replacing those first tried, and is more hopeful than cutting, and has been extended until at the present time quite one-third of the output is being got by help of face conveyers, and they promise greater results in the near future. I think, in South Wales, than the coal cutter.

In the Powell Duffryn Collieries there is now a length of 11,453 yards of face worked with the help of conveyers, producing 26,000 tons per week. The advantages gained by conveyers are, firstly, the reduction of the amount of ripping in roadways, i.e., shooting of roof or bottomstone to make height, and an important consequence of this reduction in what is usually termed "dead work" is a reduction of shot-firing and its risks. Secondly, the faces advance more rapidly, and thus the workman gets sooner under freshly exposed roof and leaves sooner behind him that which is breaking as the result of the removal of the coal, thus improving in safety, likewise it produces a much more even subsidence, and damages any overlying seams of coal much less, and, Thirdly, it reduces the length of travel of the air currents, and simplifies the ventilation. Fourthly, makes more room for rubbish in the face, reduces the amount brought along the roadways, also makes haulage easier by concentrating the output of say 100 yards of face instead of 14 yards of face in one road.

The introduction of these has been a very slow and difficult matter, and even more slow and difficult has been the training of men to use them so as to obtain economic advantage from them, and the result shown above of approximately 2½ tons per week per yard is

[15 May, 1919.]

MR. EDMUND MILLS HANN.

[Continued.]

not nearly what it ought to be, and will be, when the last feelings of opposition have died away.

They require a large power supply, in our case owing to questions of safety, it has to be compressed air, and involves a large and expensive installation of air compressing engines and pipes.

The satisfactory working and organisation of face conveyers underground is much more difficult than appears evident, and they require much more initiative, skill and foresight on the part of officials than the ordinary longwall method of working.

At some collieries where the question has been properly studied, and the management have the necessary skill and experience, they are successfully worked, but in the hands of those who do not use them properly, no saving in cost is achieved, and they have discarded them in many cases.

The latest colliery sunk by the Powell Duffryn Company was near Pengam and called Britannia, it was commenced in 1911 and reached the Upper Ras Las Seam, at a depth of 700 yards, in 1914, and commenced working coal at the same time as the war commenced, its development has consequently been somewhat retarded by war conditions, the output for 1918 was 500,541 tons. It was sunk and has been operated entirely by electric plant placed at adjacent collieries and has no stationary boilers. The underground faces have been opened entirely by the use of face conveyers, and there are no horses at all underground. The seam varies a good deal in thickness, but the average is about 4 feet, the yield per yard of face per week in this colliery is 3 tons 13 cwt. or an improvement of 58 per cent. over the average of the whole of the conveyor faces in all the pits, and 114 per cent. over stall work. This is due partly to the faces being straighter and longer lengths, which favourable condition is in turn due to there being fewer faults. It is one of the few pits in South Wales that send out no rubbish. The figures work out thus:—

	Tons.	Cwt.
Output per yard of face per week in stall work	1	17
Output per yard of whole of the conveyers	2	6
Output per yard of Britannia conveyers	3	13

The coal consumption is 3.62 per cent. at this pit, of which air compressing needed for conveyers mainly takes up about 27.01 per cent., and the pumping of large feeders of water consumes 30.02 per cent.

One of the main items of expenso in South Wales pits is the maintenance of roadways, and the effect upon this cost of increase of output per yard of face is a direct and important reduction of the total cost. The total output of this pit since its commencement has been over 1,800,000 tons, and there has been seven fatalities underground altogether, showing a production of 260,000 tons per fatality, whereas the average of South Wales appears from the statistics to be 170,000 tons per fatality underground.

The company took a lease of another area adjoining in 1915, and has commenced a little of the surface work preparatory to sinking a pair of shafts thereon for the same seam of coal, which will be about 500 yards deep, and it is purposed to work that colliery on the same system as Britannia."

That is very interesting and valuable evidence, I may say. But as it is technical I will ask the two members from South Wales to ask you questions—Mr. Evan Williams on one side and Mr. Frank Hodges on the other.

18,666. *Mr. Evan Williams*: Your proof is so clear and explicit on the points you have touched that I am not going to take up the time of the Commission by putting questions even to emphasise any of the points that you have drawn out. I think I am right in saying that you have been too modest to say that you are the pioneer company in South Wales in the introduction of mechanical improvements in collieries?—I think we have done perhaps more than anyone else, and I think we began some of these things earlier than anyone else.

18,667. Throughout the whole of the progress that you have made you have contributed to the general

knowledge of the district in mechanical engineering appliances?—Yes. We started using electrical power, of course, long ago—about 1885 or 1886—first of all for lighting, and then for small pumping and that sort of thing. In those days we only had the direct current, and it was only in 1903 or 1904 that we really had the 3-phase alternate current advocated, and we adopted it immediately, and put up a power station which has been steadily extended ever since. That power station consisted originally of some 1,500 kilowatts, but as you see now it is 25,000 kilowatts in two power stations in each valley. They are inter-communicated by an overhead main line, so that in case of interference with the work of one or deficiency in the output of one it may be separated from the other.

18,668. You have given the coalfield the full benefit of your experience as you have gone on?—Yes.

18,669. You have not kept it to yourselves. You have readily communicated all that you have done in the coalfield?—Yes; there have been several communications.

18,670. In that direction is there any reluctance on the part of mining engineers in South Wales to communicate their ideas to one another and give one another the benefit of their knowledge?—I think not. I think the Institution that is there, which is affiliated to the general mining industry of the country, has proved of great use in circulating to each other information with regard to improvements of various kinds both from the point of view of economy and safety of working, and has done a great deal of good in that way.

18,671. That is an impression among those who perhaps have not had the opportunity of gaining experience of colliery working that it is possible to extend the use of electricity very largely underground. Will you tell the Commission your view as to the extent to which electricity can be used underground?—Underground in South Wales it is very strictly limited by the presence of explosive gas or the possibility of its presence, and also by reason of the collieries being very dusty, many of them. There are many situations where we should be very pleased to use it, and would use it if it were deemed to be proper and safe.

18,672. So that the use of compressed air is very largely necessary on that account?—Yes, we have to use compressed air from motives of safety, and that, of course, excludes electricity in most of the collieries from the internal parts, and confines it to such machines as can be put moderately near to the pit bottom and in the main currents of fresh air.

18,673. While it is possible to centralise the generation of electricity for a certain number of pits or for an area, it is not efficiently possible in the case of compressed air?—No; there are very great objections and difficulties in the way of making central stations for compressed air, although I think a little more can be done than has been done in making central stations to cover quite a small range. I do not think you can, except with very large loss of efficiency, carry it to a very great distance.

18,674. And generally speaking the compressors are at the surface?—Yes; generally the compressors are at the surface, because they are large machines; and in South Wales the difficulties in maintaining any large space underground are very great.

18,675. In your view it is as economical to compress the air for each pit by itself as it would be for the distribution of it in the area?—Yes, except in large collieries.

18,676. Would you tell us your view as to the possibility of the extension of mechanical haulage at points nearer the surface in collieries in South Wales?—We have a good deal of variation in the gradients to deal with. The coalfield is not quite so level as some of the others, and, therefore, we are obliged in many cases to put haulage machines away in the interior parts of the colliery where it would not be necessary if the field were less disturbed and more regular, and those machines have to use compressed air for the reason stated already, namely, safety.

15 May, 1919.]

MR. EDMUND MILLS HANN.

[Continued.]

18,677. Is it possible in every case to take mechanical haulage nearer to the face of the working?—Mechanical haulage by electricity?

18,678. By any mechanical means—either by compressed air or electricity?—Of course, compressed air involves ranges of pipes, which are very inconvenient down the pit. It might be said to be possible, but in very many cases it would be a very great expense.

18,679. Would it be efficient or economical in all cases?—Compressed air, of course, is as a rule highly inefficient from a mechanical point of view.

18,680. Even if horses are necessary in most pits and even hand putting?—Horses are necessary in South Wales because our trams are of a larger size and of bigger weight than are used in many other districts; therefore the difficulty of handling them by hand is much greater and there is less of it done for that reason, but when smaller tubs are used, of course, there is much more hand putting done.

18,681. Where tubs can be handled by hand, dependent on the number that can be, it is possible that hand putting is the most economical way of doing it?—Under certain conditions undoubtedly, but that does not apply to the district where our collieries are situated.

18,682. It does not apply to South Wales, because the trams are too heavy for the men to handle?—Quite so.

18,683. It does not follow that because men push or pull tubs that that is an inefficient and uneconomical method of working?—No, not at all.

18,684. And because horses are used to pull trams it does not follow that that is an uneconomical method of working?—Not at all.

18,685. We have had it put at this Commission several times that a pit which is of a small size with a single cage is an uneconomical way of working. Would you tell us your views as to that?—That largely depends on the field of coal to be won. There are many cases in which the field of coal is split up by important faults or may be in other ways circumscribed very much, and in those cases large pits are not required and would be simply a waste of money.

18,686. It depends on the circumstances?—Yes, it depends on the circumstances, which vary in almost every case. There are no two collieries alike.

18,687. So that there are cases where a small pit with a single deck cage and a small winding engine would be the most efficient and economical way of working it?—Certainly.

18,688. Unless you have a large output and the seams are thick enough to give a big output, it is unnecessary to put down big cages?—It is a question very much of depth. In a shallow depth a small machine will do as much work as at a greater depth a bigger machine and bigger appliances will do. It is where the depth increases that these things become more necessary and more economical.

18,689. You give in your proof three reasons to show why the use of coal-cutting machinery is not extended more rapidly in South Wales. Is there not a fourth reason that might be attributed to the attitude of the men in the pit?—Yes. There has been a good deal of opposition to the coal-cutter. That is getting less.

18,690. There has been in the past?—Yes, very great opposition; but I must say it is getting less.

18,691. And it has been opposition apart from the question of price?—Yes, I think so.

18,692. No doubt the financial question has operated in the minds of the men as well?—Yes.

18,693. Has it not been the experience in South Wales generally that the men have asked the same cutting price for the coal when machines are being used as when they have been cutting by hand?—Yes, I think there have been a good many instances of that.

18,694. You bring out quite clearly that in South Wales it is not possible to have the same extension, owing to the physical condition of the seams?—The condition of the coal in the seams does not lend itself to it as well. When you cut the coal you are very liable to get your coal jammed, because it gives way at these slips, and without a good deal of care it is liable to jam your machinery and stop your work.

18,695. In the case of conveyors, they are more extensively applicable than the coal-cutting machines?—I find it so.

18,696. Do you find that your example has been followed very largely in South Wales?—Yes, there are a good many conveyors going in now.

18,697. Given co-operation on the part of the men, it is a system which will produce coal more efficiently and more cheaply in most cases in South Wales?—Yes, in a great many cases. I think I might say that we have put in (during the war, of course, there were many difficulties in the way of getting material) practically as many as we could.

18,698. You have had a good deal of experience of the use of electrical lamps underground, I believe?—Yes, we have a large number in use.

18,699. Will you tell us what your experience has been with regard to them?—It is favourable experience so far as everything except cost is concerned. They are a good deal more costly, but we favoured them, and put in a large number, and we would have had a good many more, except that for a long time during the war we had great difficulty in getting any at all, or even in getting the necessary parts for repairing these in use.

18,700. During the war there has been a great deal of trouble with electrical lamps, for that reason?—Yes: the inability to get the parts to keep them in repair—it has been a very serious difficulty.

18,701. Have you had any experience of the use of the combustion tube in the lamp?—Yes, we have had a good many. They give a better light than the old oil lamps.

18,702. Is it your view that there has been any reluctance on the part of coalowners to get a better light underground?—No. So far as the people I have been in contact with are concerned, there has been a continual effort on the part of mining engineers to get the best light they could.

18,703. Has it not been the limitation of the type of lamp that may be used that has kept the illuminating power of the lamp down very largely?—Yes, there have been difficulties in combining the two things—getting increased safety and increased light at the same time. Of course there have been a tremendous number of types of different lamps invented and tried, but that has been one of the chief difficulties that has prevented better lamps being put in. That has been gradually overcome, and I consider that there are better lamps available today, both of the oil description and of the electrical, than there were before.

18,704. Is it your view that colliery owners recognise that it is both to their financial advantage and from the point of view of safety to get as good light as possible?—Yes, that is my view. I think the colliery owner is fully cognisant of the fact that it is better all round to have a really good light.

18,705. He gets cleaner coal?—Yes, he gets cleaner coal and better supervision of the roof. A man gets a better view of the roof, and can keep himself more safe.

18,706. We had a good deal of evidence yesterday, and there was a good deal of cross-examination upon the question of the method of the long wall working, the advancing method as against the retreating method. You have had experience, I take it, of both methods, the one in Durham and the other in South Wales. Would you give the Commission your views as to the practicability and the advantages of the retreating system?—

Mr. Herbert Smith: May I ask, what do you mean of the retreating system?

18,707. *Mr. Evan Williams:* You know what I mean by the retreating system: advancing your roads in the solid out to the boundary and working your coal back as against the other method of working your coal away as you go forward?—I do not see how that can be adopted, very well. Many collieries that have now been in existence for many years are not at the boundary yet, and if they have to wait to open their face for that length of time, no one would sink a colliery at all.

18,708. Quite apart from the financial question, taking South Wales, is it practically possible, as a method of working, in a large number of instances?—Quite independently of the financial question?

15 May, 1919.]

MR. EDMUND MILLS HANN.

[Continued.]

18,709. Yes?—Of course, anything is possible, but I do not see that we would be advantaged by it at all.

18,710. In South Wales is it not the case that roads driven in the solid are more difficult to maintain generally than roads in the gob?—Yes; advancing roads in South Wales in the weaker roofs are a terrible trouble; in fact, we have had many instances where we have been unable to maintain them at all, going on in the solid. They cut up by the sides, and then the whole weight of the superincumbent strata comes on the timber, and you have to be continually renewing the timber, and you cannot make any progress.

18,711. While there may be advantages for a seam liable to spontaneous combustion, do you think there is no danger of spontaneous combustion?—No, I can see no advantage. As applied to mining in our district, the thing is not feasible at all.

18,712. It is no indication of an inefficient system of working that we have not adopted generally the retreating method of working long wall?—That is so. I fail to appreciate what points are supposed to be gained by the system of going out and coming back again.

18,712A. *Sir L. Chiozza Money*: Do you refer to South Wales only?—I do.

18,713. *Mr. Evan Williams*: You have some acquaintance with other districts in the country, I believe. Do you see any advantages in other cases?—My experience in Durham, in the North of England, is long ago: there was very little long wall working at that time in the district, and, therefore, my experience does not extend to it. There was a system of board and pillar in which the coalfield was cut up into convenient rectangular forms, and you went out to the boundary of that piece and came back, but that was on the double working system, not long wall.

18,714. I think that is called the panel system?—Yes.

18,715. In other districts would you say that there are any advantages to be gained by driving out to the boundary?—I should say there are not, and I have not come across at all any attempt to do so.

Mr. Herbert Smith: Will you ask him what other districts he has visited?

18,716. *Mr. Evan Williams*: What other districts have you visited?—I think I have visited, at one time or another, most of the coal districts, but I do not profess to have any intimate practical acquaintance with any of them.

18,717. Except South Wales?—Except South Wales.

18,718. There is one point, and it is a very important one that you have not touched on in your proof. It is the question which at this stage the Commission has to deal with, and that is the question of nationalisation. I should like to ask you what your view is with regard to nationalisation in respect of matters upon which you have been called to give evidence here, that is to say, the possibility of increased efficiency in the mechanical equipment of the mines. Would you give us your view as to the effect that nationalisation would have upon that point?—I think that nationalisation would have a crippling effect. A private owner and his engineer are very much more likely to originate improved methods and carry them out than a Government Department. These things that are mentioned here, as I have said, are really experiments that have occupied many years, and if they had been tried and dropped without a great deal of perseverance, there is no doubt that they would have been condemned entirely.

18,719. A good many experiments that you have made in different ways in mechanical engineering in your collieries have been failures to start with?—Yes, certainly.

18,720. A good deal of money has been spent in that way upon things that have proved futile?—Yes, we have always encouraged our lower officials to try experiments and see what they could do, as well as putting into force one's own particular ideas. We have always encouraged that, and we have tried lots of things which have not proved to be a success.

18,721. By your Board of Directors you have always had encouragement?—Always.

18,722. And no complaints as to the money spent in experiments of this kind?—No, none at all.

18,723. Is there any way in which, in your opinion, there can be increased efficiency in the working of collieries in South Wales, for instance, in the direction of forming special groups, or groups of a certain size, or anything of that kind?—I think for the purpose of electrification, especially, the formation of groups of a fairly considerable size is a decided advantage. A group of the kind that is mentioned here is in a better position than a small isolated colliery.

18,724. With regard to pumping, the same thing might be said?—Usually a colliery does not want to share its difficulties as to water with other people, and it has to do its own pumping, but a central station would just compare as favourably on pumping as it would with the electrical apparatus, that is, that a mine, instead of putting down a plant to its own particular pumping, might get power from that central station and do its pumping, not by power generated by itself, but from the station, but that would have to be a cheap supply. I look upon a colliery as a customer of an electric station that can never afford to pay high prices for electricity. The supply must be a cheap supply, if the colliery is to use it.

18,725. Assuming there were some methods of unification adopted, what is your view of the size of the unit that is most efficient?—The unit of machinery or the unit of management?

18,726. The unit of management?—My experience is that as you extend, even if there are no fresh difficulties come in, wherever it may be, whether it is the head man, or the second man, or the third man, he gets more and more propositions put before him to settle. Each one of those takes a certain amount of time and attention, and if there is too much put upon him, he breaks down or he cannot give the requisite attention to settle the problems as they come up. That applies to an extension, even if it is unaccompanied by any fresh complications; but, as you extend, there is always a tendency to have fresh kinds of difficulties as well as more of the same kind. You get fresh kinds of difficulties turning up.

18,727. Your view is that the most efficient unit is that of a size in which one man can be sufficiently aware of all that goes on?—Yes, over which he can maintain a real supervision.

18,728. A real personal supervision?—Yes.

18,729. *Mr. Frank Hodges*: Am I to gather from your addendum in the last paragraph that the futuro of the South Wales coalfield lies with the development or working of expended seams?—No, I did not intend that. In the course of time, of course, we must come to thinner seams, and in those thinner seams the coal cutting machines will undoubtedly come in, and that is not a matter of the present so much as it is with the conveyor, which can be adopted now and in the immediate future. When you say the last paragraph of the addendum I think you must have made a mistake. The last paragraph is with regard to the lease of another area. I think you referred me to the wrong part.

Mr. Evan Williams: It is at the top of the first page, not in the addendum.

18,730. *Mr. Frank Hodges*: Quite so. What you say there is: "I do not therefore anticipate a great increase in machine cutting in South Wales, except so far as it may facilitate the working of thin seams that have really good roof, and in course of time this is bound to come about"?—I think I should have made it more clear if I had said within a short time, within a small number of years. Undoubtedly it will come about, but I meant to convey that it would be a considerable time because we have still a very large quantity of thick coal to work in most collieries.

18,731. Would you say as an expert that, looking into the future, not so very far, but looking into the future somewhat, that the majority of future work in the South Wales coalfields is going to lie in the development of the working of thinner seams than those that are being worked now?—Yes, undoubtedly that will come on gradually. The method was and is to work the best seams first, and then, as they become

15 May, 1919.]

MR. EDMUND MILLS HANN.

[Continued.]

exhausted, the various collieries will have to go to inferior seams in thickness and quality and in other matters, and the coal-cutter will have a future. They have been very much improved since we started on them, and one does not know how much they will be improved. If they are very much improved, that of course may bring the time of their adoption very much nearer; but taking things as they are at present, I meant to convey that there is a large field for the conveyor at the present time and in the immediate future; whereas the coal-cutter is more a matter of some distant time.

18,732. There is a saying amongst the Welsh miners that the cream is being worked out now. I thought that that was the inference that you wanted to draw here. Perhaps it was not. Coming to the question of the conveyors, you know the statistics that have been published with reference to the conveyors. I see in South Wales for the year 1916 there were 137 conveyors in operation, which was a higher number than any district in the coalfield, including Scotland?—Yes.

18,733. Yorkshire is the next highest, with 125?—I do not think they need them as much as we do.

18,734. They are there in the majority: you agree with that?—Yes. I think we have as many conveyors ourselves to-day. What was the number you mentioned?

18,735. 137?—I think that is about the number we have at present.

18,736. Coal-conveyors alone?—Yes.

18,737. Apart from what has happened at other collieries, that number which was for the whole coalfield, and is now in the Powell Duffryn, does it not indicate any opposition to the introduction of conveyors?—I am free to state that, whereas in the early stages it was very considerable, it has been reducing. It is the natural inclination of a miner to like to do his work in the same way as he was doing it before.

18,738. That applies to a great many institutions?—Yes.

18,739. With regard to the coal-cutting machines, did I understand you to say that there was some opposition to their introduction?—Yes, a good deal.

18,740. I think you and I were interested in a little dispute some time ago, were we not, about the introduction of one at the Meiros Colliery?—I think you are wrong; I know nothing about the introduction of it.

18,741. Did you not advise them on it?—No. You are probably thinking of my son.

18,742. I find that the opposition to the introduction of a machine there was that the colliery company were anxious to reduce considerably the cutting price, I think, to the extent of 5d. a ton, because they introduced a coal-cutting machine and conveyor as against the old hand-cutting system?—Very likely.

18,743. I think it would be true to say that that characterises a great many objections to the introduction of coal-cutting machines, where they can be worked?—Yes.

18,744. Not so much in opposition to their being used, but to the wages that can be earned by them?—That wants qualifying. There has been a good deal of opposition because the men did not like the working of the machines, and it naturally follows that when the machine does the hardest work and cuts the coal, the work of the removal of the coal is very much less, and therefore demands a lesser price.

It did not reduce the amount of work to be done, it is hard to see what inducement there would be for either party to put them in.

18,745. The inducement would be if you could get a greater productivity without a reduction in wages, or even with an increase in wages it would be worth while having that greater productivity, would it not?—The productivity would do some good, but there is the whole cost of the machine, and that is rather heavy, and, of course, there is a certain amount of labour in working the machine; you have to take the balance between the two.

18,746. On the whole it is estimated by every colliery manager, when he proposes to put a machine in, that the balance, if wages remain the same, will be in his favour?—He calculates that the reduced

amount of work which the collier will have to do in getting the coal, after the machine has done the hardest part of the work, will repay for the cost of the installation, which is pretty heavy, and the cost of the working of the man or men who work the machine. He may put a machine into a seam of coal, not exactly for the purpose of reducing the cost, but because the cost of working that seam without the machine would be prohibitive.

18,747. Yes, I have seen that occur in several cases myself, but I have noticed that that is the great object, to show a good balance on the introduction of the machine on the part of the manager?—Undoubtedly. He would be no good as a manager if he did not look to it.

18,748. And that that is the case of the opposition on the part of the workmen, because they think the balance is greater than he is entitled to?—I quite agree.

18,749. You have raised one or two very interesting points. I should like to deal with the question of the system of working. You were rather guarded in your reply with reference to working a colliery on the drawing back method, or the retreating system, as against the present method. Are you aware that in what is known as the South Crop portion of the coalfield, the retreating system has been proved to be the only economical system of working those collieries?—I do not know that exactly, but the South Crop collieries are mostly high gradient collieries, are they not?

18,750. Yes?—And the system of working is altogether modified. If you can go out for a certain distance with roads which will stand well, and, of course, there are seams where that is so, a road driven out will stand well—there you certainly have an advantage in the retreating system; but I am speaking from my own experience, and that is that we have not got it. With regard to our seams as a rule, the most expensive places are places driven in advance of the general face. As soon as you get in advance of the general face, you get a great increase in the expense, and the place is very difficult to maintain.

18,751. You are aware that there have been many experiments and many failures in trying to work that portion of the South Wales coalfields on the ordinary lines. If you will remember, such collieries as the Bryncethnn Colliery, the Tynywain Colliery, the Cymdu Colliery, the Mill Pit Colliery, and the Kenfighll Colliery, they are all collieries which, because of insufficient capital, have begun to work the coal immediately they were down in the first stages. They were bound to put their coal on the market to get sufficient money to go on. Are you aware that those collieries closed down because of that very method of working?—I am fully aware that the method of working coal for many years on the South Crop was in many cases a disastrous failure, but you are ascribing it to a cause that I am not sure is the correct one. I have no doubt that in many cases people have opened out on the coal sooner than they ought to do, and I should think there are cases where it would be more advantageous to go out for a certain distance with the headings and then draw the coal back, but I could not assent to that as a general proposition.

18,752. But you know that the Baldwin Collieries are regarded as profitable collieries. Are you aware that they in each case drive their headings to the boundary, and their main slant before they go to the boundary, before they begin to drop back a single ton of coal?—I was not aware of that.

18,753. That is the fact, that they drive their heading for a thousand yards, and it is only when the thousand yards is reached that they begin to draw the coal?—If it is, it must be due to the fact that their main roads in going out will stand well and do not require so much for maintenance. It is the same as I was describing in Durham: it is a double working system. There is the first working, the whole working, then the second working, or the broken working—that is a system that was in vogue in Durham pretty universally when I left there 40 years ago. Long wall had only just been tried in two or three of the deepest pits, but if

15 May, 1919.]

MR. EDMUND MILLS HANN.

[Continued.]

that is the case, it entirely explains what you have said. If you can drive out roadways which will stand well and not incur great maintenance expenses, then in all cases it is advisable to drive out some distances, which may be panels, as they are called in the north, of larger or smaller size. That is the right way of working, but that does not apply at all, according to my experience in longwall.

18,754. A company, to do that, must have considerable capital at its disposal, or it would be wanting to draw coal at places where it is not desirable to draw it?—That is so; they must have more money and more patience.

18,755. You make rather a surprising proposition, to my lay mind, in connection with driving through the solid. It has always been an accepted dictum in South Wales that one of the best ways of maintaining your roadway is to drive through the solid and leave substantial pillars on either side?—No, that is not in steam coal. We have seams there where with 100 yards driven in that way they will take as much repairs as 500 driven in the other way.

18,756. Will that not be because there is certain coal surrounding the area that has been worked out?—No. There are seams in South Wales where if you sink a pit and start out into the virgin field of coal they will begin to squeeze directly you get 20 yards from the pit. That is due to the strata. It is unable to support the superincumbent weight.

18,757. Does it not indicate that even in such cases as that it would be better to work the pillar away and stow it?—I did so once, and it succeeded very well.

18,758. I will ask you one more question, and that is with reference to haulage. As the working day is likely to be reduced in July of this year by one hour, have you not as a mining engineer—probably you have more than anyone else—but have you not contemplated the need for getting the men from the pit bottom to the face by mechanical means as against ordinary walking?—Yes, especially where the distances are considerable. It is very much a matter of distance. On a short distance, of course, there is no object in it. It takes longer to get the men into a train of tubs and out again than is saved, but that is not so on long distances where it is safe. We have a good deal of limitation in that way where the gradients are very variable. Training the men it can, of course, be done, but it is not unattended with danger.

18,759. But in the cases where you have thought it necessary to consider their introduction has that not been rather due not so much to your foresight, as it were, thinking this problem out in advance, but because there is a contemplated reduction of one hour in the working time of the men?—I have no doubt that has influenced a great many people besides myself. We are not at the present moment in face of very long distances in our collieries, and it will not apply greatly to them, but wherever there is a long distance to be traversed it will be well worth the while of the engineer in charge to consider how he can form trains to take the men in and out by mechanical means.

18,760. So that one can arrive at this general proposition perhaps without going very far wrong, that as the workmen enjoy reduction in hours, as they get those advantages which they do not now enjoy, the economic pressure on the owners will be such as to compel them to introduce such labour-saving and time-saving devices which a year or two ago would be unthought of?—Yes, and with regard to haulage it will be a question of distances. In South Wales, owing to the trouble of maintaining the roadways, it is not so usual to have very long distances underground as in some other districts. Our distances in South Wales do not compare with the distances in many of the collieries in other parts of the Kingdom, for the reason that the maintenance of roadways is so very expensive that the areas worked by one pit and the distances to be covered are upon the whole less.

18,761. Is that rather borne out by the statistics that were offered here by the Secretary of the Coal-owners' Association of South Wales, because I see there are 20,751 men who walk one mile and under $1\frac{1}{2}$ miles? There are 4,251 men who walk $1\frac{1}{2}$ miles and under 2 miles; and you have 1,500 men who walk between 2 miles and $2\frac{1}{2}$ miles?—In those long distances, it will repay you to think it out very carefully whether a train will not save a good deal of time.

18,762. *Chairman*: I have been asked to ask you a question, and it is a question that I would not insult you by asking you personally. Supposing the mines were nationalised, do you think the State could rely on the present mine managers and officials to use their brains and endeavours to come to the assistance of the State?—I do not see what else they could do.

Chairman: I was sure you would say that. I am very much obliged to you for your evidence.

(The Witness withdrew.)

(Adjourned for a short time.)

Mr. CHARLES H. MERZ, Sworn and Examined.

18,763. *Chairman*: I think you are senior partner in the firm of Merz & McLellan, Consulting Engineers, of 32, Victoria Street, Westminster, and with offices at Newcastle, Darlington, Melbourne, Buenos Aires, &c.?—Yes.

18,764. You say in your proof: "My firm have been responsible for the technical development of the North East Coast electrical power scheme. They are also Consulting Engineers to various power undertakings at home and abroad, among which may be mentioned the Newcastle-upon-Tyne Electric Supply Company, the Glasgow Corporation, the Commonwealth Edison Company of Chicago, the Government of Victoria, South Africa and Western Australia, and also to various railway companies, including the North Eastern Railway, Central Argentine Railway, and Buenos Aires Western Railway. During the latter part of the War I acted as Director of Experiments and Research at the Admiralty"?.—Yes.

Chairman: I will now ask the Secretary to read the witness's proof

Secretary:

"I have made a special study of the economical production of power from coal. I am asked to appear before the Commission to deal with the economies which can be effected in the utilisation of coal in this country by the development of the use of electrical energy.

The saving to be effected by the use of electrical energy at the pit itself, in connection with pumping, hauling, ventilating, winding, and—in suitable pits—coal cutting, are well known and have been, or will be, no doubt, referred to by other witnesses. It may be mentioned, however, that in 1913 16,850,000 tons of coal were used at the collieries as boiler fuel. It is safe to say that the same power could be produced in a large modern station by one-fifth of this quantity of coal.

The advantages of dealing electrically with what may be called the larger uses, such as winding and pumping, depend upon the cost at which the electrical energy can be produced, and are greater in those districts where a supply of power can be obtained from a comprehensive system, whether the latter is a public supply undertaking, as in the case of the Northern Coalfield and part of Scotland, or privately owned—i.e., by the collieries themselves—as in one or two isolated cases.

The improvement of the system for the general supply of electric power throughout the country is, therefore, of special importance to collieries, for the English coalfields, with one exception, are very inadequately covered by existing power supply systems. The economy of coal which results from the application of electricity is clearly seen from the figures given in the Coal Conservation Committee's Final Report, page 67 *et seq.* In the year 1913, in the

15 May, 1919.]

MR. CHARLES H. MERZ.

[Continued.]

County of Durham, the output of coal was 42,112,181 tons, and in the County of York 41,464,471 tons. The former county is more completely covered by an electricity supply system than is the latter, and advantage has been taken of this by colliery owners, with the result that whereas the coal equivalent of the electricity used is calculated to have been 172,064 tons in 1913 in the case of Durham, the same equivalent only reached 29,318 tons in the case of Yorkshire, the output of coal of the two counties being approximately the same. The more extended use of electricity accounts to a great extent for the fact that the consumption of boiler fuel used at collieries in Durham is only 3 per cent. of the total output of coal as against 5·7 per cent. in Yorkshire, 8·3 per cent. in Lancashire, 9·1 per cent. in Scotland and 5·6 per cent. in South Wales. This seems clear evidence of the great economy which could be attained if a cheap supply of electricity from a public supply undertaking were everywhere available.

I was Chairman of the Electric Power Sub-Committee of the Coal Conservation Committee, and with regard to those questions which will interest the Commission we arrived at the following general conclusions:—

Page 8, paragraph 1.

- (1) "The coal consumption involved in the production of motive power in the United Kingdom amounts at the present time to 80,000,000 tons per annum, equivalent in value to, say, £40,000,000 at pit-head."

Note.—This figure on present-day values would be at least £80,000,000.

Page 8, paragraph 1.

- (2) "In the industrial reorganisation which must take place on the termination of the war, the further development of power is of great importance. The present use of motive power per employee is only about half that in the United States of America. Large quantities of electrical power will be required for the development and carrying on of new processes not at present undertaken in this country. Processes involving some millions of horse-power at present worked in America, Norway and Sweden, Germany, &c., can be profitably carried on, and, having in view the desirability of making all essential products in the Empire, should be carried on in this country."

Page 8, paragraph 1.

- (3) "It is only by largely increasing the amount of power used in industry (by two or more times) that the average output per head (and as a consequence the wages of the individual) can be increased. The pre-war earning power, or wages, of each individual was far too low."

Page 8, paragraph 1.

- (4) "Power may be most efficiently applied to industry by the medium of electricity."

Page 8, paragraph 1.

- (6) "Technically and economically the electrical energy can be best provided by a comprehensive system, as amply proved from experience gained in those parts of the world where such systems are in existence, notably in Chicago (Illinois), on the North-east Coast of England, on the Rand and in certain industrial districts of Germany. Power production in large super-plants, with generating machines of 50,000 h.p. or more, will not only be far more economical than in a large number of smaller plants, but will ultimately involve great economies of capital by securing a better load and a more effective use of the plant. Such super-plants, if suitably situated on large sites, would make it possible—so far as it is economical to do so—to extract the by-products in the shape of oils, motor spirit, &c., from the coal before using it

as fuel, thus avoiding to a large extent the necessity of importing them."

Page 8, paragraph 1.

- (7) "The super-plants would feed into the main trunk distribution system, which must be laid down throughout the country. For this purpose the country should be divided into some 16 districts, throughout each of which there should be a standard periodicity and trunk main voltage."

Page 9, paragraph 1.

- (8) "This main trunk distribution system would collect any waste power available wherever situated and deliver it where it could be profitably used. It would also, by saving the cost of transport, make it commercially possible to bring much coal to the surface, which is at present wasted and left in the pit, and which, under the new conditions, would be turned into electrical energy at or near the pit-head."

Page 9, paragraph 1.

- (9) "If power supply in the United Kingdom were dealt with on comprehensive lines and advantage taken of the most modern engineering development, the saving in coal throughout the country would, in the near future, amount to 55,000,000 tons per annum on the present output of manufactured products."

Page 9, paragraph 1.

- (10) "If the coal so saved were used for the production of further power it would be possible to generate continuously not less than 15,000,000 horse power (equivalent to 131,400,000,000 horse power hours), which would more than compensate for the absence of large water powers in this country and admit of the manufacture here of many products which are at present only made in America and on the Continent."

I hope that as a result of the report of Sir Archibald Williamson's Committee the Government will carry legislation which will deal effectively with the power side of the question, and so secure for the country the advantages of a comprehensive system of Electric Power Distribution.

I would emphasise the importance of a national policy with regard to one of our greatest material assets, if not the greatest, namely, Coal. We have hitherto looked upon the coal industry too much, perhaps, as merely that of getting the coal out of the ground and transporting it to the place where it is to be burnt; the question as to how it should be used is, however, equally important, and in any re-organisation of the coal industry the development of the new processes and industries, of which coal forms the basis, should be fully considered.

State or Municipal control of industry has been generally recognised as most successful when applied to those undertakings of which the technical principles are more or less settled, or which require comparatively slow technical development. It may therefore be pertinent to direct special attention at the present time to the importance of the development of the processes affecting the Coal Industry to which sufficient attention has not hitherto been paid.

Paragraph 20 of the Report on Power Supply above referred to calls special attention to the important additional advantages bound up with this whole question of the use of coal for the production of power; the following may be quoted:—

Page 15, paragraph 20.

- (3) "By locating either the main or supplementary plants at or near the collieries, much coal that is now wasted or left in the pits could be profitably utilised, and the coal which would otherwise be burned to transport the coal used would also be saved."

15 May, 1919.]

MR. CHARLES H. MERZ.

[Continued.]

Page 15, paragraph 20.

- (4) "By-products obtainable from the coal before it is consumed in the boiler furnace, or producer, could be extracted in any case where it is proved to be economical to do so. These by-products may be of as great value to the country as the fuel residuum, for nitrogenous fertilisers, crude oils, oils for marine propulsion, and motor spirit for road traction can all be largely extracted from coal."

In explanation of these paragraphs, I may say that I contemplate that in laying out a comprehensive power scheme for the country:—

- (1) Where the nature of the coal was such that it would not pay to transport it, the power plants would be erected at or near collieries. Either gas engines or steam turbines would be employed, depending upon the amount of water available for cooling and condensing purposes respectively.
- (2) The principal power plants would be steam driven, and located on sites chosen for their ample supply of water for condensing purposes, though naturally in the choice of sites due regard would be paid to the length and cost of fuel transport.

Looked at from a thermal point of view, apart from by-products used in special industries, such as those used in the dye industry and for making explosives, all coal may be looked upon as divisible into constituents of high and low energy value—

- (1) The high value constituent contains a large amount of energy per unit of weight.
- (2) the residue or low value constituent contains a much smaller amount of energy per unit of weight, and mixed with it is the dirt and incombustible matter.

The high value constituent is worth a great deal more than the low value constituent, and it is much more easily and cheaply transported, hence the correct policy is to extract the high value constituent for such purposes as air transport, motor transport, and marine propulsion, utilising the low value constituent at or near to the collieries in large and economical central power plants where no question of transport is involved.

It should be realised that there is no process at present in commercial operation for extracting by-products from coal before it is consumed in the boiler furnace or "producer," for the production of power, which has been proved to be generally applicable for this purpose. The problem is, however, one of which a solution is already indicated by experiment and research, and when the opportunity arises I have little doubt that a satisfactory solution will be developed which is both scientifically and economically sound.

From a national point of view I anticipate that it will be possible in the future to combine with the large central power plants process plants which will extract the lighter fuels for air and motor transport, and oils for marine propulsion, leaving the residue in some form of coke for utilisation either direct or for the production of gas for the generation of electric power. Any scheme for the future development of the industry must have in mind how these results can be most quickly obtained.

I do not forget the very important gas and coke industries, but I would repeat that there is no by-product process in commercial use to-day which can be considered generally applicable to power production on a large scale—this is partly, at any rate, because, there being no comprehensive power distribution scheme for the country in existence, with large and suitable power station sites, the demand for such a process has not really arisen. Research is now being made in various quarters, and I am hopeful that a process will be developed.

It has not yet been proved that we have any considerable quantity of oil in this country; on the other hand, the importance of the use of oil for ship propulsion is becoming more apparent. Apart from the onomy obtainable by the internal combustion engine

and steam turbine plant, where oil is used in the furnaces to produce the steam, there is a great saving of labour formerly needed for coaling and stoking—labour of the most arduous kind. Further, as much less weight in oil has to be carried to perform a given journey at a given speed than where coal is the source of power, there is a great saving of bunker space, and consequently an increase in the cargo capacity of the vessel.

There is also the question of using special kinds of coals, especially those limited in quantity and of particular value for the processes for which they are particularly suited. In this connection I may call attention to the report of the Carbonisation Subcommittee of the Coal Conservation Committee in regard to the export of coking coals.

This Committee recommended, and it certainly seems desirable, that some steps should be taken to conserve for our own use our stocks of specially valuable coking coals in which other countries are relatively poor. It was reported to the Coal Conservation Committee that this coal was, and will be eagerly bought by foreign countries which use it for the production of coke to make steel, which may be sold again to us. This is not due to any special advantages which these countries enjoy for using these coals, but it is because we are neglecting to make the most of them here. If we are going to export this coal to foreign countries it seems at least desirable that we should extract the valuable by-products before doing so.

Questions such as those I have referred to should be seriously considered in determining the best organisation for the future conduct of the coal industry, as there is little doubt that we have not in the past done so much as we might have done to develop scientifically the best means of utilising our coal resources, apart altogether from the getting of the coal, and we shall certainly in the future look upon our present methods of burning coal, and generally speaking, of distributing power, as exceedingly crude.

In short, just as we are beginning to realise that it is essential that the Government of the country should have some definite policy in regard to transportation and the supply of electric power, so, it seems to me, to be equally important that there should be a definite policy in connection with the winning and utilisation of coal. By this I do not mean only the question as to whether this or that part of the business should be worked by the State or by private enterprise, but also the technical question as to how to develop the various processes in industry of which coal forms the basis.

I understand the Fuel Research Board are preparing to carry out important experiments with some or all of the objects referred to above in view, but I am doubtful as to how far any one department or organisation, however ably conducted, can cover the whole field, and I think that experiment and research should be encouraged throughout the country. No one who has had experience of attempts to deal with everything by Government control can believe that the concentration of all such development in Whitehall would be efficient.

In this connection I would call special attention to the skeleton machinery for dealing with electric power supply outlined in the report of Sir Archibald Williamson's Committee. A study of this report will show that, while not putting on one side either municipal or private enterprise in any particular district, the future management of the industry will not be centralised in Whitehall, but will rather be dealt with by local organisations in each district to be set up for the purpose. In my view some such principle should be seriously considered in the case of the winning and utilisation of coal.

The advantage of a decentralized organisation are well illustrated by some of the successful Port Authorities and municipal undertakings. The electricity supply in this country is partly in municipal hands, and there is no doubt that municipal electrical enterprise, while it has seriously retarded electrical development has, within the limits imposed by bad legislation, been stimulated by friendly rivalry between the different managers as a result of the publication of

15 May, 1919.]

MR. CHARLES H. MERZ.

[Continued.]

the Board of Trade and other statistics in the technical Press. As compared with the Civil Service, as worked in the Post Office, municipal undertakings have the advantage that they have a free hand in the choice of the best men and the salaries they pay, and thus good managers have a chance of promotion independently of age and length of service.

It would, in my view, be impossible to conduct successfully by means of a Government Department of the present type, subject to existing Treasury control, any business which is undergoing or requiring rapid development. The existing system of Government and Treasury control is largely founded on the principle that people ought not to be trusted, whereas it is well known that the best is only got out of people by giving them responsibility, trusting them and giving them considerable freedom as regards carrying out a policy.

It may be hoped that, in these businesses in which it is decided the State should take a special interest, the importance of this matter, which is very apparent to those who have had to do with Government Departments throughout the war, may not be overlooked, and that it will not be found impossible to devise a system of general, not detailed, control (some control is, of course, necessary in the case of public funds) which will attract able and energetic men and the kind of brains that are necessary for the industry for dealing with new developments.

It used to be said that Government service, on account of its security, could obtain brains at a lower price than private enterprise, but I doubt whether this is now, generally speaking, the case for the reasons indicated."

18,765. *Mr. R. W. Cooper:* As you have said in your *précis*, your Newcastle company was practically the pioneer company, was it not, on the north-east coast?—Yes.

18,766. And it has undoubtedly developed to a very large extent the use of electrical power in the Durham and Northumberland coalfield?—Yes; there is a larger percentage used there than in any other part of the country per head of the population.

18,767. And in addition to your company and its allied companies, which are controlled by your company, supplying power to the collieries in that coalfield, there are two or three, or probably more, from all I know, large colliery concerns generating their own power for their own use?—I do not know that there is any comprehensive system.

18,768. That is not my question. In point of fact there are two or three large colliery undertakings supplying themselves now with electric power generated by themselves for their own use. May I give you the names?—Yes.

18,769. The Lambton and Hetton Collieries?—They own part of the plant, but it is operated by the Power Company.

18,770. As a matter of fact, they are the owners of the power station, are they not?—They are the owners of the power station.

18,771. That power station at one time belonged to the Newcastle Supply Company, did it not?—No.

18,772. Did they not sell it to the Lambton Company?—They were an intermediary in the transfer.

18,773. At any rate, the money passed through their hands?—Yes, but I think it would give a wrong impression if I simply answered yes.

18,774. I do not suggest you sold it for the purposes of getting rid of it. This power station came into your hands, and you then transferred it to the Lambton Company, and you operate it now for them for a term of years on certain conditions?—The position really was that this is a power station which ought never to have been put up. It got into difficulties. It was not capable of meeting the requirements of the collieries, and it got into difficulties financially, and in order to avoid a shut-down of the business, which the Newcastle Company did not want, because they did not want electricity to get into bad repute, they took it over from the company which owned it. Then the question was: What was to be done with the power station, and there did not seem to be any other use than to use it partly for the

supply of these particular pits, and they sold it to the Lambton Collieries.

18,775. And it is mainly used for the purpose of their collieries?—Yes.

18,776. Do you know of any other large colliery undertakings in Durham who are generating their own power at the moment?—I know there are individual collieries which have private plant, but I do not recall the name of any one which has a large private plant.

18,777. Take the Consett Iron Company?—If you had said steelworks, I would have said yes, but I look upon them more as steelworks. I do not think they use electricity to any large extent in their collieries, or what I would call a large extent.

18,778. I will not argue it with you. If these colliery companies are satisfied with generating power at a low cost per unit, you do not contend they should not be allowed to continue to generate their own power?—No, I do not think that is the suggestion of Sir Archibald's Committee.

18,779. Have you a copy of the Report of that Committee?—Yes, I think someone has obtained a set of copies and they are available for the use of this Commission. At any rate, that was perfectly clear, and I entirely agree as one who signed the Report that there should be no compulsion upon any individual, whether manufacturer or colliery owner, preventing him using a private plant, if it paid him to do so.

18,780. I suppose we may assume that with regard to some of these colliery companies who, even since the war began, have spent large sums of money to establish generating stations so as to electrify their undertakings if they are satisfied that they can produce power at cheap rates, say a farthing per unit, you would not dream of interfering with them?—No, that is not the suggestion. Of course, you will not take it from that that I admit they do in fact generate more cheaply.

18,781. That, of course, is a question of fact?—Yes.

18,782. Dependent upon how they are equipped and what each generating power station costs?—Yes. I think if it were investigated the colliery companies would often be found to be wrong.

18,783. If they can generate power at a lower cost than they can buy it from you, they ought to be satisfied?—Yes. There should be free trade in that respect. I would not suggest it is proper to compel the individual to buy something like electricity from a source where it might pay him better to do it himself.

18,784. On the question of the relative cost of these municipalities I observe in the Report of the Subcommittee of which you were Chairman, you give a long list of municipalities in Lancashire, and you contrast their charges for electrical power with the charges of your Newcastle Company?—Yes.

18,785. And the result is, is it not, that contrasting these municipal suppliers with your company suppliers, your supply is much cheaper than theirs?—That is so; but if I may explain the object of that table was not to call attention to the relative merits of municipal and company enterprise, but it was to call attention to the different conditions under which the two areas were worked. The municipalities are working under very disadvantageous conditions, imposed by Parliament, in that particular area. It might be argued that they were partly responsible for them themselves, but they are in fact working under very disadvantageous conditions. The North-East Coast Company is working under favourable conditions for economical electricity production, and that is sufficient reason for the difference.

18,786. Do you know as a matter of fact whether, speaking generally, the charge for electricity supplied by public authorities is less or more per Board of Trade unit than the charges by the companies?—I have an impression that if you took simply the average statistics for the country, it could be shown that the municipal suppliers were the cheaper, but I think that that again would be open to misconstruction. I do not think that you can really draw any final conclusion from that. That is to say, the cost of electricity depends upon the conditions under which

15 May, 1919.]

MR. CHARLES H. MERZ.

[Continued.]

it is generated and the size of the undertaking, and so on, and the only true comparison is between undertakings of similar size and similarly situated. I think such general comparisons are apt to be misleading.

18,787. I gather from what you say that you cannot get a precise comparable comparison?—No, I do not think you could find an absolutely comparable comparison in the country. If I may explain again, the comparison of the kind you mentioned last is largely affected by the cost of electricity as supplied by private companies in London. These private companies in London supply very congested districts as regards streets and so on—the streets are very congested and they have special expenses—and I do not know that that is necessarily a fair comparison with, for instance, a municipality like Birmingham. I think that those statistics must be used with caution, just as the other ones which you have quoted from this report.

18,788. I was referring in my last question to the final Report of the Census of Production, 1907, with respect to public utility services, where they contrast the charges in the gross with the charge of the public authorities. As a matter of fact, the average rate with public authorities is slightly more than with private companies throughout the country?—I take it from you, but I think that would be probably answered by the fact that you have included the power companies among the companies.

18,789. That may be so?—I mean to say there are no municipal power companies; there are no municipal concerns supplying electricity over large areas at the present time.

18,790. I quite see what you mean with regard to that. The comparison is not a just comparison?—No, I think not.

18,791. Now I want to ask you a question about what you say as to coking coal. I suppose you are aware that there is a considerable amount of export trade in coking coal?—Yes.

18,792. Take Spain, for example, and take the port of Bilbao. Do you know Bilbao personally?—No, not personally.

18,793. Do you know there are two large iron making companies at Bilbao?—Yes, I do know that.

18,794. Who buy English coking coal?—Yes.

18,795. Why should the exportation of coking coal to these Spanish pig-iron producing concerns be in any way restricted or prevented?—Well, I think that that would be a very favourable case for showing it should not be, because, clearly, we get iron-ore from Spain, and it might be said to be economical that the ships should take back coking coal, but I would rather they took back the coke than the coal.

18,796. Supposing these people have coke ovens at Bilbao as part of their establishments, why should they not coke the coal at Bilbao?—I am speaking entirely from the technical point of view and not the economic point of view. It appears to me that we ought to do that at home. All they want over there is the coke. Why should we not take these by-products out at home?

18,797. I see, from your technical point of view, what you mean; but I do not see why the Spaniards should not be allowed to make their own coke?—Because they have not got the coal.

18,798. But we get iron-ore in exchange from them?—I had more in mind people who do not exchange iron-ore in that way. I think a certain quantity of coking coal goes, or did go, to Germany.

18,799. To be converted into coke in Germany?—Yes.

18,800. *Mr. Evan Williams:* You concerned yourself more with the consumption of coal than with the production of coal?—I do not attend as an expert in getting coal at a pit at all.

18,801. You do not express any opinion upon that?—No.

18,802. You mean you can get the same power in the country by less consumption?—That applies to power at the collieries also.

18,803. In the case of a colliery you say that the determination ought to be made as to whether the present steam plant should be substituted by electric plant on the ground of the consideration of the comparative cost entirely?—I do not object to that.

18,804. Notwithstanding that more coal has been used to produce the power at the colliery, and if by so doing it produced its power cheaper than buying power it would be cheaper for the colliery to burn its coal?—I agree. As a matter of fact it would pay the colliery to convert in every case if there was such a comprehensive power system.

18,805. Is not this the case? If there was a comprehensive power system there would be cheaper power available for the colliery to buy?—That is the reason.

18,806. Further the comparison would be made between the cost of buying power and the cost of generating the power at the colliery?—I think so certainly.

18,807. If this scheme of utilisation of coal is brought about, to have an outlet for the present output of coal there would have to be a considerable extension of the use of power in this country or an extension of export?—Do I understand you to ask me whether if there was a saving of coal by this comprehensive system it would not be necessary to export more in order to keep up the present output?

18,808. Yes?—I think that would only be a very temporary affair. I do not believe as a matter of fact that the output of coal in this country will go down for one minute. I think we can get this additional 15,000,000 horse power or part of it from the same coal, and we shall use that in industry. The development could not take place so quickly but that it will be absorbed in the use of additional power.

18,809. You speak about the location of plant at collieries as being desirable. I take it a supply of water for condensing purposes is of more importance than nearness to the colliery?—That is so, except where the coal is of such poor quality that it will not pay to transport it at all.

18,810. That is very rare?—I understood that in cases where coal in the past has been dumped you can hardly call it coal, but there is something to be got out of it.

18,811. In order to bring about this new department your view is that some new system of Government Administration must be devised. Nothing that we have in Government Administration at the present time will be satisfactory in your opinion to carry out the development scheme you aim at?—I did not say it must be. I did not say it would not be possible to do it without Government assistance. All I said was if it is decided to do it by nationalisation in my opinion a centralised, what is called Whitehall Department, would be the wrong system of administration.

18,812. You speak of devising a scheme. I suppose you mean a new system, a departure from the present method?—The present ordinary Government Department system.

18,813. That is for the utilisation of coal in these power stations and the distribution of coal?—My remarks apply generally to any industry requiring great development.

18,814. Would you regard the coal industry as a proper one for a Government experiment?—In regard to a new system?

18,815. Yes?—If they are going to experiment in some industry I do not know I would object to some area of the country being attempted.

18,816. *Chairman:* Or some particular country or some particular area in England?—Yes.

18,817. *Mr. Evan Williams:* Take the comparison of industries. Would you select the coal industry to be the first to be experimented upon in that way?—I would certainly select it prior to a manufacturing industry.

18,818. An industry carried on underground rather than one carried on on the surface?—I would.

18,819. As far as production of coal is concerned for experiment, would you experiment on the country as a whole?—I think it would be a great pity to experiment on the country as a whole. I do not see there that you have any comparison. May I quote from what I know more about; that is the case of electricity. I think the suggestion to have the country divided up into areas and have each area complete

15 May, 1919.]

MR. CHARLES H. MERZ.

[Continued.]

in management and technical development is good and will lead to comparisons between districts, and we shall work as a whole. We shall not say "if we had only done this we should have been able to do it," or "if we had not done this." If for some time to come we have alternative systems working in different areas we should have a comparison and some standard to go upon.

18,820. In your view it would not be so safe to embark on anything so ridiculous as nationalisation of mines without having something to afford a comparison?—I would prefer to see it tried in one area.

18,821. *Chairman*: Do you understand the question Mr. Evan Williams is putting to you. Do you mean you would try a system of nationalisation on some part of the country?—Yes. If nationalisation is going to be tried as applied to the getting of coal it would be a great pity to try and swop over wholesale.

18,822. Have you in mind any particular part of the country which should be selected?—I am afraid I do not know about that.

18,823. If it were unsuccessful how would you go back again?—I agree it would be difficult; but easier than if you swopped over the whole country, and there would be more argument for it. It seems to me you might go back by leasing it, clearly.

18,824. *Sir Adam Nimmo*: In connection with the electrical development you foreshadowed, have you in contemplation a sudden revolution; that is to say, a complete change over applicable to the whole country and carried out rapidly?—Yes, I have.

18,825. Do you think that is practicable?—I think it will not be done absolutely suddenly, of course it cannot be. The factories could not turn out the electric plant required. You are limited sufficiently by the physical possibilities.

18,826. I am not going to touch on the technical side. That is really not my business. Taking it from the side of by-products, for example, where are you going to get the market for by-products which are produced as the result of your sudden development of the industry in this way, or of industry generally in this way?—I have not suggested there shall be a wholesale transfer on the by-product side, because I have said there is not a process in existence to-day which will fill the Bill. There, again, we are limited by development.

18,827. What you have in contemplation, I take it, as far as the mining industry is concerned, even regarding your element as feasible, is a slow and steady turnover from the existing practice to the new practice which you think would utilise the coals better?—Yes, that is in effect what will take place.

18,828. I am thinking more of the question of by-products. Was it not the case before the war that we were producing all the by-products which could be absorbed for the time being?—I think it is very likely you were. One is not limited to those by-products. The process I have sketched in very rough details in my evidence is a process, for instance, with regard to spirit that could be used for motor traction, which is one of the products. There is almost an unlimited field for the sale of that.

18,829. For such products as were used before the war we had a limited market?—I think so.

18,830. Was it not due to that that there was the want of expansion which has been the subject of criticism of the industry on that side?—Partly so.

18,831. Is it not the case, so far as we have gone, unless we could produce a good coke from the coal we could not from an economical point of view deal with by-products at all?—That is true.

18,832. It may be in the future we may discover new processes when the question of coke will not be an essential question; but, up to the present, the question of producing a good coke has been a very essential part of the problem?—That is so.

18,833. And that has really been the limiting factor so far in dealing with the production of by-products and the limits for by-products?—I agree. Of course, I am speaking not only from the coal point of view, but from the national point of view as a whole. I say if there had been a comprehensive electric system all over the country there would have

been this demand for these different kinds of by-product processes and it would then have been developed. I am not in any way blaming the coal industry for not having developed it. I say it is one of the things that will have to be developed in the future.

18,834. I notice on page 2 of your *précis* you say we have hitherto looked upon the coal industry to mean merely that of getting coal out of the ground and transporting it to a place where it has to be burnt. I take it you do not mean to imply by these words the cost of production of coal is an immaterial question?—No, I certainly do not.

18,835. It is not implied in your words?—I simply say our view has been rather limited to those two things, whereas there are others.

18,836. I suppose the cost of production of coal, notwithstanding all the developments you contemplate, will be a very material fact in the situation?—Very.

18,837. Would you agree we should have that cost as low as we can, consistently with maintaining fair conditions in the industry?—Certainly.

18,838. I notice on page 3 you refer to the decision of the Coal Conservation Committee that our stocks of coal, especially valuable coking coals, should be conserved. Do you mean by that that they should be kept in the country altogether?—You mean as distinct from putting a duty upon them?

18,839. Do you say we ought not to export them at all?—I am inclined to say yes, unless we could clearly get back something like iron-ore, which we are deficient in.

18,840. If we are supplying our manufacturing industries to-day with all the coke they require and we have surplus of this coking coal, why should not we ship it for the benefit of the nation?—If it can be proved we have a sufficient surplus until something else is discovered to take the place of coal, yes.

18,841. Are we not constantly making new discoveries?—Yes, I think it is a little premature to say that by a certain date we are going to do without coal.

18,842. What would be the use of keeping coal that could be profitably worked just now, if it were not to be utilised for 50, 100, or 150 years? Would it be of any value to the nation?—I agree you might have circumstances where it would be wasteful to leave it in the ground.

18,843. Why I ask you this question is this. Another very important Committee which dealt with this matter took quite an opposite view, and regarded it as quite a mistake that this class of coal should be conserved. That was the Committee on Commercial and Industrial Policy?—I do not think I should quite agree with that Committee, though I would not suggest my opinion should be taken as final upon it.

18,844. What you seem to have specially in view is that we should certainly take out of the coal all we can get out of it before we export the residuum at all?—That is really my point.

18,845. And you would not really object to the export of coke in these circumstances?—No.

18,846. I notice you speak later on from the point of view of the future conduct of the coal industry, and you make a suggestion it should be developed scientifically in order to utilise the coal reserves to the best advantage. Your remarks, I take it, apply to industry generally?—Yes.

18,847. So there would require to be a stirring up of all industries to bring them into line with the policy you define?—I think so. I think that stirring up is taking place now.

18,848. It is bound to take a long time before you can expect to change over the industry in that way?—I do not know that it is going to take so very long.

18,849. It depends upon the impulse behind?—I think the war has done a great deal.

18,850. I notice that in the last paragraph of the first column on page 3 you say, in referring to the work of the Fuel Research Board, "I think that experiment and research should be encouraged throughout the country." Do you mean on the part of private individuals?—Yes.

15 May, 1919.]

MR. CHARLES H. MERZ.

[Continued.]

18,851. That that work should be carried on at every colliery?—No, that would be going too far.

18,852. I was wondering what you had in your mind?—I think if a particular coalfield was going to be continued by private enterprise, it certainly would be wise for a combination or group of the representatives of the industry of the owners to undertake such experimental research. I think we now see that it is the duty of every industry to do that.

18,853. A great many of the larger collieries just now have a scientific department of its own, have they not?—I know they have.

18,854. They have skilled chemists who are working all the time in an attempt to develop the industry scientifically on the side of the utilisation of coal and the utilisation of gas?—I did not know that the colliery companies themselves had concentrated on the utilisation of coal so much.

18,855. Not so much on the utilisation of coal as the whole treatment of gases from coal?—Yes. I did not know that.

18,856. A very large by-product plant must be necessary of that type it seems to me?—I am bound to say my experience of the average by-product plants in the country is that they are run to the best of

their ability, but they do not go in very much for development.

18,857. Would it not be well to develop this research at the individual collieries?—Yes, certainly.

18,858. It would make for the good of the whole country in the long run?—Certainly.

18,859. I think you have had a good deal of experience in working in connection with Government Departments?—Yes.

18,860. You make a general statement that no one who has had experience of attempts to deal with anything by Government control can believe the centralisation of all such developments in Whitehall would be effective. Would you mind giving us your experience in this connection?—I think that the Government machine as represented by Government Departments in Whitehall—of course, each Department is very large and suffers therefore from the defects of all very large organisations, and it is difficult to get a move on. Development is something which has to be settled from day to day, both as regards personnel and expenditure, and if you cannot settle it from day to day, well, it is too slow. Nobody will take any interest in it.

18,861. The work gets snowed up?—Yes.

18,862. And the machine gets slowed down?—Yes

(Adjourned to to-morrow morning at 10.30.)

SECOND STAGE—FOURTEENTH DAY.

FRIDAY, 16TH MAY, 1919.

PRESENT:

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. R. W. COOPER.

SIR ARTHUR DUCKHAM.

MR. FRANK HODGES.

SIR LEO CHIOZZA MONEY.

SIR ADAM NIMMO.

MR. ROBERT SMILLIE.

SIR ALLAN M. SMITH.

MR. HERBERT SMITH.

MR. R. H. TAWNEY.

MR. SIDNEY WEBB.

MR. EVAN WILLIAMS.

SIR RICHARD A. S. REDMAYNE (*Assessor*).

MR. ARNOLD D. McNAIR (*Secretary*).

MR. GILBERT STONE (*Assistant Secretary*).

Sir Adam Nimmo: Sir, before you proceed with the further examination of the witness, I understand that the final Report of the Land Acquisition Committee is now available. Would it be possible to circulate that among the members of the Commission to-day, so that they might have an opportunity of perusing it during the week-end?

Chairman: I can give you a copy for your purposes, but anyone else who wants it must try and get it.

There are many things to peruse for the week-end.

Sir L. Chiozza Money: I am sorry to add to the amount of literature, but it seems to me that Hansard's Report of that important discussion on the Electricity Bill would be very useful.

Chairman: Yes, we will try to get that.

Sir Adam Nimmo: There is one further point, sir. I asked for a return of the coal raised weekly for this year.

MR. CHARLES H. MERZ, Recalled.

18,863. *Sir Arthur Duckham*: With regard to this proof, I do not want to go into it at any great length, although it is of very great interest to me. There are one or two questions which arise on the first page of your proof in the first column. You give us figures for the fuel used at collieries. You give the figures for Durham as 3 per cent.; Yorkshire, 5·7; Lancashire, 8·3; Scotland, 9·1; South Wales, 5·6?—Yes.

18,864. Does that percentage of fuel include any allowance for the electricity made by the collieries in Durham, or is it only the fuel used in the working?—No; I think those percentages do include the electricity.

18,865. It is not the electricity bought?—No, but the same table gives a reference to the electricity bought. I mention that also in my proof.

16 May, 1919.]

MR. CHARLES H. MERZ.

[Continued.]

18,866. Really what I wanted to get at was this. Does this alteration or this variation in figures mean that the places where the figures are high are not run so economically, or is it a case of the varying character of the collieries?—Of course, you cannot assume too much from such figures, I quite agree. It is only a very general inference you can draw, and one would require to know fully the output of the collieries, and so on. As a general inference, without reference to the particular figures, I think it does prove my point.

18,867. You would not say definitely that the collieries in Scotland were run much more inefficiently than the collieries in Durham?—No.

18,868. You would not use the figures to show that?—No, that was not the idea at all.

18,869. We have had reference made to the central generating stations and these 50,000 horse-power or kilowatt sets?—50,000 horse-power, I think it is.

18,870. I was thinking of the generating set—the turbine and the generating set. Are they made to-day in England, and have we got to that power yet?—Well, not quite, but very nearly.

18,871. About 35,000?—Yes, 35,000 to 40,000 H.P. are being built now.

18,872. I presume there are not many works to-day in England that could make these big plants?—Yes, I think there are. I think there are one or two who could, but, of course, owing to there being no large scheme of this kind in existence, there has not been the demand for it. I do not doubt at all the ability of manufacturers to make them. That is what I wanted to make clear in reply to your question.

18,873. Of course it is a question of efficiency from every point of view as to how much bigger you would go. You would not go bigger simply for the sake of going bigger?—No.

18,874. In quoting from the Report of the Electric Power Sub-Committee of the Coal Conservation Committee (page 9, paragraph 1) you speak of “the saving in coal throughout the country would, in the near future, amount to 55,000,000 tons per annum.” First of all, what do you mean by in the “near future”? How many years do you estimate it will take to put in these large generating stations in the first case to get cheap power?—Of course, it depends a great deal upon the speed with which you may call the legislative machinery of the new Electricity Bill works, but I think that there will not be any number of stations doing effective work throughout the country under five years.

18,875. I was speaking more of the physical disabilities—the actual making of the plant and getting it there—than the legal or Parliamentary difficulties?—From first to last—from beginning to choose the site to running the station—you had better take three years, I think.

18,876. You might have two or three plants running in five years?—Yes.

18,877. And if they are going to be 16, it may extend into 10 or 15 years before you can get them all running?—Yes. That is not on account of the difficulty of making the plants, but on account of delay in what you may call Parliamentary procedure.

18,878. With regard to the 55,000,000 tons mentioned there, is that the estimated total coal used for power?—It is the saving on the coal used for power.

18,879. Does that touch domestic coal at all?—No.

18,880. Can you tell me very briefly what the general duties of the Electrical Commissioners are for the conservation of fuel?—The general duties of the Electricity Commissioners are to encourage and develop the use of electricity, and to do everything they can from the Parliamentary point of view to encourage it. But their primary duty is to map out the country after local enquiry into suitable areas based, not upon existing parochial and County Council boundaries, but on the best areas from a technical point of view to amalgamate for electrical purposes. That is their first and chief duty. After they have mapped out the areas, their duty in each area is to arrive, after holding local enquiries, at the best organisation for erecting and managing the electricity undertaking in that area. They have to decide

whether that is to be an elected body; how far it is to be elected by consumers; how far by municipalities; how far by manufacturers; and then as to the size of the managing board, and so on, whether they are to be paid, and all that kind of thing.

18,881. What I wanted to get at is this: Have these Electrical Commissioners any power to enquire into waste of fuel in the country?—No; I do not think you can say they have any power to do that. They have powers to enquire into the waste of coal in electric generating stations, certainly.

18,882. Do you not think it is essential that some body should be set up with power to enquire into the wastage of fuel in the country? If I may put it to you, take electrical generating plant: Of course that ought to be fairly efficient so far as efficiency goes in this country to-day. But take other works which are using coal for other purposes—for heating, for chemical works, boiler works, and all that sort of thing. There is a colossal waste of fuel at the present time in the country, is there not?—There is no doubt about it.

18,883. Do you think it would be a very great saving to the country if, I do not say the Electrical Commissioners, but some kindred body, was set up to enquire into the use of fuel in this country, and had powers of enquiring and tabulating and showing up the waste?—Yes, I think it would be very useful. I should think you would have to guard against undue duplication of returns, as it were, and I think it would have to be very carefully considered as to how far they should have power to insist upon things.

18,884. To insist upon returns?—Yes, to insist upon returns.

18,885. And you would get over duplication of returns by bringing together people who would be asking for returns like the Electrical Commissioners?—I think something of the kind should be done.

18,886. The idea has been in my mind: Would it not be satisfactory to have power, heat and light commissioners or some representatives of the Government who would take care of or enquire into the wastage that occurs at the present time in this country?—I think so, but I would be in favour of limiting it to enquiry and suggestion. I would not give them any compulsory power at present. I perhaps may explain why. I do not think that what the Americans call the “lay-out” of the heating and domestic power and so on of a big city is yet quite settled. Really we want a few more experiments before we can finally say how it is to be done. There are all these questions of low-pressure water and steam heating and all that kind of thing, and it cannot be said to be finally proved by experience what is the best system.

18,887. But you agree there is a colossal waste of fuel at the present time in this country?—I agree.

18,888. Sir Adam Nimmo yesterday asked you a question with regard to by-product ovens. I put it to you that there could have been a use made of all the by-products manufactured if they had extended their coke ovens before the war. It was more a question of not knowing how to use the by-products, was it not?—Yes, I think that was so.

18,889. Take the case of benzol for petrol engines or for light engines, or take the case of creosote oil for fuel in the Navy?—Yes.

18,890. I believe during the war those have both been used largely from home production?—Yes.

18,891. I believe I am right in saying that the Navy objected to it in the first case, but found later they could use it?—Yes.

18,892. So that there is a very big future for these by-products in that way, because you can use them instead of many of the imported by-products that we have to use at the present time?—Yes, I think that is so.

18,893. And you are not frightened that the country would be flooded with these by-products from such plants as you have foreshadowed in your *précis*?—No, I am not frightened, because I think we have learned nationally so much more about them now.

18,894. The war has taught us a very great deal?—Yes.

18,895. Another point is with regard to finance. Has any estimate been made of the financial cost of these schemes, because what I put to you is this: If you are going to purchase your generating stations

16 May, 1919.]

MR. CHARLES H. MERZ.

[Continued.]

from the present owners and then add to them the cost of the central generating stations, it will certainly cost considerably more than double what they would have cost before the war, or (let us say) double: Will the financial burden on these central electrical generating stations bears so heavily as materially to affect the price?—You mean will the increased cost of manufacture of the plants prevent the advantages being secured?

18,896. Yes?—No, I do not think so at all. In fact it is rather the reverse. The increase in the price of coal and labour on balance is greatly in favour of the use of electricity and not the reverse.

18,897. From that point of view?—Yes.

18,898. You see what I mean. You may take it the capital cost of the plant would be certainly two and a half times what it would have been before the war because they have all the existing plants and have the burden of the increased cost of erection at the present time?—Yes, but of course, the primary thing to remember about this scheme is that it is not a scheme for replacing existing things.

18,899. But you have to buy existing ones?—Yes; but that is a comparatively small thing.

18,900. There is one question I asked another witness who could not give me the information. Have you any figures as to the efficiency of electrifying main line traffic? Suburban traffic one can understand, but is there efficiency in fuel in electrifying main line traffic for long distance lines?—Yes, there is considerably.

18,901. Could you give particulars, because we did not have them before?—Yes; but of course it would mean rather extending my evidence to go into that.

18,902. Yes. If you say that it is considerable, that is all I want to get from you?—Yes; there is no question about that.

18,903. We are sitting here, as you know, to consider questions of nationalisation or unification of coal mines, and making a report on the subject. One of the chief differences which has occurred to me has been the question of safe-guarding the consumer. You have been a large consumer of coal. Do you consider it is essential that consumers should have a free choice of coals and should not be restricted in their choice of coals? Is it your opinion that any system which followed on the present lines of control, where the consumer is forced to have a class of coal whether he wants it or not, would be very bad for industry?—Well, I do not know that I would like to go so far as to say that every consumer should have an entirely free choice.

18,904. May I put it, if you have a plant suitable for certain classes of coal, surely you should have the right to buy the coal that suits the plant?—Yes. But of course one is bound to qualify that by saying that there are a great many people who think they have plants that will not use another class of coal, or who object to making a very little change, or who do not understand the changes which would have to be made and which would mean a great economy at very small cost.

18,905. Take the present time. There has been colossal inefficiency caused by the distribution of varying coals, has there not?—Yes, but I think you want to remember that the old system was hopeless of course, really, and the majority of the country had hopelessly inefficient plants. They took coal from anywhere because their grandfathers took it, or something of the kind, or the man who sold it was a friend.

18,906. Yes. Now if you wanted to change that you have to go through a period of great disorganisation and muddle, if you make any change on that scale. If you take the difference between a Derbyshire and Durham coal it is almost as great as the difference between brass and aluminium, is it not?—Yes.

18,907. That is to put a simile?—Yes.

18,908. I was asking whether you feel some safe-guard ought to be made to the consumer who has used one constant class of coal?—Yes, I agree: if a man has the proper plant for the particular locality he is in, *qua* distance from the collieries, he ought to be entitled to get that coal with regularity.

18,909. And a safeguard would have to be introduced for that purpose?—Yes, I would not like to say it is desirable to go back to the old system of absolute freedom.

18,910. With regard to the conservation of our fuel, it is, of course, essential that we should distribute the value of the fuel in the best way. With regard to power and light I think that a very strong case has been made out, but there is one point which has been left, or one point which has not been considered fully, and that is the distribution of heat units in this country. What is the loss in heat units between the coal supplied to the electric stations and the value of the heat units on a switchboard of the consumer?—Do you mean under the best practice to-day, assuming a scheme like this?

18,911. Yes, let us take the best scheme.—Delivered to the consumer you would only get about 20 per cent. out of the heat of the coal. Of course, that figure is always gradually improving.

18,912. But theoretically there is not much chance of much greater improvement, is there?—Well, I would not like to say that.

18,913. Have you ever thought of coming to 30 per cent.?—Yes, I have a plant running at 30 per cent. to-day.

18,914. From the fuel in boiler to consumer?—From fuel to electricity.

18,915. That is an extraordinary result, is it not?—It is; but I do not say that that is applicable to all conditions.

18,916. The point I want to get at is this: If you had got an initial loss of, say, 80 per cent., taking these figures under the schemes which you put forward here, it seems wrong to distribute your heat units with an initial loss of 80 per cent. Would it not be better in your central generating stations to have some method of distribution in which you could distribute the heat units with a less loss? For instance, if you are making gas at your central generating station, would it be better to distribute the gas than get the loss on it by turning it into electricity?—That is a very large question and cannot be answered merely on these percentages. People talk a great deal about electricity *versus* gas and that sort of thing.

18,917. I am not discussing that, of course.—No, but what you have to bear in mind about electricity is this: electricity is the best means we know of making energy readily available for use.

18,918. By energy do you include heat?—Yes, heat for certain purposes.

18,919. For specific purposes?—Yes. It is the absolute control that you have over electricity that goes for efficiency. Therefore, although under certain circumstances the loss in conversion of the heat energy in a fuel into electricity may be material—30 per cent. or 40 per cent. more than if you tried to use the heat some other way—yet you may use actually less coal to produce the result. The commonest instance which we would all readily grasp is the heating of a bedroom. Probably to heat a bedroom in London you actually burn less coal to heat it electrically than to heat it any other way simply because of what is technically called the load-factor of the bedroom. On the other hand, if you want to heat a study it is quite clear it is a very inefficient way of doing it. Therefore I do not think you can argue it entirely from percentages.

18,920. No, but you see the point I was putting?—Yes.

18,921. And there is 80 per cent. lost in conversion into electricity of actual heat units?—Yes. Of course, the most efficient heating system of all is probably to generate electricity and use your exhaust steam for heating your houses. That is probably the most efficient of all.

18,922. You have small units then?—No, not necessarily.

18,923. I think you and I would like to discuss it, but we will not pursue it now?—Very well.

18,924. *Sir I. Chiozza Money*: I am very much obliged to you for your evidence and I have very little to ask you. I was very much interested in what you say on page 3 of your *précis* in the penultimate

16 May, 1919.]

MR. CHARLES H. MERZ.

[Continued.]

paragraph. You use the words: "there should be a definite policy in connection with the winning and utilisation of coal"—you told us something about utilisation?—Yes.

18,925. What was in your mind when you spoke about a definite policy in connection with the utilisation?—Well, I meant such questions, for instance, as to how far now collieries ought to be developed at the present time, which fields should be developed, what seams should be worked first and so on. Clearly, I would not attempt to state such a policy, because I do not profess to be a coal mining engineer; but it seems to me obvious that there are a great many questions which we cannot afford to leave entirely to the whim of the individual to settle.

18,926. Your policy would go so far, I suppose, as to endeavour to direct the kind of technical method to be used?—Yes, or, at any rate, to see that the different alternatives were well ventilated and that people did not go on in ignorance doing the wrong thing.

18,927. Do you think that could be done without some form of central administration analogous to what has been done in the case of electricity?—No, I think there are very few people who could object to the form of central control that has been advocated in the case of electricity. It leaves the maximum freedom to the individual district.

18,928. You have said you do not pretend to technical knowledge in the case of coal, but, still, there is nothing very recondite about coal-getting. Have you formed any opinion as to the application of some such system as this electrical system and Electrical Commissioners to districts administering the technical side of the operation in considerable areas? Have you thought of the application of that to coal, and whether you think that would carry out your idea?—Yes; I think I have said in my proof that that is the kind of organisation which is well worthy of consideration.

18,929. In connection with coal?—Yes.

18,930. In the last column on page 3, you say something about Government Departments and businesses which require rapid developments. Do you think that any Government Department could have applied science to industry more slowly than it has been applied in this country by private enterprise in the last 25 years? Could it be much slower than it has been?—Yes. Of course, you must compare like with like, so far as you can. You must not compare what a Government Department would be now with private enterprise before the war or what private enterprise would be now after the war with a municipality before the war, but, speaking generally, before the war the concerns which I am acquainted with which were run by other than private enterprise did not do as much for the technical development of their particular industry as those which were run by private enterprise. I am only speaking of things I know about.

18,931. If you take actual experience (having regard to what you have very well said) of the war, has there not been a very remarkable amount of experimental work carried on under Government auspices and by direct Government stimulation?—Yes.

18,932. Has there not been employment of gifted men as they were never employed by private enterprise?—Yes, I think there has been.

18,933. Are there not quite a dozen Departments in the Ministry of Munitions which had to begin almost *de novo* in industry?—Yes, I do not think anyone would wish to question that.

18,934. Do you not think therefore that in considering Government enterprise now, you really must have regard to these new developments?—You mean to say, to the new spirit.

18,935. Yes.—Yes; I think that there has been a change. One cannot deny that.

18,936. To take these 5 Electrical Commissioners, do you think that the State will have any difficulty in getting 5 first-class electrical experts to administer the electrical policy of this country?—No; I think that they will get them, because I think that they have been placed in a position of considerable freedom.

18,937. If therefore some such system or policy were extended to the administration of coal—?—Do you mean the control of the industry?

18,938. Yes—have you any reason to think that the Government would fail to get its experts?—No. I understand you are not asking me about complete nationalisation, but you are referring more to the machinery of administration.

18,939. Yes.—Yes, I quite agree.

18,940. *Mr. Robert Smillie*: Sir Adam Nimmo put to you that prior to the war we were producing all the by-products which could be absorbed for the time being, and I think to some extent you acquiesced in that?—No, I do not think I entirely acquiesced. I think I said I understood that there were variations of price, or what I understood is that there were variations of price of by-products and so on which formed some excuse for some of the delay.

18,941. Have you any idea of the number of German firms that were coking coal at British mines and sending the by-products to Germany?—No, I have no idea, but I know there were German firms interested in British coke ovens.

18,942. Would you be surprised to know that in Yorkshire there were at least 8 cases in which the Germans were coking coal at the pit in their own ovens and sending the by-products to Germany?

Sir Arthur Duckham: Is that German-owned ovens?

Mr. Robert Smillie: Yes, German-owned and German erected, and the by-products taken out and sent to Germany.

Sir Adam Nimmo: Could we have a list of these collieries?

Chairman: Yes.

Witness: I cannot give you specific data. I cannot give evidence about specific instances. I only know from a sort of general hearsay and discussion with people that there were companies which were German controlled making that kind of arrangement.

18,943. *Mr. Robert Smillie*: Have you heard it said that during the war our soldiers were being killed by explosives manufactured from the by-products of the mines of this country which were sent to Germany?—I have not heard it said.

18,944. You would not be surprised if it were the fact, would you?—If the by-products went to Germany immediately before the war, I suppose it would be true.

18,945. Would you be surprised to hear that the Germans imported coal, and some of the best coal produced in this country, and took it to Germany and coked it there and sent back the by-products of it to this country?—I should not be surprised at all.

18,946. If that were so, surely it did not prove that our mine owners here were treating the by-products of the mines as efficiently as they might have done. It did not show the highest efficiency that Germany took some of our coal and sent back the by-products here?—I do not think there is any doubt that one must say that the development of the by-product business in this country has not been much to our credit, but then there were a great many other things of a similar nature of course which were not much to our credit before the war.

18,947. I quite agree.—We certainly did not do it ourselves, but there were a great many other things in the same position.

18,948. Do you know a number of British mine owners secured their generating plants for their own collieries in Germany on the ground that they could not be supplied with them here?—Well, as a matter of fact, if they did it was not correct to say that they could not be supplied here.

18,949. I put it to some of the mine owners who were importing German generators why they went to Germany to get their generators for their collieries, and they said they could not get anything suitable in this country. I wonder how far that would be correct?—I think you may take it the answer to that was that the Germans managed to secure a good English salesman to act for them. It was not correct of course.

18,950. I can give you the name of a general manager in Scotland who is considered to be in the

16 May, 1919.]

MR. WILLIAM WALKER.

[Continued.]

front rank as a mining engineer, and that is the rofly he gave me?—Well, it was not correct.

18,951. You think he was mistaken?—Certainly he was mistaken.

18,952. Do you think we have made the fullest use we could of electricity in mining in this country?—No, I do not think we have.

18,953. Have you any idea of the number of electrical winding plants that you have?—No, but it is very small.

18,954. It is comparatively small?—Yes. A very small thing. But of course it is fair to say in that respect that electrical winding is not a commercial proposition unless supplied from a large electric system.

(The Witness withdrew.)

MR. WILLIAM WALKER, Sworn and Examined.

18,957. *Chairman*: You say in your proof: "I am, and have been for more than thirty years, an inspector of mines, viz.:—(1) from April, 1889, to November, 1904, as an assistant inspector of mines in the Durham inspection district, comprising South Durham, Westmorland, and North Riding, Yorkshire; (2) from November, 1904, to May, 1909, as inspector in charge of the Yorkshire inspection district, which comprised East and West Ridings of Yorkshire and Lincolnshire; (3) from May, 1909, to June, 1910, as inspector in charge of the Midland inspection district, Derby, Nottingham, Leicester, Warwick, Northampton, Rutland, Huntingdon, Cambridge, Oxford, Berkshire, Buckingham, Bedford, Hertford and Middlesex; (4) from June, 1910, to May, 1914, as inspector in charge of the Scotland division, comprising the whole of Scotland; (5) from May, 1914, to March, 1917, Deputy Chief Inspector at Home Office; and (6) from March, 1917—owing to Sir Richard Redmayne's services being lent to the Controller of Coal Mines—as Acting Chief Inspector of Mines"?—Yes.

18,958. *Chairman*: Sir Allan Smith, I am glad to say, asked a question yesterday with regard to Sir Malcolm Delevingne's evidence, who was the Home Office witness. At question 18,039, Sir Allan Smith asked Sir Malcolm this question: "This opinion is your own and not in any way the official opinion of the Home Office"?—These opinions are put forward "as the official opinions of the Home Office." I was very glad that Sir Allan Smith raised the point yesterday as to that answer, and I asked Sir Malcolm Delevingne to come here and to see me on the point, as I promised. He was good enough to come yesterday afternoon and to give me this note, which I will read. "When I said that the views I expressed were Home Office views and not merely my personal views, I meant that they were views which were based on the experience of the Department in the administration of the Coal Mines Act, and had been formed by me in consultation with my colleagues in the Departments; it was that evidence which I understand the Commission desired to have. I did not intend to convey that the views expressed were the views of the Home Secretary himself; they were not submitted to him beforehand, and he is, of course, in no way bound by them. Perhaps it would be clearer to call them departmental views. Without pledging them to every word, I understand I was expressing the views of the Chief Inspector of Mines and others associated with me in the administration of the Act." Is it upon that basis that your evidence is given?—Yes.

Chairman: I am very much obliged, and I will now ask the Assistant Secretary to read your *présis*.

"*Inspection of Mines.*"

In the year 1908 the post of Chief Inspector of Mines was created and an Electrical Inspector of Mines was appointed, and in 1910 the inspection districts were re-organised and the additions made to the staff, both as regards numbers and classes of inspectors.

The districts were in that year reduced from 12 to 6, and Divisional Inspectors were appointed to take charge of the new divisions, with Senior Inspectors acting practically in each of the old districts.

18,955. I was going to put that to you. It would not be perhaps commercially wise for each colliery to generate their own electricity and electrify their winding gear?—No, there would be very few cases where that would be commercially sound.

18,956. But if opportunity were given of securing in a handy way a reasonably cheap supply of electricity from a central station it might be wise to electrify a number of collieries?—I think the tables are exactly turned then. In that case there are very few cases where it would not pay to wind electrically.

Chairman: Mr. Merz, we are very much obliged to you for the assistance you have given this Commission.

A new class of inspectors, known as Sub-Inspectors both of Mines and Quarries, was appointed in 1912, and in 1913 Inspectors of Horses in Mines were appointed.

In the year 1907 the staff consisted of 39 inspectors, viz.:—1 Superintending Inspector, 12 District Inspectors, and 26 Assistant Inspectors. In 1914 there were 89 inspectors, viz.:—1 Chief Inspector, 1 Deputy Chief Inspector, 1 Electrical Inspector, 6 Divisional Inspectors, 14 Senior Inspectors, 31 Junior Inspectors, 21 Sub-Inspectors of Mines, 8 Sub-Inspectors of Quarries, and 6 Horse Inspectors.

The Coal Mines Act of 1911 and the Regulations thereunder provided a new safety code for mines, but this code did not come fully into operation till the middle of 1913, and, owing to the abnormal conditions arising out of the war, its effects cannot yet be estimated. The Act left some of the most difficult problems to be worked out by investigation on scientific lines, and this was suspended by the war. These inquiries are now complete, or almost complete, and measures will be proposed almost at once to deal with coal-dust explosions, spontaneous combustion in mines, and other matters.

The death rate in coal mines in the United Kingdom does not, as will be seen in the tabular statement attached hereto,* compare unfavourably with similar mines in the Colonies and foreign countries. In Belgium, where the death rate per 1,000 persons employed is less than that for the coal mines in the United Kingdom, the number of persons employed and output are comparatively speaking small, and there are areas in the United Kingdom where the persons employed and output are about the same, and the death rate per 1,000 persons employed and 1,000,000 tons raised is lower (*see statement attached*).

The conditions under which the mines are being worked in the United Kingdom are more dangerous than they have hitherto been owing to increased depth and the seams producing greater quantities of firedamp and coal dust and in some areas, where these conditions exist, to their liability to spontaneous combustion.

The inspectors are not responsible for the management of any mine: their powers are wide, so far as inspection and investigation are concerned, and are laid down in Section 98 (1) of the Coal Mines Act, but they do not include management. It is not desirable, in my opinion, that they should; the best results from the point of view of safety I think are obtained by making, as at present, the management responsible. The suggestions which have been made in evidence before this Commission that there should be a Committee of Management at each pit, with executive power to interfere with the manager, would not result in increased safety. Such a system would interfere seriously with the discipline of the mine, which, if accidents are to be prevented, must be maintained. The present Coal Mines Act in Section 2 (4) provides that the owner or agent of a mine required to be under the control of a manager shall not take any part in the technical management of the mine, unless he is qualified to be a manager, and this is necessary both for maintenance of discipline, on which the safe working of mines so much depends, and to prevent interference with a manager

* See Appendix 65.

16 May, 1919.]

MR. WILLIAM WALKER.

[Continued.]

by any one who does not possess the necessary technical qualifications. If any scheme of nationalisation is eventually decided upon it is important that this provision should be observed. Dual control in any form in connection with the technical management of the mine would, in my opinion, lead to chaos and possibly disaster. In the management of a mine immediate decisions have to be made and directions given and acted on in numerous circumstances which arise suddenly and with little, if any, warning, such as when outbursts of gas occur, when the gob stink indicative of incipient spontaneous combustion is detected, reversal of the air current in connection with explosions and fires underground, falls of roof and side blocking airways, and in many other ways. The manager would have to act at once in such circumstances, and it would be impossible for him to consult any Executive Committee. The manager is responsible under the Act for his own actions and those of others, and it is, in my opinion, essential in the interests of safety that this control and responsibility should not in any way be lessened or interfered with.

I am in favour of "Safety Committees" of representatives of the officials and workmen being appointed at every mine to inquire into all accidents and other matters relating to health and safety with a view to reducing the number of preventable accidents and improving the health and safety conditions, and I have already brought this proposal to the attention of the Mining Association of Great Britain and the Miners' Federation. Such a committee should, so far as accidents are concerned, be given the same information as a manager is required to send to the Inspector of Mines, and the Committee, after considering it, could, if it thought fit, examine the scene of the accident and suggest what measures should be taken to prevent a recurrence of accidents from the same or similar cause. The Committee should also make inspections at the mine in order to see whether all the protective measures in method of working and other ways are being taken for the purpose of impressing on the officials and workers the need of constant care and showing what should be done to prevent similar accidents in future. They should make reports of these investigations and recommendations to the manager, whose duty it would be to consider and, if he approved, adopt the recommendations. (See pages 75-77 of Part II. of General Report by Chief Inspector of Mines for 1917.)

Baths and Facilities for Drying Clothes at Pit Head.

The facilities for taking baths and for drying of clothes have not been provided on the conditions, viz., partly paid for by the owners and partly by the persons employed, and managed by a Committee of the Management and Workmen; but at seven collieries facilities have been provided by the owners, and I attach a statement giving the names of these collieries, the total number of persons employed at the mine, and the number of persons using the baths.

I was Chairman of a Committee, consisting of Sir Francis Brain, Mr. Smillie, and myself, appointed in 1912 by the Secretary of State to consider the provision of washing and drying accommodation at mines under Section 77, and I would refer the Commission to the Committee's Report, which was made after visiting mines in France, Belgium, and Germany.

The provision and compulsory use of baths and facilities for drying pit clothes at the pit head on the lines laid down in that report at all mines except small mines, as defined by the Act, is, I think, an urgent necessity, and would prove to be a great boon to mine workers and improve greatly the conditions at their homes. The dirt inseparably connected with the miners' occupations should be left at the mine, and not taken into their homes. The health of the miners and their families and the social condition under which they live would thereby be greatly improved, and the condition of the trains, trams, and other means of transport be much better from the point of view of the general public. At metalliferous mines, where the work is cleaner than coal mining, it is required that washing facilities shall be provided for the persons employed at all mines at which more than

12 persons are employed. This provision is approved and used by the workers. I attach a statement giving a list of the mines at which such baths and facilities have been provided."

18,959. *Chairman:* Gentlemen, there are some tables at the end which I had better draw your attention and public attention to. The first table gives the number of persons employed under and above ground at coal mines in the United Kingdom and the principal British colonies and foreign countries for the years 1903-1912 inclusive, and it may be interesting just to look at one or two of those figures so as to see the nature of our own mining industry. Taking the year 1912, in Great Britain and Ireland there were 1,072,393 people employed in the coal mining industry. I think the next highest is the United States with 722,662 people employed. They are run very closely by Germany with 718,673 persons. So that you have in three cases there are one million people employed, and in Germany and the United States about 700,000. Then there is a very considerable drop, and you get to 132,000 in India, 202,000 in France, and a very considerable drop after America and Germany. Now if you would be good enough to look at the next table, table B: "Output of coal in the United Kingdom and principal British colonies and foreign countries for the years 1903 to 1912 inclusive," taking 1912 again, the output of Great Britain was 264 millions odd, the output of the United States 484 millions odd, and the output of the German Empire 255 millions odd. Those are the important ones. Then if you will look at the next table, that is a very important table: it is headed "Deaths from accidents under and above ground in coal mines in the United Kingdom and principal British colonies and foreign countries." Taking 1912 again, Great Britain and Ireland, there were 1,248 deaths; Germany 1,750, and in the United States of America 2,442. Then you get in the next table the death rate from accidents per thousand persons employed under and above ground in coal mines in the United Kingdom, etc. Taking the figures again for the big countries, they are in 1912, Great Britain and Ireland 1.17, the German Empire 2.44, and the United States 3.26. Then you get in the next table the death rate from accidents under and above ground per million tons of coal raised, Great Britain and Ireland, taking 1912, for every million tons of coal raised we unfortunately lost 4.75 deaths from accidents, the German Empire 6.84, and the United States of America 5.04. I am taking three countries in each case. Of course there are a great number of other figures. The next table is "Output of coal, number of persons employed, and death rate from accidents per 1,000 persons." I will not go through the figures for the late Midland inspection district. Anyone can comment on that who desires to do so. Then there is a very important table relating to bathing and washing facilities in operation at certain collieries in the United Kingdom. In the northern district it says there are no facilities provided. Does that mean to say that there are no baths at all?—None at all.

18,960. You say "in operation at certain collieries in the United Kingdom." Does that mean only one colliery in Scotland?—Only one in Scotland.

18,961. "Soap and towels not provided, men bring their own. Baths are used by men who live furthest away: those who live near prefer to go home. Many returned soldiers are using the baths." Then, in the northern district there are no facilities at all. In the York and North Midland district there are facilities at the Wharfedale Silkstone, Yorkshire, and the remark is: "Of the 72 persons using the baths, 12 use slipper and 68 shower baths. The men pay 2s. per quarter, which includes bath and water and attendance. Men find soap and towels. There are six slipper and 8 shower baths. They are used by all the three shifts, at 6 a.m., 2 p.m. and 10 p.m." Then we come to Lancashire and North Wales district, where there are four collieries: Gibfield, Chanters, Victoria, Readley. The note is, at the first colliery 40 shower baths, at the second 62 shower baths, at the third 19 shower baths. Then the note as to those three is, "Men provide their own soap and towels, but contribute nothing to the expenses"; then there

16 May, 1919.]

MR. WILLIAM WALKER.

[Continued.]

is the same note with regard to the fourth one, the Readley?—Might I explain there that the first three collieries all belong to one firm, and the Readley colliery belongs to another firm, so that there are really only two collieries.

18,962. What about Atherton: Is there a colliery called Atherstone?—I have not heard of any baths there.

18,963. I thought there were baths there, but I may be wrong?—The first three are Fletcher & Burrows, Gibfield, Canters and Victoria Pits.

18,964. These are the Atherton baths. I know them as Atherton. Then the next is South Wales Deep Navigation: I suppose that is Treharris?—Yes.

18,965. They have there 70 shower baths. "A charge of 6d. per person per week is made for the use of the baths, which does not, as yet, reach working expenses." In the Midland and Southern district no facilities are provided. Then there is a note at the bottom: "In addition to the above, there are swimming baths at two collieries, one in Derby and one in Notts, but neither of these baths is used for washing." I am obliged to you for the table?—I have a little more information that I could give.

18,966. What other information have you?—It is information I have got since that table was prepared.

18,967. Then will you give it to us now?—It is as to the extent to which these baths are used at the various collieries. When the Committee visited Belgium and France, where the same type of bath is provided, we found that about six men per cubicle could bath in an hour, and, applying that standard to the baths that had been provided here, I find that at Wellesley Pit in Scotland there are 84 cubicles provided, and the number of men in the greatest shift is 460, while the number of men using the bath in that shift is 130. At Wharnccliffe Silkstone, the number of baths is 14, the number of men in the biggest shift is 479, and of the men in that shift, 30 use the facilities, but it should be explained, of course, that the Wharnccliffe Silkstone is a very small installation. Then, at Gibfield, there are 534 men in the largest shift, and of these, 260 men use them. Applying the standard of Belgium and France to that, there are 20 more men using the baths than there would be if they were in Belgium. Two hundred and forty would be the number at six per cubicle per hour. At Chanters there are 714 men in the biggest shift, 400 men are using them; applying the same standard of Belgium and France, there would only be 372, so that there are 28 more than that standard using the baths in that colliery. At Victoria there are 112 men in the biggest shift, and 101 are using the bath. At Readley there are 330 in the biggest shift, and 170 are using the bath. At South Wales Deep Navigation the number of men in the biggest shift is 1,323, and of that number 372 are using the facilities provided.

18,968. Is it right to say that when baths have been once installed they get more and more used?—I think so. I think these figures I have just given with regard to the Lancashire baths show that the facilities provided are being used to their fullest extent.

18,969. Mr. Smith has a very wise question, if I may so, and that is: At how many of these collieries are there drying facilities for clothes, for example?—At every one of them, except Wharnccliffe Silkstone.

18,970. *Sir L. Chiozza Money*: Might I ask you whether you can tell us anything as to the quality of the accommodation? Apart from the question raised by Mr. Smith—the general quality, which has so much to do with it—are the facilities good?—The quality of the facilities at all the collieries is, I should say, quite good. If the Commission would like it, I could get photos showing the Deep Navigation baths inside and out.

18,971. *Chairman*: That is the Treharris ones?—Yes.

18,972. What I want to accentuate upon your evidence is that, when they are once installed, they are more and more used?—The evidence is that, with the exception of the Deep Navigation at Treharris, where they say that that has not been the

result, in all the Lancashire ones they have been used, as I have said before, even to a greater extent than one would expect them to be, considering the facilities provided.

18,973. I observe that you put a column headed "If workers have a voice in management of baths, etc.," and I observe the answer is, in all cases, on that that they have not any voice in the management?—That is so. These facilities are not provided under the Act.

18,974. *Mr. Arthur Balfour*: Do you not think, if the workers had a voice in the management, that is if they ran the baths by committees, that they would be more used than they are?—I think they should have a voice in the management.

18,975. *Mr. Evan Williams*: You do not attribute the small use that is made of the baths entirely to lack of accommodation, do you?—I think, from these figures, I could say that if more baths were provided, say, in Lancashire, they would be used to a greater extent.

18,976. But as far as South Wales is concerned, you do not suggest that?—I have just explained that, as far as Treharris is concerned, the figures do not show that they are being used to their fullest extent.

18,977. I have some later information that, even in Treharris, there is a gradual increase?—My figures were taken very recently.

18,978. During the last sitting I sent a telegram asking for particulars, and the reply I got was, "Bath accommodation 730, used by about 420 out of 1,800 men employed"?—I think I show that.

Chairman: So that the universal evidence is that once they are installed they gradually get more and more used.

18,979. *Mr. Evan Williams*: Assuming that the provision of baths was made compulsory, would you advocate the use of them by the men being also made compulsory?—I would.

18,980. Do you think that the effect on the health is so important that you would make it obligatory on the men to use them?—I would, and I think the condition of the men's homes would be so much improved. Not only that, but that the trams, trains and public conveyances in the place would be in a cleaner condition. The dirt that is made in the pit ought to be kept at the pit.

18,981. Now just a word on the comparison between the different countries. It is quite clear from the tables that, as regards safety, this country is far and away in advance of any country that is comparable with it in the extent of its mining?—I think these figures prove that, considering its size, the British coal industry is as safe as any, or safer.

18,982. In fact the only country that is materially better is Queensland, and that is a very small matter?—Yes, that is why I gave these figures as to the output and the number of accidents.

18,983. You give the number of accidents in those tables?—Yes.

18,984. Is it your view that the number of non-fatal accidents bears some relation to the number of fatal accidents at collieries?—I think so. I think at collieries, when you find the number of fatal accidents is few, you will find that the number of non-fatal accidents is also few.

18,985. So that it is fair to assume that if our fatal accident record is better than that of any other country, our non-fatal accident record is likely to be in the same direction?—I could not say definitely because I have no figures from these other countries.

18,986. The same thing that would cause fatal accidents would cause non-fatal accidents?—Yes.

18,987. So that it is a reasonable assumption to make?—I should not like to commit myself to that because I have not the figures.

18,988. But what would you say in the absence of figures?—It is an inference that may fairly be drawn.

18,989. You say in your proof that certain inquiries have been made, and are almost complete, with regard to certain things that the Act of 1911 did not deal with?—Yes.

18,990. There has been research work going on, has there not?—Yes, all the time.

18,991. By whom has that research work been conducted?—In respect of what?

16 May, 1919.]

MR. WILLIAM WALKER.

[Continued.]

18,992. In respect of all the matters that you refer to?—Coal dust?

18,993. Yes, coal dust explosions?—Coal dust explosions experiments were carried out originally at Alltoft's, and they were taken over by the Home Office and then were continued at Eskmeals.

18,994. Then with regard to spontaneous combustion?—With regard to spontaneous combustion there is a committee appointed of which Sir Richard Redmayne is Chairman, still considering that question.

18,995. I believe a good deal of work has been done by colliery owners?—Yes. So far as stone-dust is concerned, I have taken some figures out, and although no regulations have yet been established I find that stone dusting has been done in the Scotland Division in 22 mines, in the Northern Division in 70 mines, in the York and North Midland Division 139 mines, in the Lancashire and North Wales Division 70 mines, in the South Wales Division 34 mines, in the Midland and Southern Division 22 mines, a total of 357.

18,996. It is true to say that a good deal of work has been done by private colliery companies entirely on their own account?—Yes, also, of course, as a result of reminders from the inspectors.

18,997. You are aware that in South Wales there is a considerable strength of opinion that stone dusting is impracticable in certain parts?—Yes, I have heard so.

18,998. There have been experiments made and a good deal of research work by colliery companies as to other means of perfecting it?—Yes, such as water-screens.

18,999. Water-sprays and water-screens and that kind of thing?—Yes.

19,000. Generally speaking, do you find that you get hearty co-operation and every assistance from colliery owners in dealing with research work?—Yes. There are exceptions to every rule: as a rule, yes.

19,001. Generally speaking you do?—Yes, as a rule.

19,002. With regard to the safety committees that you mention, you say that they should make inspection of the mines from time to time. Do you suggest that that should be in substitution of the inspection that is now made by the workmen's examiners under the Act?—Yes, or in connection with it. I should say in addition to it.

19,003. What has been your experience with regard to the inspection made by the workmen's inspectors in the past?—I have always been in favour of them, and have received very great assistance from the inspection made on the part of the workmen.

19,004. They have been valuable?—Quite.

19,005. That was the opinion of the colliery managers generally?—It was not up to a certain time, but taking Northumberland and Durham, it has always been. I was there some 16 or 17 years, and it was the universal practice then, and it worked very well. To some extent I have always thought that their low death rate might be due, to a certain extent, to that fact.

19,006. Have you found any objection, on the part of colliery managers, to these inspectors?—Yes, some.

19,007. What district?—I would not say objection, but they have rather resented it.

19,008. Do you not think that the opinion at the present time is the other way?—At the present time I should say they do not, but up to a certain time they did.

19,009. Suggestions have been made at this Commission that the Act has not been complied with, with regard to detaching hooks at collieries. The Act provides that exemption should be given by the divisional inspector with regard to the provision of these things?—I am not sure, but I think it is with the Secretary of State.

19,010. Yes, by the Secretary of State. The period, from the time the Act came into force up to the beginning of the war, was not very long, was it?—No.

19,011. In granting exemptions from this, has the Secretary of State taken into consideration the class of headgear that the collieries had?—In some instances.

19,012. In some instances, it is true to say that it would require a complete change of the colliery's

headgear before the statute could be put into operation?—Yes.

19,013. And any such change during war time would mean the closing down of the colliery?—I do not know of any cases where a detaching hook has not been provided if they have not got exemption.

19,014. I am not suggesting that, but where the headgear does not admit of putting detaching hooks, new headgear would have to be provided?—Yes, putting in a ring.

19,015. That would mean interruption in the working of the colliery?—Yes.

19,016. During the war that has been the case where detaching hooks have not been provided?—Yes, the difficulty of getting material.

19,017. With regard to electric lamps, I see from the annual return that about 1,000 of the safety lamps of the country were in 1917 electric lamps?—I think, from memory, the figures are 140,000 and that the flame lamps are about 600,000.

19,018. There has been a great deal of difficulty in getting electric lamps, has there not?—There has been some difficulty.

19,019. The lamp that has been provided up to the present time is not a totally satisfactory lamp, is it?—Some of the lamps that are now in use give fairly good results. I do not think it is a lamp that will eventually be used in mines: it will be improved.

19,020. There is progress being made in them?—The Secretary of State has just appointed a Committee to inquire into safety lamps, and that will be one of its duties.

19,021. Up to the present, of course, a safety lamp in use must be of approved pattern?—Yes.

19,022. In approving of patterns of safety lamps, has the Home Office taken into consideration the illuminating power as well as the safety or the safety only?—Yes; the Secretary of State has made an order that a flame safety lamp must give an all-round light of not less than .3 candle power, and an electric lamp a light of 1 candle power.

19,023. The standard for the lamp is low?—Yes.

19,024. The precautions that are necessary to be taken for safety lamps have the effect of diminishing the lighting power—take the case of the double gauze, for instance?—It must be .3 with the double gauze.

19,025. That double-gauze lamp which you insist on would not give as good a light as the single-gauze lamp?—I am not sure of that. I think some double-gauze lamps would. It is all a question of air inlet.

19,026. *Sir Adam Nimmo*: I do not want to ask you very many questions, because I understand that, generally speaking, you agree with the evidence which was given by *Sir Malcolm Delevingne*?—I do.

19,027. On the point that was referred to by *Mr. Evan Williams*, when you referred to the death rate in coal mines in the United Kingdom as not comparing unfavourably with the death rate in the Colonies and in foreign countries, do you not agree that you were rather modest in the use of the words that you employed in that connection? Could you not have said "most favourably"?—They compare favourably, but, of course, you have to take into consideration in the United States the death rate per million tons raised is much better than the death rate from persons employed, but that, of course, is due to the conditions. The mines in the United States are just beginning.

19,028. Would you say that the true basis of comparison ought to be the number of persons employed?—I do not know. I think you want to take both.

19,029. But when you have more favourable results, as in the case of the Colonies, you really have very small units that you are dealing with?—That is so; one accident would upset it all.

19,030. As a matter of fact, in the case of Queensland, Victoria, and Western Australia, the number of men employed is really negligible as compared with the number of men employed in Great Britain?—That is so.

19,031. And, therefore, you can draw no real comparison between the death rate as applicable to Great Britain and the death rate applicable to such a limited number of men?—No; I think you might

16 May, 1919.]

MR. WILLIAM WALKER.

[Continued.]

have one or two accidents at mines in Queensland, for instance, which would alter the comparison altogether.

19,032. Would you not be right in assuming that in a new country where you are simply opening up mining the chances are that you start with the most favourable mining conditions?—Yes.

19,033. I think by a natural process of selection?—Yes. Of course, it depends on many conditions—geological and otherwise.

19,034. But it is quite a fair inference to say that in a new country you probably start with the most favourable conditions?—Yes, I think the conditions in the United States are probably much better than our own.

19,035. Regarding Belgium, I do not know whether I am right, but probably you know that it may be quite a wrong view that has been expressed to me—but I understand in the case of Belgium, when they deal with the cases of fatal accidents that they only record those that are immediately fatal. Do you know whether that is the case or not?—I could not say. I could find out. I should have to look it up; my memory would not serve me.

19,036. I understand that the position in Belgium is that if a case is not immediately fatal it is not regarded as a fatal accident?—Do you mean to say if a man dies three months afterwards?

19,037. Yes—or three days afterwards?—It would be regarded as non-fatal?

19,038. I do not say that, but I say it is not included in the records of fatal accidents?—I could find that out.

19,039. I have no knowledge of it personally, but it would be interesting to find it out?—Yes.

19,040. The Belgian record is shown to be comparatively favourable, and it would be of advantage to know whether that is the fact or not. Now coming to the question of inspectors, I notice that you say that their powers are wide?—Yes.

19,041. I take it that you agree that they exercise the powers that they have to the fullest extent possible?—They do.

19,042. In your view is the number of inspectors in the country at present adequate?—I do not think we have reached the limit, of course. I think they will be increased.

19,043. Has there been any difficulty in connection with the department in securing all the inspectors that were required?—Not up to now.

19,044. There is no difficulty raised at any time, is there?—We have questions raised as to whether the salaries compare favourably with the salaries of people in similar or corresponding positions.

19,045. That was hardly the point I was touching on. What I meant was no obstacle is put in the way of an increase of the inspectorate if it is found to be desirable?—No, I should say not, but we should have to get Treasury sanction.

19,046. So that that rather suggests that the number of inspectors is at present, in your view, quite adequate for the work to be done?—It would not be fair to say. The increase in the number of inspectors took place so recently, and we have had the war since that, and some of our inspectors who are Territorials or who volunteered for active service have been away, so that I could not say yet that I am satisfied that the number that we have now is sufficient, because we have not had sufficient experience. But I think that the number that is given in 1914 of 89 would be sufficient to give us information as to the condition of the mines.

19,047. However, it is a question of Home Office responsibility as to the number of inspectors that are employed?—It is.

19,048. I do not want to ask you more than one or two questions with regard to this very important matter of dual control; but I take it that your view generally is that there must be undivided and unassailable authority in the hands of the manager?—Yes, I think the manager's responsibility and control should not be lessened or interfered with in any way if discipline is going to be maintained and the pit properly managed.

19,049. If that is your view with regard to technical management, do you see any point in the conduct of a colliery undertaking where joint control would be practicable at all?—Do you mean from the point of view of safety?

19,050. I take it that your view is that in respect of the technical management of a mine, dual control is impracticable. Is dual control practicable at any other point?—Do you mean with regard to the technical side?

19,051. No, I mean with regard to the general control of the undertaking?—I do not know; I should not like to say that it was.

19,052. Can you think of any point at which dual control could be used in a practicable way?—I agree with what Sir Richard Redmayne said as to the management of the colliery generally: in that respect it might be necessary to have some control.

19,053. When you say with regard to the management of the colliery generally, do you mean with regard to such questions as the distribution of the coal?—And the general arrangement of the field, using your field to the best advantage. There are several points as to that in which I think dual control would be necessary. I do not think the coal is wound up the shaft in the most convenient way. I know cases where coal has been hauled underground for two miles where there was coal close to that could be worked.

19,054. You are not suggesting that to deal with any question of that kind we should have joint control?—You would have to have some arrangements of that kind, either by agreement among the colliery owners as to pooling, or collective management.

19,055. I am thinking of the question of joint control as between the owners and the workmen. You gave a very strong view that in respect of the technical management of the mine dual control between the manager and the workman is impracticable. I am putting this particular point to you. Can you think of any other point in connection with the working of a colliery undertaking as between the owner and the men where joint control would be practicable?—I do not quite follow you. I think the men ought to be associated with the owners in the control of the industry; but I do not say that that means that the men are going to take part in the technical management of the mine.

19,056. Do I understand you to mean that there ought to be a considerable amount of co-operation between the parties?—Certainly more than there is at present.

19,057. That co-operation not going the length of interfering with the management of the collieries?—No. I think I made it quite clear in my *précis*. I think there should be these committees set up which would be advisory or consultative committees.

19,058. May I take it when you said you agreed with Sir Richard Redmayne about joint control, you were thinking really of co-operation between the owners?—I was.

19,059. And not really between the owners and the men?—Yes, that is the point raised. That is dealt with in Sir Richard Redmayne's evidence in his answer to question 5,208.

19,060. You mean it was with regard to what you would call the efficient handling of the smaller units so as to prevent waste of coal?—It might be some of the larger units in some respects.

19,061. But in respect of aspects of waste?—Waste in energy and waste in coal.

19,062. But not really as between the owner and the workmen? That was the question that was involved. Would you agree?—I do not quite follow you. I do not see the point you are trying to make.

19,063. You said you agreed with Sir Richard Redmayne's evidence?—Yes.

19,064. So far, I take it that your agreement was in respect of questions between owner and owner?—Yes.

19,065. And in respect of questions of waste?—Yes, what he called waste and extravagance.

19,066. But not in relation to questions between the owner and the worker bearing upon the control of the mine?—From the technical and the safety side.

16 May, 1919.]

MR. WILLIAM WALKER.

[Continued.]

19,067. Not bearing on the control of the mine?—I do not think that arose on that question.

19,068. With regard to the efficiency of British mines generally, do you agree that on its technical side it is of a high order?—Yes, generally.

19,069. Would you say generally it sets an example to other industries?—I should like to qualify that by saying that much more can be done.

19,070. That is to say, there is no industry that is perfect?—I do not suppose so, though I do not know.

19,071. We have all to go on advancing as rapidly as we can?—I do not know anything about any other industry, but there is much to be done with regard to coal mining.

19,072. After all you will agree that efficiency is a relative term?—Yes.

19,073. Comparing this country with other countries—I have no doubt that you have considerable experience of mining in other countries—you think we have nothing to be ashamed of on the technical side of our management?—Generally, no.

19,074. *Sir Arthur Duckham*: You have had experience of the pit committees on safety?—No, we have not, because they are not appointed; what we are anxious to do is to get them appointed.

19,075. Are there not some working in the country?—I do not know of any.

19,076. I understood that there were some working in Nottinghamshire?—I have not heard of them; there may be pit committees, but not pit safety committees.

19,077. Do you know of any pit committees where the management and the men are working together for the safety of the men?—No, I have not heard of them; they have not been in my department.

19,078. *Sir Allan Smith*: We have had some evidence put before us as to the value of the experiment on nationalisation in Queensland. Are you aware of the extent to which the State owns mines and works them in Queensland?—I am not.

19,079. Is there any publication which would give us that information and which you could procure?—I will see whether I can procure the information for you.

19,080. If you could, would you let us have a copy of that and lodge it with your evidence in order to show what the experience has been and the extent?—I will.

19,081. With regard to the figures, you show that there were 2,019 persons employed in collieries in Queensland. That does not indicate to us that there is a great deal of industry that is to be nationalised or can be nationalised in Queensland?—That was in 1912.

Sir Allan Smith: I think, Mr. Chairman, it might be as well if the Home Office would give us as much information on that as they can.

Mr. Sidney Webb: We have had it given in evidence by the Premier.

Chairman: We will certainly get it.

Sir Allan Smith: I should like to have a report by the Queensland Government as to the extent to which they do work their own mines, and the details of the arrangements they have.

Witness: My table shows that the output was 916,000 tons, which is practically a million.

19,082. *Chairman*: What is the number of men employed in Queensland?—2,019.

Chairman: That shall certainly be got, *Sir Allan*.

19,083. *Sir L. Chiozza Money*: May I ask you if you have any record—I am speaking of 1913, pro-war—of how many mines were thoroughly inspected in that year?—By "thoroughly" do you mean from one end to the other?

19,084. Yes—a real thorough inspection in the literal meaning of the word.—I do not know whether I have actually that information, but I can get it. I mean it is not with me here.

19,085. Have you not any recollection of the kind of figure it is?—I can show you the number of inspections made by the inspectors.

19,086. That is what I mean?—But I do not know that I can say that every one included the whole of the mine.

19,087. They would be visits?—They would be inspections.

19,088. Would you mind giving us that figure?—Yes, I will give you that. I can give it to you for 10 years—1909 to 1918—the number of mines in which underground inspection was made. I can put this Table in.

19,089. Will you give us the figure for 1913?—15,000 inspections made underground.

19,090. That is less than half of the number of coal mines?—No, 15,000 inspections.

19,091. How many of those would be what I would call a thorough inspection of the mine, in which the inspector would satisfy himself that the mine as a whole in all its parts was in good working order and was, as you say, worked properly under the Coal Mines Act?—It is very difficult to get the information, but I think you may take it that each mine is thoroughly inspected once a year—many of them—I should think, oftener. Of course the appointment of the sub-inspectors was for the purpose of making these thorough inspections, but the war has interfered with them. They were only appointed in 1913.

19,092. I quite understand that. Of the number of inspectors that you give us how many are employed solely on coal? You name 89 inspectors in 1914: how many were inspectors of coal and not solely inspectors of horses?—In my *précis* I give the number of inspectors of horses and quarries—the others, except two metalliferous mines inspectors, are all coal.

19,093. On the point that was raised just now I did not clearly hear your answer to *Sir Adam Nimmo*. Did I rightly understand you to say that in your experience you came across cases in which, through the disjointed management of coal, there was waste in the working?—What I said was that I agreed with what *Sir Richard Redmayne* said in reply to Question 5208, with regard to the present management of coal mines, that it could be very much improved from the point of view of energy, so far as the management is concerned, and could give a better result.

19,094. You mentioned rather a striking case where there was actual waste?—Let me illustrate it by this book, calling this the area where the collieries are working, and say the shafts are near one end of the Royalty. That is working its coal all the way from the shaft to a distance of probably two miles. Just over the boundary there is coal available to be worked which is being worked by a shaft which is just as far away from that coal as these shafts are working in the present area. My point is that the coal just over the boundary should be worked to these nearer shafts.

19,095. Because of the disjointed ownership and management this waste occurs?—The present owners of this lease have not the right to work the coal over the boundary.

19,096. Then you do agree that there is a good deal to be done in co-operation between owners under some form of joint management?—I do.

19,097. Which could obviously be effected by nationalisation?—It might be effected in that way or by co-operation under the present system.

19,098. However it was effected, there is great room for it?—There is room for it.

19,099. On the other point that you were asked about, as between masters and men, do you see advantages in the form of working which would bring about co-operation between the management and the actual workers in the control of the industry generally?—I see no objection if they do not interfere with the control of the manager.

19,100. That is to say, your objection, if I may put it so, is solely from the point of view of the direct responsibility of the manager for the safety of the mine?—And technical management.

19,101. *Mr. Sidney Webb*: I want you to give us, if you would, a little explanation about the accidents. You pointed out that the death rate in the mines has fallen, and that it does not compare unfavourably with that of some other countries, but you do not give us any information about the non-fatal accidents, which, of course, are a hundred times more numerous than the deaths?—They are not available for these countries; we have not them.

16 May, 1919.]

MR. WILLIAM WALKER.

[Continued.]

19,102. With regard to this country, you have them?—I have already supplied a table showing what they were.

19,103. The non-fatal accidents?—The non-fatal accidents for a term of years.

19,104. Is that going to be circulated?—It was sent to the Commission.

19,105. Could you tell us what the general result is? I do not want you to read it, but give us the numbers for the first year that you have?—I have taken the non-fatal accidents per million tons raised. From 1895 to 1899 it was 21; from 1899 to 1904 it was 15.5. For 1905 and 1906, 13.5; from 1907 to 1911 it was 19.8, but in the year 1907 there was a large increase in the number of non-fatal accidents reported, owing to the operation of the more definite requirement laid down in section 2 of the Notice of Accidents Act, 1906. I made a break there to show how that occurred. From 1912 to 1916 it was 17.4, for 1917 and 1918, 17.2. Of course, those are the accidents reported to the inspector.

19,106. Those are all the accidents reported to the inspector?—Yes, but there is also another type of accident, that is the accident involving seven days' disablement.

19,107. How many years do you give those for?—Since it has been necessary to supply it, from 1908 to 1914; in 1908 it was 513.8

19,108. This is the total number?—This is the accidents per million tons.

Sir L. Chiozza Money: Can we have the total number?

19,109. *Mr. Sidney Webb:* Let Mr. Walker go on?—1909, 549; 1910, 569; 1911, 581; 1912, 549; 1913, 585; 1914, 568.

19,110. That is to say, these accidents involving more than seven days' disablement have not decreased in the last 11 years; for whereas they were 513 in 1908, they are 568 in 1914?—That is so.

19,111. You might almost say that there has been an actual increase?—I think that is due to the conditions.

19,112. To what conditions?—That you are working at a greater depth.

19,113. That is the fact?—Yes.

19,114. You feel sure that these figures represent the general result, that there are more accidents per million tons involving disablement for seven days and upwards than there used to be?—Than there were, say, in 1908.

19,115. We cannot go further back; but, even if you take this figure further back, as to all the accidents reported to the inspectors, there is not any very conclusive proof that they are being reduced. Your curve is a little varied?—Very.

19,116. *Sir Malcolm Delevingne* mentioned in his proof that the accident rates have steadily diminished. I take it he meant by that, the fatal accident rates?—Yes, I think he said so.

19,117. Is it not a little misleading to call it the accidents rate?—He was referring to the fatal accidents.

19,118. In your report, you refer to accidents when you mean fatal accidents, all through?—Before the war we always published the fatal and non-fatal accidents in the reports, but since 1914 the fatal accidents are only given.

19,119. Would it not have been a little significant to have given the non-fatal accidents which are rather serious?—We do give them: we give the numbers.

19,120. You have not compared one year with another?—Yes, we do.

19,121. In this Part 2, Labour, you confine yourself to fatal accidents?—That has no reference to any of these accidents, because they have not been published during the war.

19,122. Why have they not been published during the war? The casualties at the front were published?—Yes, but the clerical staffs at the collieries had gone to the front, and the colliery people could not do it.

19,123. That is an explanation, but that is not stated here as the explanation. You refer to acci-

dents here throughout when you mean fatal accidents?—Yes, all the death-rates are worked upon the fatal accidents.

19,124. I am not talking about death-rates; I am only saying you head this "accidents," and it appears you do not mean accidents, but that you mean "fatal accidents"?—I think we do record the accidents that are reported to the inspector.

19,125. I want to know why you do not include here, when you say "accidents," any but the fatal accidents. If you look at Part 2, Labour for 1914, and take the first passage on p. 70, the table of contents, and look at the statistics of "Accidents at Mines," you will notice in that table of contents you say, "Accidents at Mines"?—Yes.

19,126. Then if you look at p. 88, you have section 2 headed "Accidents"?—It is quite correct, I think.

19,127. Except that the section has nothing to do with accidents?—If you read it through in the reports for 1917 it is made quite clear that it refers to fatal accidents. Before the war both the fatal and the non-fatal accidents were given in the reports.

19,128. Is it not misleading that it should be headed "Accidents"?—No.

19,129. Would you be surprised to know that a London editor the other day, when I said there were 160,000 accidents, said that when he was reading this, he concluded there were only 1,300?—I am surprised. It only shows that he had not read it.

19,130. On this point, with regard to accidents, apparently accidents involving more than seven days' disablement are not diminishing, but rather may be said to be increasing. Is not that so?—Yes; they are about the same.

19,131. If you compare 1908 with 1918, you have an increase of 513 to 516 per million tons, which is a very substantial increase?—I should have some doubt as to the 1908 figure.

19,132. If you take 1917, they were 585, which is an increase of some 18 per cent. I do not want to take any particular year, but you will see there is a very substantial increase?—Yes. You say, taking 1917, it was 17.2.

19,133. I am not talking about accidents reported to the inspector, but these other figures which are more accurate, as you told me—the figures as to accidents involving seven days' disablement?—I have no figures for the accidents in 1917 involving seven days' disablement.

19,134. I thought you read them out to me?—No, we have not had them during the war.

19,135. Take 1914; what are they?—568.

19,136. That is a very considerable increase on 1908?—I say that I have some doubt about the 1908 figures, because it was the first year in which it was necessary to report, and the accidents at the collieries may not have been kept quite so carefully as they were in the later year.

19,137. We should not be warranted in making the optimistic inference that the number of accidents is diminishing?—The non-fatal accidents are not on these figures.

19,138. You rather suggested to the Commission before that the non-fatal accidents follow the same courses as the fatal accidents?—I personally have no doubt about that.

19,139. On these figures?—My experience is that if you have a safe pit from fatal accidents, it is usual that there are less non-fatal accidents.

19,140. After all, you are not an expert on figures?—No, but I know something about pits.

19,141. You have two classes of accidents; you have the one, the explosions, and the explosions, when they occur, are very fatal, are they not?—Large numbers of deaths are involved.

19,142. But the point is that the proportion of deaths to non-fatal accidents in an explosion is very high?—Yes.

19,143. Twenty or thirty per cent.?—Yes.

19,144. Then you have a very large class of accidental falls from roofs?—They are the largest.

19,145. You know the proportion of fatal to non-fatal accidents there is very small, that is to say, you

16 May, 1919.]

MR. WILLIAM WALKER.

[Continued.]

have 600 fatal accidents and 62,000 non-fatal?—Yes; but might I say this, that the number of accidents from explosions are very few as compared with the others.

19,146. I know that perfectly well, but I put it to you that, supposing you have had a diminution in the number of the explosions without a diminution in the number of falls of roof which have nothing to do with explosions, the result would be that you would have a greater fall in the number of fatal accidents than you would have with regard to non-fatal accidents. However, you do not follow that?—I do not agree with you.

19,147. May I take you to the relative number of accidents in this country and other countries, and here we are confined to fatal accidents. Do you not think it was a little complacent of you to rely so exclusively on the comparison with Belgium? You pointed out that there was only one country of any size which was superior on these figures, if you took the proportion of fatal accidents to tonnage, and that that country was Belgium. The next to Belgium is Austria. Is not Austria also superior to this country? Take it, for instance, on your percentage per 1,000 persons employed: you will see that Austria is 10 per cent. better than this country, on the average of ten years?—Yes.

19,148. Take it on the tonnage raised: you will see on the average of ten years Austria is 20 per cent. better?—I would make the same remark as to Austria as I would about Belgium.

19,149. What is that?—That, compared with our output and our areas, the number of mines, it is very much less, and I can pick out areas here that are better than that.

19,150. Do not you think that Austria can pick out areas that are better than some of ours here?—I do not think so. I can pick you out a group of collieries in this country where the figures are better, I think, than any in other countries.

19,151. Still the fact remains that if you take the seven biggest coal countries in the world, we may be superior to four of them, but we are inferior to two of them?—I grant that the figures in Austria as to death-rates are better to the extent that this table shows.

19,152. Now would you mind explaining a little more about the safety committee? You are quite in favour of a safety committee, provided that it does not interfere with the management?—I am.

19,153. I do not know whether you agree with Sir Malcolm Delevingne that the Manager must have a free hand with regard to the prevention of accidents. Sir Malcolm Delevingne said that the question of safety is so inseparably connected with that of the technical management that it would be disastrous to attempt to divorce them?—I entirely agree.

19,154. Consequently, when your Pit Committee is going to consider how to prevent accidents it cannot be prevented from considering the technical management?—I should consider safety provisions.

19,155. You have just explained that safety provisions cannot be divorced from technical management?—It should consider safety provisions.

19,156. Therefore, in considering safety conditions the Committee would also have to consider technical management?—Some of it.

19,157. Is there any line that you can draw?—So far as it affects safety?

19,158. You have explained to me that it is inseparably connected with technical management and cannot be separated?—My object in favouring the Safety Committee is to reduce accidents.

19,159. I quite understand that you hold very strongly that they must not be allowed to interfere with the executive control of the Management?—In any event.

19,160. I put it to you that if you get your Safety Committee you will not be able to prevent them criticising and discussing the technical management, because they will say, as you have said, that you cannot separate the safety from the technical management?—That may be.

19,161. I think you mention that it would be a good thing, you think, if there was a Joint Com-

mittee to manage the baths at the pit-head?—That is provided now by the regulations.

19,162. Pardon me, it is not; it is only provided by regulations for the baths which are set up under that Section, and you have told me there are no baths under that Section?—So far as the provision of the Mines Act relating to baths is concerned, baths would be managed by a Joint Committee.

19,163. I think we know that. I am much obliged to you for the information, but you have just told the Commission that there are no baths set up under that Section?—Yes.

19,164. Then you have also said there are some cases in which baths have been set up?—I have.

19,165. You have also said in no one of those cases is there a Joint Committee?—Yes.

19,166. And you suggest it would be better to have a Joint Committee?—Yes.

19,167. Therefore, you wish to have Safety Committees and also to have Joint Committees for the management of pithead baths where they exist?—I quite agree.

19,168. Are there any other things that you think the Joint Committee might act in?—I think anything in connection with the safety of the workers.

19,169. That is where we began. It is quite clear they are going to do that; they are also going to discuss the technical management of the baths. Is there anything else?—I cannot think of anything else. It depends on what happens at the pit.

19,170. They would discuss what happened at the pit?—Anything affecting them.

19,171. Do you see the advantage of greater co-operation of pit committees which would discuss anything relating to the pit, provided it did not interfere with the management?—Relating to any matter that might affect the safety of the workers.

19,172. Then shall we go over it again?—I do not think we should agree if you went over it as often as you like. I know your point.

19,173. You have told the Commissioners that you think the workers ought to be able to discuss anything that affects them?—No; I will correct that, and say that affects the safety.

19,174. Do you agree with Sir Malcolm Delevingne that you cannot separate the safety from the technical management?—I do.

19,175. If you cannot separate the safety from the technical management you cannot separate the discussion on the Pit Committee of Safety from its discussion of technical management?—There would be questions on the technical management of the mine, such as the wages that are paid for doing certain work.

19,176. Is it wages you think they ought not to discuss?—I think they should not be brought into these questions in connection with safety.

19,177. Is there any objection to the workman discussing wages?—No does it now.

19,178. I mean in these committees?—I think it is far better to keep it clear: it only leads to difficulty and friction in the committee.

19,179. You said you agreed with Sir Richard Redmayne when he said that the individual management of the collieries was extravagant and wasteful, and you gave some instances?—Yes.

19,180. The suggestion is, I suppose, there should be more joint management in groups?—There should be closer co-ordination.

19,181. Would you think it desirable that groups of mines should be managed jointly or directed jointly?—I do. I think at the present time there are many collieries, clearly, that could be joined together.

19,182. Supposing there is a district in which there was joint management to put an end to the present extravagant and wasteful system of management, would you think there would be an advantage in having district councils on which the workmen were represented to get co-ordination between the workmen and the managers?—I agree with Sir Malcolm Delevingne in reply to that question, that it might be productive of great good.

16 May, 1919.]

MR. WILLIAM WALKER.

19,183. In the central management at Whitehall, would you think there was any advantage in your having representatives of the workmen to assist the Home Office in its work?—In an advisory capacity, yes.

19,184. We are all in an advisory capacity to the Secretary of State?—I suppose so.

19,185. They would be in the same capacity as you or other officials of the Home Office; they would be giving advice to the Secretary of State?—This is assuming the mines are nationalised.

19,186. Assume that for the moment. You see advantages in central councils in which workmen would be represented and in district councils in which workmen would be represented and in pit committees in which workmen would be represented?—If the State are going to carry on the industry.

19,187. *Mr. Robert Smillie*: I take it you have made yourself acquainted through your long career as an inspector of the early history of the appointment of Mine Inspectors?—Yes, I know that.

19,188. Have you happened to have read Boyd on Mining Inspection?—I do not think so—I do not remember it.

19,189. Boyd is taken as an authority with regard to mine inspection. Do you know it was put to a witness here that when it was proposed to take the little children and women out of the mines, they appointed inspectors for the mines, and that Lord Londonderry, with other mine owners, bitterly opposed it?—I believe he did.

19,190. Do you know he was quoted as saying that if the first Bill of 1842 was carried through in its present form it would make it impossible to work the mines if the children were taken out?—Yes, I have heard that.

19,191. I will read you his words: "If passed in its present form, it would entirely prevent the working of many of the most important coal mines in this country." Do you know, at the time the Bill was before the House, some persons on behalf of the colliery owners stated that if women were taken out of the mines it would make it impossible to work some of the mines?—Yes.

19,192. Do you remember coming across that?—I have heard that statement before.

19,193. Do you remember, when the Bill finally became law and inspectors were appointed, Lord Londonderry, in the House when the Bill had been passed by 49 votes to 3, said, and his last words were, that he would say to such an inspector: "You may go down the pit how you can, and when you are down you may remain there"?—Hard on the inspector.

19,194. It would have been hard on the inspector?—He would have been lost—buried.

19,195. Are you aware that under the 1842 Act the inspector had not a right to go down to inspect underground at all?—Yes.

19,196. His work was confined to looking after the social condition and the position of the people on the surface?—I believe that is so.

19,197. Are you aware that in 1850 it was found necessary to again bring in and carry through an Act of Parliament dealing, amongst other things, with inspection? Are you aware that Lord Londonderry opposed it bitterly, as he had previously opposed the Act of 1842, and said he protested against the Bill as the most mischievous and unjust measure that could possibly be imagined?—I do not remember exactly he said that. I know the introduction of inspection was objected to by owners of collieries.

19,198. Are you aware when the Act of 1850 was passed the Act of 1842 was repealed, and we had two systems of inspection running side by side, the Inspector appointed under the Act of 1842 and under the Act of 1850; and, consequently, right up to 1860 there was an inspector supposed to look after the well being of the mining population on the surface, side by side with an Inspector of Mines, whose duty it was to inspect underground?—I believe that was the state of matters.

19,199. From 1850 to 1860?—Yes.

19,200. I think it may be taken that, generally speaking, and, while it ought to be admitted that

some mine owners were as anxious for a reform as any persons in the country, many mine owners bitterly opposed what they were pleased to term interference with their rights of owning the mines?—That was the feeling at that time.

19,201. Have you heard something very like that same kind of argument used in this room during the past few weeks?—I have not been here much.

19,202. Have you been reading the papers?—I do not find it all reported, after one hears the evidence. I may not have seen that. There was objection, I know.

19,203. It has been said if the coal mines of this country were taken over by the State, and worked by the State, the probability is it will be ruinous from the point of view of the State?—I have heard that suggestion.

19,204. Do you think the State could not work the industry providing it got the assistance of the men who are now managing private enterprise?—I daresay they could; but I do not know whether it would be as efficient as it would be under a system such as is set out in Sir Richard Redmayne's evidence.

19,205. May I take it the managers of the mines in whose hands you insist the responsibility shall lie—it is the managers of the mines that manage the mines and not the directors of the firms?—Yes, the managers and the agents who are technically qualified. I am only saying this as to the management of the mines. There is a very large question after that; there is the marketing and the selling of the coal.

19,206. Quite. Would you say it was the directors or shareholders who do that? Are there not managers on that side of the business too?—I should think the directors take a very large share in the management, so far as the second part which I have mentioned is concerned.

19,207. There is only a small proportion of the shareholders in the mining industry to-day that go down to produce coal?—Very few, I should think.

19,208. There are only a very few of them who are managers carrying on the collieries?—There would be some.

19,209. There are not many of them who go to sell the coal?—Not managers—no.

19,210. Do not they leave the commercial side, as well as the technical side, in the hands of other people largely?—I should think not the commercial side. I should think the Board of Directors does do something in that way.

19,211. Boards of Directors sometimes meet quarterly, sometimes monthly?—And sometimes oftener.

19,212. From your personal experience or your knowledge have you found there has been any very earnest desire on the part of the vast majority of mine owners to introduce safety appliances of all kinds in the mines?—Some owners, yes. There are exceptions, of course. The Act, so far as the provision is concerned, is based on the best practice.

19,213-4. I have stated in your presence again and again that most mining regulations are for the purpose of bringing out the worst conditions with the best?—I quite agree. Taking, for instance, the provision of an over-winding preventer. I think you could count the number of mines at which that apparatus was installed before the introduction of the Act upon your hands.

19,215. It would not be 2 per cent.?—I should not think it would be any more than the number I have indicated. I should not say more than a dozen did it.

19,216. And serious winding accidents were taking place from time to time which could have been prevented if the known apparatus had been applied?—I am not sure there was an apparatus known much before the date when the Act came into force.

19,217. As a matter of fact, you are aware of the fact that controllers were fixed to engines 10 or 15 years before the Act came into force?—Probably 10 years. The only colliery I knew where they were on was the Florence Colliery.

19,218. I knew they were on at Douglas Water Colliery from the first time?—There may have been cases I have not heard of.

16 May, 1919.]

MR. WILLIAM WALKER.

[Continued.]

19,219. I want to put it to you that from time to time after the whole mining world knew there were controllers and detaching hooks accidents took place. Do you now remember the accident that took place at Bellshill, where four men were killed?—Yes.

19,220. It was known to mining engineers that they could have prevented that?—Yes, and but for the Act they would not have been universally adopted.

19,221. As far as detaching hooks and controllers are concerned, has it not been the same thing with regard to every other safety appliance, and it was only applied in 1 per cent. or 2 per cent., perhaps, of the cases of colliery owners in the country. They were forced by legislation on every occasion to take the precaution?—The proportion would be higher than 1 per cent. or 2 per cent. of the mines, when the managers would adopt everything which would increase the safety of their miners.

19,222. Let me see if you are correct in that. Tell me how many mines in this country were in a position to reverse their air current in the event of a fire in the downcast shaft or the upcast shaft when the Act was passed?—The fans were not arranged so that you could do it at more than one or two.

19,223. Do you know where there was one?—The only one I know was the one at Dalquhandg.

19,224. That is all anybody else knew?—There were methods of reversing air in existence other than the fan by putting water down the pit, and that sort of thing, and it was done before.

19,225. Will you keep your mind on the question. It is of great importance, and to you especially, as an Inspector. Do you know the inventor of that particular method of reversing air current read a paper before the Mining Institute of Scotland 16 years before the Act of Parliament made it compulsory?—I do not remember that was so. I take it from you he did.

19,226. And the first pit he sunk after that he put in his reversing apparatus?—Yes.

19,227. And it was many years after that before the Act was passed. It was only because of the passing of the Act that we have the reversible machinery now to reverse air. That is one case in which there was not 1 per cent. or 2 per cent.?—I do not know of any other case.

19,228. The same thing applies to detaching hooks and controllers?—No, not to detaching hooks and controllers; it may to Scotland. Prior to the Act passing most of the managers in England and Wales had detaching hooks.

19,229. The Mines Act says when a mine is a certain depth they must have both. How many had both?—Very few. You can probably count them on your fingers.

19,230. Do you know anyone who had both prior to the Act?—I knew of some in Yorkshire.

19,231. Which had detaching hooks and controllers?—We had a very bad accident there owing to the mistake of the engine man, and the whole question was gone into, and the result was controllers were put on before the Act came into force.

19,232. Are you aware of the fact that at the present time there is a little thing which has been patented which enables a person to withdraw the detonator in the event of a mis-fire?—I know the P.P. apparatus.

19,233. That is Price & Price?—Yes.

19,234. Do you know whether it has been adopted at any of the collieries?—I have made enquiries recently, and I do not find it has been used at any colliery.

19,235. Do you think it would be useful to prevent accidents arising from mis-fire?—Prevention of mis-fires is provided for by the Home Office Orders. The P.P. is only an alternative method of dealing with mis-fires. Its use is only allowed by special exemption, and if we were not satisfied, that exemption would not have been granted.

19,236. I should like to read to you a couple of letters. I will not give the names of the parties, as that would not be fair. You may take it they are from colliery companies: "We are much obliged by your letter of the 25th. We have considered this matter very carefully recently and came to the

conclusion the benefits to be derived from your apparatus do not justify the large increased cost of using it." Here is a second most magnificent letter: "I am much obliged to you for your letter of the 25th. I do not think there is need for further demonstrations at our pit. As our manager has told you your contrivance is very satisfactory;" and then it says: "The sole question with us is the matter of cost."—Yes.

19,237. Is that the kind of way that not only this safety appliance, but all other safety appliance, have been treated. Should the cost that would be involved here, briefly one-tenth of a penny a ton, stand in the way of every known appliance being used that would tend to lessen accidents?—Cost should not stand in the way of safety in any way.

19,238. Would I be right in saying it has stood in the way in the past?—I do not know. In some cases it may, but my experience generally is the managers of the mines in this country are desirous to adopt safety contrivances.

19,239. These managers?—Yes.

19,240. There is somebody behind the managers that may not be?—He must get the money with which to buy the thing.

19,241. Certainly, that is the reason why we want to nationalise the mines, because the present system stands in the way of the managers getting proper facilities for looking after the safety?—It is not necessary to nationalise the mines to get that. That can be got in any way. I am not expressing any point as to whether it is necessary to nationalise or not in my answer.

19,242. If it is true the managers, as you say, generally speaking, of this country are anxious to use every precaution, and mind you, I agree with you, to lessen as far as possible accidents, fatal and non-fatal, and the question of cost stands in their way, is it not time a change took place of some kind?—If that is so, it wants altering.

19,243. I want to put it to you that when the last Mines Act was passed we had several weeks on the question. May I take it the special roads are as important as the Act itself, as far as the safety is concerned?—Yes.

19,244. It means the carrying out?—Yes.

19,245. Did not the Miners' Federation on the one hand and the employers, the Mine Owners' Association of Great Britain on the other, fight for weeks and weeks before Lord Mersey—the miners for the adoption of safety precaution and the mine owners to avoid adopting safety precaution?—We were parties to that reference.

19,246. There was a third party, the Home Office?—We were there.

19,247. They were anxious about the mines?—Yes.

19,248. They expressed their opinion that certain things were necessary. Did not the miners desire to join their forces with your own to get those done?—Probably.

19,249. You did believe in joint management in that case?—In getting regulations carried?

19,250. Yes?—We are always glad to have the support of the miners in that.

19,251. I want to put this question to you, because statements have been made or hinted that the mining community are not sufficiently intelligent to take any serious part in the management of the mines, either commercially or technically. May I point out there are a very large number of miners who hold first-class certificates at the present time, who are working at the coal face or as colliery firemen?—That is so.

19,252. I think I called your attention to the fact that in one colliery in the Hamilton district there were five men acting as firemen who hold first-class certificates?—Quite.

19,253. Do you think men, especially miners, who spend all their spare time in getting an education which enables them to pass with a first-class certificate are too ignorant to take any part in carrying on the mines of this country?—No, I could not agree that everybody who gets a first-class certificate is capable of managing a mine.

16 May, 1919.]

MR. WILLIAM WALKER.

[Continued.]

19,254. Neither would I agree that every director of a colliery company could be capable of managing a mine?—I quite agree with you.

19,255. They are capable of being directors?—Yes.

19,256. And they are capable of dictating to the manager of the mine, and do it?—Then they should not, according to the Act.

19,257. You know they do, whether they should or not?—Sir Malcolm Delevingue the other day said there were some in which—

19,258. *Mr. Sidney Webb*: Not infrequently?—In which there was interference.

19,259. *Mr. Robert Smillie*: I have been in collieries where the manager let me see his cost sheet, and it was marked in red ink at the point where the cost would have to be brought down; a peremptory order that those costs would have to be brought down. I have reasoned with them and said would it not interfere with safety, and they said it would. I think that that is an interference with the management of the mine. I think *Mr. Evan Williams* or *Sir Adam* touched upon this. With regard to the class of Sub-Inspectors, they, generally speaking, are very good men?—They have been successful.

19,260. Many have been practical miners?—Yes.

19,261. Risen from the ranks?—Yes.

19,262. Do you think they have risen from a position of coal-getters to a position of sub-inspectors—what are their salaries?—Some of them have been promoted to be junior Inspectors. They are available, if they are fit for it, to be promoted.

19,263. Would you tell us what those sub-inspectors were appointed at prior to the war?—I am not quite sure of the figures. I think the minimum is £150, increasing by yearly increments to £200, without war bonus.

19,264. They must hold a first-class certificate?—First or second.

19,265. And they require to stand an additional examination before they are appointed?—There is an examination.

19,266. The maximum is £200?—Pre-war, yes.

19,267. That would be a less salary, generally speaking, than the manager of mines whom those men have to inspect?—Without in any way saying anything derogatory in regard to the sub-inspectors, I regard them as being equal to the under-manager of a mine.

19,268. I know some of them?—I know the records of them all.

19,269. I rank them against 90 per cent. of the managers that I know of who manage mines?—Some of them have actually been managers and left their position to take up their present position, so I take it they were getting more salary even than a manager.

19,270. I put it to you the persons who are selected to be a sub-inspector of mines ought to be the very best men we can get?—I agree.

19,271. Or else they have no right to go down and advise the managers of a mine, if they are not at least equal to him himself? Do you think the Government could hope to get the kind of man for that work at £200?—We could pre-war.

19,272. You could expect it?—We did.

19,273. That must prove another statement I have made that the colliery managers in some part of the country were very lowly paid?—There is no doubt about it that they were.

19,274. Have you any knowledge what their salaries ranged in Scotland?—I remember going to one colliery in Scotland and asked a manager if he would tell me what he was getting, and he told me £3 a week. You know that colliery.

19,275. What is the size of that colliery?—400 tons a day, perhaps.

19,276. It would not be an exaggeration to say that a large number of men in Scotland hold first class certificates and manage mines from 200 to 300 on £200 a year before the war?—Yes.

19,277. Would not some be amazed if they were raised to £300 a year?—I think the manager in Scotland was paid very badly. I understand that has been raised recently.

19,278. They were going to strike unless they got something to keep their families upon. It had to be forced by the threat of a strike?—I agree the manager in Scotland was paid far too little.

19,279. Do you repeat your answer that the Government is entitled to expect to get the best class of man as sub-inspector at £200 a year pre-war?—In connection with Government service there are advantages which you have not in private service. Continuity of employment is one. You very seldom get rid of a man. The other is he has his pension at the end of his service, which he has not in managing a colliery.

19,280. You think there are compensating advantages?—If he dies his wife gets a certain amount.

19,281. *Mr. R. W. Cooper*: What does the widow get?—A year's salary.

19,282. What is his pension age?—He can retire at 60; he must at 65.

19,283. *Mr. Robert Smillie*: I want to bring you somewhere near to what we are dealing with here. Do you think that every mine in Great Britain under the Mines Act could be thoroughly examined once every twelve months with the present staff of inspectors?—I hope so.

19,284. We know better, you see. The miners appoint from time to time two men to examine the mine. You would be surprised to know it takes them 8 days to examine some of the mines?—Probably.

19,285. Would you be surprised to know that even in little mines it takes two days to make a thorough examination of them?—Some do. With regard to the Home Office Inspectors you have sub-inspectors who make inspections in an area and another follows on. In that way you get the greater part of a mine inspected once during a year. In Scotland when I was in charge there most of the mines, or a good few of the mines, were inspected by Home Office Inspectors from the downcast shaft to the top of the upcast shaft.

19,286. That does not mean a thorough inspection of every place in the mine?—It did. At least, I hope it did. Those were the reports I got.

19,287. All this was in the interest of safety. The miners know the Mines Inspector cannot inspect everywhere under their charge once in 12 months or two years. They make a thorough inspection of them, and, as a matter of fact, the Mines Inspector does not profess to do it. It is only parts of the mine, and he takes it for granted the other parts are up to sample?—That was before the appointment of sub-inspectors. I regret it has been so owing to difficulties through the war. We have had inspectors away on active service. We do expect to get from the sub-inspector an actual inspection of the greater part of each pit.

19,288. I am not complaining at the present time, because your staff, like everybody else's in the country, has been terribly upset, and a very large proportion of your people went away?—Eighteen went.

19,289. I put it it is very essential indeed that there ought to be from time to time a thorough inspection of the mines?—Yes, I agree. The inspectors from time to time inspect the greater part of the pit to see the condition of that pit.

19,289A. That is only to see whether or not the Mines Act controls are being carried out?—Yes, during that inspection.

19,290. The Mines Inspector might not be safe home in his own house from the pit before something might go wrong which he had not foreseen was there?—Yes.

19,291. If the mines were nationalised, in all probability there would be a larger staff of inspectors. Do you think a larger staff is required?—I do not know; it is difficult to say. You would have to have the scheme laid down as to what the inspectors were to do from the safety side and what was to be done, and then practically this means that every manager under nationalisation is a State employee.

19,292. A manager would be an employee of the State?—The same as the inspector is now.

19,293. Do you think there would be so much trouble in keeping the managers of the mine up to date if they were State employees?—I do not know, It might be just as difficult as it is now.

16 May, 1919.]

MR. WILLIAM WALKER.

[Continued.]

19,294. Is it a difficult matter for the Government to keep you up to the scratch?—I have not any opportunity of getting out of the straight line; there is too much to do.

19,295. You do it?—There is a certain amount of control required with any staff.

19,296. I think you are doing your very best to serve the State in the interests of safety?—I hope so.

19,297. You may take it from me, my experience in Scotland is that you did everything possible in the interests of safety. Do you think it is an incentive to gain?—From the inspectors' point of view, there is the human side. You are trying to increase the safety of the mine and trying to improve the conditions under which the men work. That is sufficient inducement.

19,298. You have not been getting out figures with regard to the non-fatal accidents during the war?—Not seven-day accidents.

19,299. Is it impossible to do so because of the work on your staff?—And on the owners' clerical staff.

19,300. Have you any indication that there has been a large increase in the non-fatal accidents during the past four years?—I have no information as to that. I have not gone into it.

19,301. Would you expect under all circumstances, many outside persons going into the mines and the strain on the management, that there might be?—I would.

19,302. You have twice given this reply, that because of the greater depth the probability is there are more accidents taking place now?—Yes.

19,303. And consequently you would not be surprised to have a larger number because of the conditions underground?—I think the conditions may have raised the rate.

19,304. Has it really been the experience of the mining movement in this country that the number of non-fatal or fatal accidents have been larger, keeping explosions out of it, in the deep mines than in the shallow mines. Has the reverse not been the case?—I think not, but I have not taken the figures out. Taking a mine that Mr. Smith knows very well in Yorkshire, which is a deep mine, the Cadeby, where they have a had roof, I imagine the number of non-fatal accidents from falls of stone and cuts, which would disable a man for seven days, are in excess of a mine where they are not so deep and the conditions are better.

19,305. You have not compared two countries in one of which the mines are comparatively shallow and the other very deep?—I have years ago.

19,306. Did it justify your statement that the deeper the mines are the greater danger of non-fatal accidents?—I am sure at the depth we work coal now there is far more reason for non-fatal accidents than there was in the shallow mines.

19,307. I put it to you you ought to set off against greater depth of the mines when dealing with the accidents this fact—that hundreds of things have been introduced to-day for the prevention of accidents that were not introduced 15 or 20 years ago, surely that accounts for a lessening of accidents?—I agree it does, we claim for the provisions of Mines Acts that they have reduced the death rate from all causes since they were introduced due to the precautions that are necessary, and the several precautions that have been introduced by the managers themselves.

19,308. Do you know whether or not the Home Office has thought of giving exhibitions from time to time of safety appliances which might be proposed for mines?—Yes, the museum was almost completed when the war broke out.

19,309. You are aware that continuously you and others are having sketches and sometimes indeed little plans of suggested safety appliances sent to you, and in many cases I daresay you find they are absolutely useless, but in some cases they might tend to greater safety?—Some of them, yes, and some of these are dealt with by a department set up by the Ministry of Munitions, I have sent one or two on where I thought the invention good and was of a working man who had not the wherewithal to launch

it or introduce it to this department for their information and to deal with.

19,310. If you, as acting chief inspector, had special rules set up to provide for greater safety than you now secure would you consult the mine owner only in the matter?—No. I should consult the actual worker as well as the mine owner. I think you got many very good and very useful suggestions from the miner himself, and my experience is that many of the successful and useful inventions have probably in their origin started with the man who is actually working at the coal face.

19,311. On the question of baths. My colleagues and I all look upon it as a health measure with regard to the firemen and the men. You think if it is made compulsory that the employers must provide washing and drying accommodation it should be made compulsory on the persons employed to use them?—I think so. That was the Home Office opinion when the matter was introduced in the House of Commons. In Committee there was some evidence that all miners in all districts would not agree it should be made compulsory, and the result was the compulsory use was omitted. Mr. Masterman who was in charge of the Bill had to agree to that.

19,312. There are certain things down in the pit which are made compulsory which the men do not like?—Yes.

19,313. There are many sanitary things down the pits which had to be enforced against the whole of the men there?—Yes.

19,314. If made compulsory on the persons to use it, unless they got a doctor's certificate to say they ought not to use it, you allow for that, they would have to use it?—As provided in the regulations at present.

19,315. Do you think you should complicate that by payment by the workmen?—I think it ought to be charged on the industry.

19,315A. The Chairman tells us the probability is that one of the owners of Fletcher Burrows is here.

Chairman: I am calling him next.

19,316. *Mr. Smilie:* Do you think there should be a ballot taken, and two-thirds of the persons employed should vote in favour of it?—I thought I said clearly that compulsory provision and compulsory use at all mines, except small mines, as defined by the Coal Mines Act.

19,317. You do not anticipate the necessity of having to take a ballot at all?—No.

19,318. *Chairman:* I am asked to ask you two questions. With regard to Austrian mines, are they light brown coal?—Yes.

19,319. Are the statistics in respect of mines of that character comparable with mines in this nation?—No.

19,320. The next question is about inspection. Supposing there was nationalisation of the mines, would you say there ought to be an entirely separate department of inspectorship?—I should think the Safety Department should be an entirely, even if there was a Ministry of Mines, separate branch, and it should not be controlled by anyone except the Minister. There is a point I should like to mention if I may draw attention to it?

19,321. *Chairman:* Certainly?—It was mentioned by Dr. Shufflebotham that the Home Office had not taken any interest in the question of nystagmus. That is not true. I should like to say what the Home Office has done. In 1907, the Industrial Diseases Committee reported that the disease was due primarily to fatigue of the elevatory muscles of the eye from the constrained position in an oblique upward direction in which the eyes had to be kept; insufficiency of light appearing to be a secondary but not inconsiderable cause. The Committee's view was the old view entertained before the more recent researches. No reference to this disease was made in the Report of the Royal Commission on Mines in 1909. The growth in the number of cases of nystagmus, as shown by the Workmen's Compensation statistics, drew special attention to the disease. The matter was specially noticed in the Home Office Report on the Workmen's Compensation Statistics for 1912, page 9. The question of inquiry was considered by the

16 May, 1919.]

MR. WILLIAM WALKER.

[Continued.]

Home Office in 1911-1912, but the Royal Society had already arranged for research by Dr. Llewellyn, with the assistance of Dr. Haldane. This research was of a very thorough character; the preliminary Report was issued in 1912 and the Final Report a year later. These researches appeared to establish beyond question the conclusion that the disease was due not to the constrained position in which the miner worked, but to the insufficiency of the light in which he worked. About the same time, under the special powers conferred on the Home Office by the Coal Mines Act, 1911, a standard of illumination was fixed for flame safety lamps, the standard being the maintenance of not less than .3 candle power over a period of 10 hours. Further enquiries are now proceeding—(1) a Departmental Committee has been appointed to enquire into the question of improve-

ment of the illumination of safety lamps, and (2) the information in possession of the National Service Department is being examined both as to nystagmus and generally as to defects and disease of vision in underground workers. That is as far as nystagmus is concerned. As regard other diseases we have used the medical inspectors in the Factory Department freely. Dr. Collis has gone into questions regarding industrial diseases, such as phthisis.

19,322. *Chairman*: We are only on the nystagmus question?—The Home Office has not neglected these matters.

19,323. *Mr. Robert Smillie*: You have a flame safety lamp now that has passed the test which gives a candle power?—Yes.

19,324. One and a half candle power?—This Committee will go into the question of increasing light.

(The Witness withdrew.)

Mr. CLEMENT FLETCHER, Sworn and Examined.

19,325. *Chairman*: Mr. Fletcher, I think you are the general manager and a director of the Atherton Colliery Company?—Yes.

19,326. How long have you been there?—I have only actually been full manager the last two years.

19,327. How long have you been connected with the colliery?—24 years.

19,328. They are Gibfield Pits, Chanters Pits and Victoria Pit, Atherton Colliery?—Yes.

19,329. Are those the three?—Yes.

19,330. You have had shower baths for some time at your colliery?—Yes.

19,331. How long ago were they installed?—They were completed immediately before the war.

19,332. I see the number of people employed at Gibfield is 711, of whom it is said 350 use the baths; Chanters 1,050 workmen, of whom 500 use the baths; Victoria 169, and nearly 150 use the baths?—Yes.

19,333. Is it your experience that you find the baths, when once they are installed, are used by the men?—Yes, that is so.

19,334. I do not say this is the right view, taking it personally. I am going to put to you a curious question. As a business proposition, as a commercial proposition, do you find having baths pays you?—I cannot say there is any direct gain. We always think anything you can do to improve the health or general condition of the workpeople is a distinct gain.

19,335. Has that been your experience at Atherton?—We have tried to work on those lines.

19,336-7. Tell me the sort of effect having this system introduced has produced?—I did not come to give evidence. I have no figures prepared. We are quite satisfied with the results although I must admit a few more of the young men might use them more than they do. We put up accommodation for 1,100 out of 2,200. There are that number using it. They are not overcrowded, yet there are quite a number of young men who you would have thought would have used them. It is found to be beneficial to health and homes. I have no figures to prove that. Another point I should like to mention is, I think it tends to safety. A man comes to the pit, and if he uses the bath he has to change his clothes from the top clothes to the working clothes, and then the matches he used on the way to the pit are left behind in the bathroom. Therefore, there are no matches likely to be taken down the pit. That is a point worthy of notice.

19,338. May I take it, from your experience at Atherton, if you did go where there were no baths, you would make every effort to have baths under your charge at any place you went?—I should certainly like to. If you put in a large installation straightaway without preparation, you would be disappointed. I am told of places where they have been disappointed. To begin with, you want to start in a small way. We put in a few at one pit, put in a few huckets and gradually added and added until we got this little place crowded out and then we put up a larger place. If you were to begin with a large place you will be disappointed.

19,339. *Sir Adam Nimmo*: Did I understand you to say the pit clothes of the men are left at the pit?—Yes.

19,340. They change their clothes at the pit?—Yes, and the clothes are dried there.

19,341. Do I understand there was no demand on the part of the men before you erected these baths?—No, they never asked for them.

19,342. You stimulated the demand?—Yes, I think so.

19,343. You started in a small way and developed and developed and the demand on the part of the men followed your development?—Yes, I think so.

19,344. That was the kind of process that was developed?—Yes.

19,345. How do you manage the baths?—We do it entirely ourselves.

19,346. You give the men no say in the control or administration in any way?—There is very little administration or control required. They seem to manage themselves.

19,347. You do not feel it necessary to establish a committee to deal with the baths?—We have our pit committees, who meet regularly, and any question could come up there in connection with them.

19,348. In the meantime, you keep the management quite separate as far as baths are concerned?—Yes.

19,349. The men have not as yet asked you that there should be some principle of co-operation in connection with the working of the baths?—No.

19,350. You do not think it necessary at your place?—I believe in the main in co-operation. I think it is better to have a joint committee to discuss things. It has not cropped up yet.

19,351. The question has not arisen?—No.

19,352. *Mr. Robert Smillie*: What do you think the women think of the baths, and what do you think the boys think of them? Do you think there would be an outcry among them if you said you were going to stop the baths at the pit?—I think those people who use them or the people at home would be disappointed if there were none. A good many boys who use the baths are living next door to boys who do not bath at the pits, and the parents do not take measures to make them do it.

19,353. Suppose it should be compulsory to use them at every pit where they are provided, if sufficient were provided, that would make it necessary that all should use them?—I should like to make it compulsory for the lads.

19,354. Do you think the lads who do not use them have been brought up from boyhood at your collieries?—Some have, some have not. I know some lads who have nice clean homes that did not use them.

19,355. The men do not take a bath before they go down to work?—No.

19,356. They change their clothes?—They change their clothes. They come in their ordinary daily clothes, their best clothes, if you like to put it so, and they change their clothes at the pit. They put on dry working clothes and they leave their wet working clothes, wet with perspiration, to be dried.

19,357. You said it paid you in the sense of being no financial loss to you? I think you said that you had better attendance than you would otherwise have had at your pits?—I do not remember saying that. I do not see how it stimulated the attendance.

16 May, 1919.]

MR. CLEMENT FLETCHER.

[Continued.]

19,358. I thought you said your average attendance there was less broken because you had a decent class of men coming to the pits because of the baths?—I did not say that, but I think better conditions would produce better workers.

(The Witness withdrew.)

(Adjourned for a short time.)

Captain ROBERT NELSON, Sworn and Examined.

19,361. *Chairman*: Gentlemen, this is the third and last witness from the Home Office on the question we have been discussing this morning. (To the witness.) It will not be necessary for me to go through the whole of your proof, but in deference to the wishes of the Commissioners I propose to direct attention to some of your salient points. You say in your proof: "For more than 10 years I held the appointment of Electrical Inspector of Mines at the Home Office. This appointment gave me an opportunity offered to few outside the coal industry to see its inside working in an important direction, namely, the getting of the coal. I have inspected at one time or another the majority of the pits in the United Kingdom where electricity is used on any considerable scale, and for that reason, I assume, I am invited to speak as to 'Mechanical and Electrical Improvements in Mines.' It is common ground that an extended use of mechanical power is needed to improve the output of coal from most pits. It is also agreed that of the well-established means of transmitting power the most economical and convenient is electricity. I wish in my evidence to support those who have already expressed the view before this Commission that there is a wide field for the extended use of mechanical power below ground in coal mines." Then you set out certain statistics which I need not go into, and then you say: "As to any disadvantage which may follow the extended use of electricity regarded from the important aspect of safety, I have kept a record of accidents arising from the use of electricity below ground during the last 10 years, and this record supplies, I think, a fairly conclusive answer." Then you set out various points and sum it up by saying: "My answer to the question as to whether any disadvantage would follow the extended use of electricity below ground is this: So far as my experience teaches, none, provided the present very moderate standard of achievement as regards safety precautions is maintained. If that standard improves, as one may reasonably hope, then the answer can be given without doubt or hesitation." Summing up the evidence up to the present, it is that there is great scope for the increase of it. Then you say that you do not see any disadvantages, and so far as safety is concerned you think there is no danger?—That is so.

19,362. Then you deal with haulage, and you say: "As to haulage by storage battery locomotives, very few of these are in use in Great Britain, though there is nothing in the conditions in many pits to prevent their use, and I anticipate that this method of haulage will very soon be widely adopted?"—Yes.

19,363. Then you go on to discuss winding by electricity, and you say that very few winding plants have been converted to electricity hitherto?—Yes.

19,364. You say the same as Mr. Merz says: "The general adoption of electricity for winding is, however, dependent upon realisation of the national scheme for electricity?"—Yes.

19,365. Then you say: "Other witness will speak with greater authority as to the advantage of a comprehensive and widespread system of electricity supply?"—Yes.

19,366. Then there is an important sentence which is: "There seems, altogether, to be ample room for some authority charged with the duty of taking a comprehensive view of coal production, which authority should be fully armed with statutory power to remove all barriers to economical working, whether physical or legal, except such as must be retained for safety." There is another very important sentence at the end of your proof which says: "Hence I think that if unification is to be applied to an industry as complex as the coal industry, there

19,369. I think your firm told us that, and not you.

19,360. *Mr. R. W. Cooper*: Have people bathrooms in their own houses?—Very few.

should be (1) a well-considered scheme of decentralisation and (2) some means introduced of rewarding good work in various ways so as to appeal to men of widely different temperament and widely different outlook?"—Yes.

19,367. *Mr. Evan Williams*: In the figures given in the first column, the big drop in the increase per cent. on previous years is due, I take it, entirely to the war?—Yes, it is due to war conditions, I think, entirely.

19,368. Up to that time there had been a progressive increase in the mining industry?—We had no figures previous to 1912, but the increase between 1912 and 1913 of 17.2 per cent. would certainly indicate that. It is also indicated as the result of observation. I know previous to 1912 the use of electricity was being largely extended.

19,369. The Home Office keep a very close control over the introduction of electricity into mines, do they not?—That is so.

19,370. I think no manager has a right to introduce electricity without giving notice and obtaining permission from the Home Office?—Yes; he must give notice to the Inspector of the Division, and the Inspector of the Division has the right to raise objection if he thinks fit to do so.

19,371. And it is only if no objection is raised by the Divisional Inspector that it is introduced?—Yes, but the owner has the right to appeal, which right has never been exercised so far as I know.

19,372. Generally speaking, did you find when you were acting as Inspector that there was a desire on the part of colliery owners to extend the use as much as possible?—Yes, broadly speaking.

19,373. There was no reluctance to avail themselves of the utmost development and improvement in electrical machinery?—No; that is correct as regards some collieries, but I think it would be too sweeping to say that of all collieries.

19,374. I am speaking generally?—It is very difficult to give an answer which is applicable to every colliery, but it is true to say that generally they were willing to adopt facilities if proved to be economical and useful.

19,375. *Mr. Frank Hodges*: With regard to deaths from explosions caused by the use of electricity in gaseous mines, do you think that you can draw any conclusion from such explosions to indicate that you would have to abandon the idea of introducing electricity on a large scale? Take some South Wales mines, for example?—My answer to that question is no. I think that in the very large majority of mines electricity may be used safely anywhere. In some mines it may be that it is necessary to limit its use, but they are relatively few I think.

19,376. I suppose there would be no danger in the mere introduction of electricity, but danger arises from what?—The danger arises from its misuse clearly.

19,377. Or from faulty installation?—Misuse of electricity includes faulty installation, yes.

19,378. Your view is, after considerable experience, that the feeling that the use of electricity in gaseous mines is bad, or at least that it should not be permitted, is not founded upon facts?—Well, not everywhere in the mine. If there is liability to gas and to frequent occurrence of gas, the regulations already provide for the exclusion of electricity, but that would, I think, refer to comparatively few mines, and to comparatively few places in those mines.

19,379. Do you think that electricity for the use of coal-cutting machinery and conveyors in a gaseous mine is a good thing?—Not where gas is liable to occur, I agree.

(The Witness withdrew.)

16 May, 1919.]

THE HON. SIR CHARLES WADE.

[Continued.]

THE HON. SIR CHARLES WADE, Sworn and Examined.

Chairman: The Secretary will read the *précis* of the evidence of the Hon. Sir Charles Wade, K.C., Agent-General for New South Wales.

Secretary:

"Generally speaking, if capitalists can combine to enlarge the scope of their operations, there appears to be no reason in principle why the State should not undertake similar work.

In a young country, such as New South Wales, where it became necessary to open up the interior by means of railways, roads, and other public works, and where private enterprise could not be induced to undertake a scheme in which the prospects of success were very uncertain, the intervention of the State was essential.

In theory it is claimed that such works could be carried out more efficiently by the State for the following reasons:—

(a) The State's organisations and resources are stronger than any combination of private persons, and this should lead to a cheapening of the cost of production.

(b) As the State does not look for profit, the items which the private contractor charges against the risk of failure (and for which he is paid although no loss has been sustained) need not be considered.

(c) Such profit as results to the State should be applied in reducing the charges of transport or consumption rather than in increasing dividends.

(d) State enterprise excludes the middleman, which is a further cause of increased cost to the consumer.

(e) Under wise administration, the wasteful competition of private enterprise is eliminated.

Whilst these may be set down as the advantages of State ownership and control, there are certain other conditions the observance of which is necessary to success. This depends on the efficiency of labour; that in turn depends on an effective method of management and discipline. The greater the pressure that can be brought to bear upon the management, the greater the danger of laxity and inefficiency. If the Franchise is enjoyed by the workers, political influence becomes possible. The nearer the Franchise approaches manhood suffrage, the greater the pressure that can be exerted.

In a disciplined, obedient country, such as Germany, where the Franchise was extremely narrow, good discipline on military methods could, doubtless, be enforced; but the position is very different in democratic countries with voting power approaching adult Franchise.

Authority for Construction.

In New South Wales in the earliest days, the State undertook the cost of railway and tramway construction, but inasmuch as pressure might be exercised by members of Parliament upon Ministers in the choice of routes and principal stations, and as there was a temptation to placate supporters in return for their vote, the danger of "log-rolling" ensued. Some railways, indeed, have been condemned as being unjustifiable on business grounds which have been the result of political pressure.

To meet this danger of abuse, two conditions have been laid down:—

(1) A primary investigation by some authorised public authority on the merits of the proposed work.

(2) In the event of a favourable report by this inspecting body, a further approval by both Houses of Parliament.

As to (1) the opinion is generally held that this investigation should be carried out by experts. But in practice it has been done by a Public Works Committee consisting of members of the two Chambers, yet (although not to the same degree) they are liable to be influenced in the same way as the minister with sole responsibility.

There is the temptation to vote for railways which may help the political party if there is any *prima facie* justification for it on business grounds. At times, indeed, the railway may be approved of which favours a parliamentary minority, so as to facilitate the approval of another which is of more value to the party in power.

There is the same danger of political pressure when the proposals are submitted to the vote of Parliament. In short, these provisions (themselves essential) are a check on political influence, but they fail to entirely eliminate it.

(3) It has been further provided that no work estimated to cost more than £20,000 should be undertaken without prior reference to and approval of the Public Works Committee. This provision has been evaded at times by commencing an operation which in fact will cost less than £20,000, but is really only a portion of a larger scheme exceeding that sum. In this manner the underlying safeguards of Parliament can be destroyed, and the only protection lies in Parliament rising to a sense of its responsibilities; but if the Government attempt this evasion, it is presumably with a knowledge that the party will support them, and the dangers of political enterprise thus become manifest.

State Construction.

Originally the work of construction was carried out by private contractors after calling for tenders, but the system became abused owing to the increase of contractors' "extras." This was owing to the looseness with which specifications were drawn, of which the contractors took advantage; and thus the Government were called upon to pay huge claims outside the contract prices. This difficulty could be obviated by the more careful drawing of the specifications in the first instance or by carrying out the work on fixed schedule rates. The Government of the day, however, adopted an entirely different method and carried out these works by "day labour" under Government control. The success of this system depended on the quality of the supervision, but it was found that men were placed upon the works through political influence, and men who had been discharged were reinstated through political influence; in consequence their discipline failed.

The Government supervisor in charge of the works generally had not a free hand to choose efficient workmen; yet in those few instances in which the controlling authority was allowed discretion with regard to employment and dismissal the cost was brought within reasonable limits. But the principle was established that efficiency of labour was in inverse proportion to political influence. That public works can be carried out satisfactorily on the "day labour" system has been proved in the department of the Railway Commissioners of New South Wales, who are an independent body, and free from pressure of politicians.

Administration.

As in construction, so political interference should be avoided in administration. If strikes take place in Government departments, as a rule a compromise is enforced and a concession made to the strikers. When a strike takes place in the Government department because a workman has been discharged, the Government's position is difficult; if they resist the demands votes are imperilled; if they yield discipline is threatened.

The only safe method of administering a Government department of State is by a Board which is (1) independent of political influence; (2) enjoys a long tenure of office; (3) is paid a salary sufficiently high to attract qualified men.

For many years the State railways of New South Wales were managed by a Commissioner appointed by the Crown holding office at pleasure. Political interference became so serious that the management was placed under a Board of three Commissioners holding office for a period of seven years, and removable only by a joint vote of both Houses of Parliament. This change was very bitterly resisted, but the first

16 May, 1919.]

THE HON. SIR CHARLES WADE.

[Continued.]

Board appointed were firm, and worked an undoubted change in the tone of the service. Much, of course, depends on the character of the individual members, and it is thought that subsequent Boards had not been so successful; but it is generally admitted that if all the dangers of State ownership and administration are not overcome they have been reduced to a minimum on the railways of New South Wales.

The report of the Railway Commissioners of N.S. Wales for the year 1914, the last normal year not affected by the war showed the following figures:—

	£
Gross revenue	7,742,241
Gross working expenses... ..	5,409,820
Nett Revenue	2,332,421
Subtract interest payable	2,123,054
Surplus	209,367

The nett earnings on the tramway capital cost for recent years are as follows:—

1914	3.66 per cent.
1915	4.70 per cent.
1916	4.76 per cent.

I only know one occasion when fares and freights were reduced in consequence of the profits made on the railways and tramways, but I cannot confirm the statement that has been made that fares are as low as a ½d. per mile.

The policy of State construction and control was subsequently extended to the water and sewerage works, of the larger cities. The President of the Board did not enjoy the same independent powers as the Railway Commissioners, but his department was one employing comparatively few workmen, and the temptation for political interference was much less.

The operations of the Water and Sewage Board of State for the year 1915, showed a profit of £96,861, after payment of working expenses and interest on capital stock.

The policy of State control has been further extended to public utilities which may become a monopoly, but hitherto State ownership has not been undertaken. The price of gas in Sydney is controlled by Statute.

In recent years the Government has entered into competition with existing private enterprises and established a number of minor State undertakings. It was argued that as the State is the employer of labour in certain works, it should likewise control the material, such as bricks, cement, sand, timber, pipes.

When the Labour Party came into power in 1910, a number of these undertakings were launched originally under direct ministerial control, and without proper methods. This system, however, was changed and the administration placed under the Public Service Board (to be referred to later on). There was no established ring or combine which these works served to break down, but they certainly employed a large amount of labour at good wages.

Between 1911 and 1917, the following works were established:—Brick works, stone quarries, pipe works, bakery, motor garage, and saw mills, drug depot, metal quarries, clothing factories, timber yard, electric power station, joinery works, lime works, sand and brick works.

A change of Government took place in 1917, when the operations of these works were drastically reviewed. Some had justified themselves—some had completely failed, others were reconstituted and allowed to continue. The position to the end of June, 1918, was as follows:—

Total undertakings established	16
Works then operative	13
Works then inoperative	3

Of the 13 works operating, those showing a profit were 8 and those showing a loss were 5.

The total capital cost of the 16 works was determined by a Committee as £749,909.

Of works still in operation, total nett profits to June 30th, 1918, £18,475.

Total nett losses up to June 30th, 1918, £28,377.

Nett loss on works still operative for the whole period 1911 to 1918, £9,902.

Taking both the operative and the inoperative works together: Total nett profits over the period, £129,846. Total nett losses, £150,463. Deficit, £20,617.

Public Service.

There is a State system of education, primary and secondary. The University of Sydney is largely subsidised by the State, but private schools likewise are established. Public Health is now a Government Department. Ordinary hospitals are controlled and subsidised, but not owned by the State. Mental hospitals are owned and controlled by the State.

The officials of these and other State departments are under the control of the Public Service Board. This Board is supposed to be free of political influence. The members are three, appointed for a term of 7 years, but pressure is exercised strongly in this sphere at times. In 1895 when the first independent Board was appointed, the service had been over-manned, and political influence was certainly active.

The first duty of the Board was to retrench and reorganise the departments. The work was most unpopular. It was carried out conscientiously, but no Government would have faced the ordeal themselves.

Opportunities still present themselves for evading the Independent Control by the Board. Under the law, temporary appointments for a period of six months may be made by a Minister, but members of the service were in this way increased so much, that at election time a demand was made that temporary appointments should be placed on a permanent basis, with all privileges. On the whole, the bulk of the service prefer the independent Board to the old days of Ministerial influence.

Recently an enquiry has been held into the workings of the Public Service, which have resulted in the Board being reconstituted, and the new Tribunal are to enjoy a life tenure and at a much larger salary than their predecessors.

Coal.

The nationalisation of coal is a leading plank on the platform of the Political Labour Party, but demands for nationalisation, although frequently made, have never yet been conceded.

The Labour Government, in power from the end of 1910 to 1916 were pledged to nationalising the coal industry, yet, although they established the minor undertakings referred to above, and even under pressure sanctioned a State coal mine for the use of the railways, they have never attempted to nationalise coal mining. It may be added that when it was announced that the State coal mines should be under the control of the Independent Board of Railway Commissioners the demand was not so strongly pressed. The miners as a body still demand nationalisation of coal. It is known that a "day labour" system is strongly favoured in preference to contracts, and it may be that they hope to obtain the concession of day labour under Government control, which at present the coal owners decline to grant.

Wages and Conditions of Labour on Coal Mining.

For many years wages, &c., were settled by mutual agreement between the parties, but since the year 1903, an Arbitration Court for the compulsory fixing of wages has been established throughout the State. These Courts, which were intended to reduce strikes to a minimum, however, have never been popular with the miners, and strikes, unfortunately, still prevail. The wages, however, and other conditions compare extremely favourably with other institutions. The wage to-day is about for coal hewers, and it is reported they are to receive a further increase of 3s. a day.

At one time many of the coal mines worked three shifts, but the night shift is not worked in New South Wales to-day, and some mines have even agreed to abolish the second shift. The hours of work are 8½ for minors, roughly speaking, bank to bank.

16 May, 1919.]

THE HON. SIR CHARLES WADE

[Continued.]

Accidents.

There is a common law as well as a statutory duty on the coal owners to provide for the safety of the workmen, and owing to the special dangers attached to coal mining, such as gas explosions, falls of roof, and tram accidents, Parliament have imposed special conditions in the interest of the workers. There is a compulsory inspection of every working place during each shift before the men go to work. The presence of gas, the condition of the roof and ventilation are recorded in a book, which is open to inspection at any time. In case of any defect indicating danger, the working place must be shut off, and no workman can enter until the danger is removed, and there is a penalty for neglect of this duty.

Further, Government Inspectors enter the mine without notice whenever they think fit. The miners may elect a check inspector to point out defects to the Government Inspector, as well as to the owners. The Government Inspector can demand the establishment of safety appliances; if the owner resists the issue is sent to arbitration, and he must obey the award, with a penalty for disobedience. If neglect to supply safety appliances is wilful and injury ensues, the penalty imposed may be so heavy that it is not cheap to compensate than take precautions.

All accidents about the mine must be reported forthwith; an investigation is held by Government officials, and in certain cases a special tribunal may be appointed by the Government to investigate the cause of the occurrence. In case of death the usual inquest is also held. In addition to these precautions the employment of boys under 14 is prohibited, and the employment of women and girls in or about the mine is also prohibited.

Although the mines in New South Wales cannot be called gassy, safety lamps have been introduced by the owners, although opposed by the miners. Coal cutting machinery was likewise introduced, although in many cases opposed by the miners.

The statistics of accidents in coal mines are as follows:—

Year	No. employed metalliferous.	Coal and shale.	Total.	No. of deaths.	Per cent. deaths total employed.
1913	19,914	18,966	38,880	618	1.59 per cent.
1914	17,493	19,977	37,470	588	1.57 "
1915	13,190	18,221	31,411	560	1.78 "

Year.	Employed in coal and shale mines.	Fatalities.	Fatalities per cent.	Seriously injured.	Seriously injured percent
1913	18,966	18	.095 per cent.	74	.4 per cent.
1914	19,977	17	.085 "	73	.36 "
1915	18,221	23	.126 "	49	.27 "

Special regulations have been framed to meet the cases of miner's phthisis and ankylostomiasis.

It should be added that as a rule the coal mines in New South Wales are free from gas, the seams are high and the roof is sound, yet it has been proved that although it is impossible to prevent all accidents, under Government supervision and private ownership they have been reduced to a minimum.

Housing.

With every respect I doubt if bad housing in England is the result of private enterprise rather than a concomitant. Probably the same conditions as we have here would have resulted had the coal mines been State owned. I say so for this reason: Until lately housing has been no part of the State policy. When it has been advocated, then the advocacy has been limited to congested areas in the large cities. Moreover, until lately the miners have made no organised complaint. I know of no instance where bad housing has been the occasion of a strike or even of an arbitration, yet the mining community has enormously increased in numbers. If there is blame

for the present situation, it should be shared by all parties—by the State and the owners for failing to anticipate these abuses; by the miners for not showing more activity in demanding healthy conditions and healthy homes for themselves and their young children.

Owing to the cessation of building operations during the war, the house scarcity has been created, and the public mind has, for the first time, been actively turned in that direction. The remedy, however, in my opinion is clearly a State duty, and housing should be carried out as part of the work of the Department of Public Health. A scheme should be laid down for the whole of the community, and it might be desirable for local bodies to undertake the work.

In New South Wales, on the whole, housing conditions are good, but there are many bad cases. One cause for poor conditions has been the practice of allowing miners to erect dwellings close to the mine on the freehold surface, but with only a permissive occupation—the result being that in the event of a strike the owner can eject the miner without legal difficulties; yet, on the other hand, the miner with no security of tenure had no inducement to build a decent house. This, however, has been to a large extent remedied recently.

Waste.

The coal owners have been accused of wasting their opportunities of making use of the by-products of coal. If there is blame, it is the fault of the national policy rather than individual action. The profit-making coal owner naturally avoids undertakings where there is no market for his products. We have a standing example of the country's reliance on aniline dyes from Germany. In New South Wales for many years the "pit smalls" were allowed to accumulate until they assumed the dimension of high hills, but in recent years coke has become a marketable commodity, and every coal mine now has its row of coke ovens, and all the coal produced is utilised, whether large or small.

Broken Time.

There is much broken time in New South Wales. It may be traceable to the following causes:—

- (1) Irregularity of the export trade which is dependent upon shipping.
- (2) The loading of steamers at times in open roadsteads where loading is dependent upon the conditions of the weather.
- (3) Continual petty strikes which dislocate the whole mine.
- (4) The irregularity of miners returning to work after pay Saturdays.
- (5) Extensive competition amongst the owners in "cutting prices"—this results in the weaker collieries lying idle and causes general depression in the selling prices for the district.

This was very marked in New South Wales.

A system known as "Coal Vend" was established, the principle being the same with variations in different districts whereby all the owners agreed to sell the coal at a certain fixed price—one common agent would receive all orders for that district and the work would be distributed equally amongst the various bodies, so as to divide any shortage of payment amongst the total body of miners. Somebody, however, in the alleged interest of the miners challenged the Vend as being an attempt to create a monopoly. The High Court of Australia upheld the validity of the agreement, but the owners discontinued the arrangement.

I suggest for consideration as a remedy for broken time that just as prudent company directors will out of the profits of a good year establish a reserve fund for the equalisation of dividends in bad times, so out of the profits of a coal mine a reserve fund might be formed to be used for the equalisation of wages in times of depression, or to assist those who are compelled to be thrown out of work. Such a fund would give men an interest in their work, a stimulus even to better work and a closer sympathy with the proprietors. Such money should be allocated irrespective of any increased wage accruing in good times.

16 May, 1919.]

THE HON. SIR CHARLES WADE.

[Continued.]

Moreover, the burden should be thrown upon the industry and not upon the community.

It has been suggested that to avoid broken time coal might be stored without deterioration. I know that large stocks of coal are held for months by the Railway Commissioners in New South Wales without serious deterioration; but it is generally known that strikes take place when coal stocks are low, and I am not sure whether this policy of storing coal would be welcomed by those endeavouring to engineer strikes.

State Ownership does not stop Strikes.

The answer of universal experience is "No." In Victoria the State coal mines have struck work on several occasions. In New South Wales the Government railways and tramway workers, who enjoy, perhaps, the most liberal conditions of anyone in the world, have struck, although it is fair to say that a large number, in spite of temptation, remained loyal to the Government.

The Commonwealth ship-building yards in Sydney and Melbourne have been the scene of strikes on many occasions. The workers on the Trans-Continental Railway have struck, and the State coal mines in New Zealand cannot claim to be free of strikes.

Effects of Ministerial Control.

If the workers are united in large numbers and enjoy the franchise their influence can be immediately felt.

The Minister who refuses a joint demand may imperil the popularity of the Government. If several organisations of State employees unite to present a common demand, the danger is intensified. Statesmen do not seem to have yet imbibed sufficiently the sense of public service to be able to withstand such demands at the risk of losing office.

Experience shows there is no stimulus to economy or to reduce excessive staffs; for the prevailing feeling is that it is Government money that is being spent, and the tax-payer will pay. Our experience of the present war confirms this. Clerks in a private concern must help to make it pay, and exercise economy whenever necessary or face the alternative of being discharged. State ownership encourages bureaucracy in the desire to avoid responsibility. Nationalisation is most injurious to the miners themselves. The policy of the Trade Union, very praiseworthy in itself is to help the workman who, through competition, is out-classed by the superior man. To help him under the system of private ownership, the output of the better workman must be reduced and consequently his wages must be limited. This practice is accomplished in two ways:—(1) By substituting a fixed daily wage for payment for contract, or piece work; (2) A man is allowed so many skips or tubs per week or some other fixed period by the Workers' secret Committee of the Mine. The owners of course resist this strongly. The idea prevalent amongst the miners is that if the State became the owner and the miners enjoyed the necessary voting power, the State could be induced to introduce the system of a daily wage or at all events be less strenuous in insisting on a full output of labour. This certainly is the tendency in many quarters and if really effective, the incentive to hard work will be destroyed—the occupation of the man will be stifled and laziness encouraged.

Outside the general administrative staff, the miners initiative and research can still be maintained through the medium of a bureau, so long as the Government offer sufficient inducement in the form of adequate salaries.

Threatened Monopolies.

Can prices be fixed by Government control whilst ownership of the commodity remains in private hands or must the State become the owner? If the product can be put to a variety of uses, and be equally profitable, and the price of the article for one purpose is unduly limited the product will be diverted to another channel and so long as the producer has such freedom he will be able to evade the fixing of prices.

This applies generally to all forms of production.

For instance, cattle can be held back from the market, or the meat may be canned or sold fresh to the butcher.

The farmer may convert his cream into butter or cheese.

The agriculturist may sell his wheat for flour or convert into fodder for cattle.

New South Wales had a unique experience at the outset of the war. Owing to a dry period the price of butter had risen and the Government fixed a maximum price. The farmers forthwith sold their stock to the butcher at substantial profits, and in a short time a butter famine ensued. Similarly a maximum price was fixed for wheat, and the farmer promptly turned his crops into hay, which resulted in a reduced harvest and a great scarcity of flour. If prices are to be officiously controlled the producer must be under the direct orders of the State. Consequently the ownership of industry by the State becomes necessary.

Coal, however, does not present these difficulties. The output must be sold or not sold. Further, the ordinary competition amongst owners is a guarantee against combines. If, then, to guard against cut-throat competition a Board is set up to stabilise prices, the utmost needed to prevent possible exploitation of the public would be the fixing of a maximum selling price whilst leaving the ownership in the individual proprietor.

Conclusions.

1. In a young country without private capital the State must step in to construct public works.

2. Being the owners of such works the State may logically control their operation.

3. In either case the State can successfully intervene only if the control is directly undertaken by an independent Board entirely free from political influence, although eventually answerable to Parliament.

4. Where the public utility under private enterprise becomes a monopoly, and it is necessary to control prices, the State may assume ownership; for it is impossible to fix prices against the will of a private owner and still ensure his continuing to produce, whereas, if the producer is a State employee he must obey orders.

5. In the coal industry with its variety of seams and districts and qualities of coal, there is always sufficient internal competition to obviate exploitation of the public up to the time the coal leaves the pit mouth.

6. Boards for districts with Government representation should be chosen to stabilize prices, prevent cut-throat competition and the consequent depression of prices.

7. Wages should rise and fall with the selling price of coal on a fixed ratio.

8. All coal for sale after leaving the pit mouth should be controlled; and this can be accomplished without nationalisation of the coal industry as a whole.

9. Government machinery should be established for (1) fixing wages and conditions of labour, (2) affording protection against the special dangers incidental to the industry, (3) safeguarding public health, including in this the question of housing.

10. Miners should have representation on the Tribunal for fixing wages and conditions of labour, but it would be dangerous to discipline if they shared in the management of the mine.

11. A Bureau of Research should be established to investigate improved methods to mining and safety appliances."

19,380. *Sir Adam Nimmo*: Are there any State-owned mines in New South Wales?—The nearest approach to it is the mine that is partly sunk for the use of the Railway Commissioners. I refer to that in my evidence, and I have heard in the last few days that they have got as far as sinking the downcast shaft, completing that, and they had got part of the way with the upcast, but the Government have given instructions to cease it, and nothing has been done.

19,381. But no coal has been as yet worked?—No.

16 May, 1919.]

THE HON. SIR CHARLES WADE.

[Continued.]

19,382. I think that the burden of the first part of your evidence with regard to State-owned and State-controlled organisations is the difficulty that arises through political pressure?—That is the crux of the whole position, in my opinion. The mere you can divorce State-controlled operations from political influence, the nearer you will approach satisfaction. It is in the inverse ratio: the more it creeps in, the more difficulty.

19,383. Do you see how you can bring about that divorce?—We get pretty close to it in connection with the railway and tramway system in New South Wales, but it is a constant cause of political controversy.

19,384. From the point of view of the workmen of these institutions, do you find that they exercise their political influence to as full an extent as possible?—Do you mean their political rights as voters?

19,385. Yes?—They are not in the least degree trammelled: they have perfect rights.

19,386. Do they not use the political rights that they have to bring their views to bear on the State organisation?—Yes, with a board thoroughly independent, the power of political pressure is shut out.

19,387. That is to say, you have always to get the length of an autocracy in management in order to get that result?—That is what it comes to: the nearer you approach the autocracy, the greater the complaint that you are removing the whole system from parliamentary responsibility.

19,388. Is it your feeling that, unless you secure what I have called autocracy of management, your system of State control or management breaks down?—I would not go so far as to say autocracy, because this board is still amenable to Parliament. They are not autocrats.

19,389. I notice that they are appointed for a long term period?—Yes, and are only removable by the resolution of both Houses.

19,390. They are also paid high salaries so as to make them, as far as possible, independent?—Yes.

19,391. And in order to attract the best men that can be got?—Yes.

19,392. Is it your view that experience has shown that some such system as that is necessary where you have State-owned and State-controlled organisations?—There is no question of that. They introduced it into the railways on account of the failure of the old system of control.

19,393. Then it is not your view that labour is more efficient under State ownership and control than under private ownership?—Some of the workers in the Government railway service are some of the best in the world, but it just depends on one factor—that vital factor—how far the indifferent man or the inefficient man hopes to rely on influence to improve his shortcomings.

19,394. Leaving now the question of the official for the moment, what about the workman in respect of efficiency under State ownership and administration: is it your view that he works more efficiently or less efficiently under State ownership and control?—The Government railways is the best test, and I think on the whole I may say that the work has been efficient.

19,395. We sometimes hear in this country that in the colonies there is a "workman's stroke" in a Government concern: it is assumed to be a slower stroke than the ordinary man gives. Is that known in New South Wales?—Yes, I have heard of it, but it is not confined to New South Wales.

19,396. What is the tendency in respect to wages: are the wages in those institutions higher than they are in organisations controlled by private enterprise?—There may be a slight advantage to the Government servant, taking such works as the railway works, not much over ordinary trade and industry; but they get an advantage in the number of privileges which the ordinary man under private control does not get; for instance, there are three

weeks' holiday in the year; then they get an elaborate pension fund, 1½ per cent. on their wages, and a very handsome pension after 30 years' service, or less than that if they are injured and compelled to retire.

19,397. I suppose that refers to the higher officials, does it not?—It refers to everybody.

19,398. Is it your view that in respect of wages in Government-owned institutions, there is less pressure brought to bear to secure higher wages than in connection with private enterprise?—Under the machinery we now enjoy there is no need for pressure at all, because there are Courts established to deal with questions of labour and hours and working conditions of industry in every trade, whether Government or private control. If a man has a grievance he has only to ask for the case to be put before the Board, and the Board will proceed with it, if it is a reasonable one.

19,399. Do these men in Government-controlled industries formulate and put forward fewer demands?—No.

19,400. Do they try to secure the best conditions for themselves?—I think everyone is trying to better himself.

Mr. Herbert Smith: Can we have a definition of "fewer demands"?

19,401. *Sir Adam Nimmo:* Loss. The point I want to get at there is this: that it is suggested that when a workman works for the State he works in a different spirit than he does for a private employer. Do you share that view?—It first of all depends on the man. Some men get a peculiar sense of responsibility, and they will do their day's work, never mind who their employer is; but there is a certain section, and no doubt the tendency is encouraged in some quarters, who go slow in a Government department where such a pace would lead to dismissal in private employment.

19,402. We have to look at these questions on a broad basis of averages?—Yes.

19,403. What would you say, looking at such a problem on the basis of a general average: do you think the men are more content or less content under State ownership and control?—I do not think there is any marked difference. There is no doubt the men like to get, especially, into the Government railway service on account of the advantages: the pay is slightly in excess, and there are numerous privileges that do not attach to ordinary employment. There is no doubt that those privileges have a very useful effect in troublous times, in keeping the men loyal to the Government.

19,404. With regard to financial results, I think you make it quite clear that these results have on the whole been satisfactory where institutions are controlled or owned by the State, as far as New South Wales is concerned?—No, I could not say that. I think the figures for the New South Wales railways of last year, which I took as the last normal year, because the conditions since the war have been slightly different, the last normal year, 1914, showed a surplus of £209,000 after paying all expenses and interest upon capital; but I say at once, when you depart from strict business and independent control, there is always a danger, and it is sometimes shown in reality, of the profits disappearing, as you will see in the State works undertaken, which after 7 years' operation as a whole to-day show a deficit of £20,000.

19,405. Apart from the railways, I think that you refer to a number of other undertakings where the financial results have not been satisfactory?—The water and sewage works, which is much more free from political pressure than the railways, show a profit, but the great undertakings which I mentioned just now, the brickworks, stone quarries, pipe works, and so on—those undertaken some six or seven years ago were part of the Government policy—there was no combination or trust to break down, and as a result the price they sold at was within a very small figure of the market price of the private industry, and apparently the private people could still go on to make their profits, but the net result to the Govern-

16 May, 1919.]

THE HON. SIR CHARLES WADE.

[Continued.]

ment has been, over a series of years, this deficit of £20,000.

19,406. So that when they come to deal with ordinary industrial undertakings, it cannot be said that they are successful?—Those are the figures. That is the experience.

19,407. With regard to these financial results, would you say that it is due to the withdrawal of initiative and enterprise, want of stimulus behind the whole machine?—There has been no independent control of these 16 works that I have just referred to. They are under Ministerial control, and there has been an effort to introduce political pressure from time to time. There is no doubt about that, and one or two of these works have been very successful; for instance, the brickworks have, from the very inception.

19,408. I think from your *précis* one would gather that under Government ownership and control there is what one would call a certain amount of indifference as to the cost?—I think so.

19,409. That gradually creeps in?—It gradually grows; there is the universal feeling with regard to the Government that we need not pay our Income Tax; the Government is a milch cow, and so it is with regard to public works; it is thought the taxpayer will pay, and there is no further punishment comes on to our heads for extravagance; and so it goes on.

Sir Adam Nimmo: Sir, I want to ask one or two questions later with regard to New South Wales, with regard to the railways.

Chairman: Very well.

19,410. *Sir Adam Nimmo:* I notice you suggest on page 3 that you think out of the profits of a coal mine a reserve fund might be formed for the equalisation of wages in times of depression or to assist those who are compelled to be thrown out of work. Does that not imply that the collieries are working on what could only be called a very large profit?—I do not pretend to express any view with regard to the figures.

19,411. If you found that the collieries of the country were working, let us say for the sake of argument, on the basis of a gross return of 9 per cent., would you think this principle could be applied to the case of these collieries?—I am rather inclined to think this, if I may say so—it may seem to be presumptuous—but, in view of the change in the attitude of the industrial world within the last few years, it might well be the policy in the future for all directors, in their own interests, to guard against intermittent unemployment and consequent distress and the possible growth of class feeling and class prejudice.

19,412. But I take it you are not thinking of going further, are you, than this, that as much as possible should be done for the workmen in improving all their conditions consistent with the reasonable economic potentiality of the industry?—Yes, you have to consider the industry. You have to pay your workmen in the first instance. You have to pay, if you can, dividends to those who put their money into it; and having taken those preliminary essential steps, then my idea was to make some provision or reserve fund for dividends and workers as well.

19,413. I suppose it would be necessary to provide sufficient money to keep the industry progressive?—Yes.

19,414. Would you agree that that is a very essential factor in the situation?—I think so. I think money for the purpose of exploration is absolutely essential. There is one object on which I think money is spent freely by private enterprise which would not be spent by the State. We have a very remarkable case with regard to coal in New South Wales. There is a very large and extensive seam of coal underlying the City of Sydney, and some 20 years ago the Government put a bore down on the north side of Port Jackson and struck a seam of coal 5 ft. in thickness of nearly 2,000 ft. in the residential area, but nothing was done. A company was then formed later on to try and tap this seam on the south side. They had

a very large capital, and they spent the whole of it in sinking the up shaft on to the coal. They then found the coal was split into two narrow seams; and a new company was formed, which also was exhausted in the effort; and a third company came on the scene, benefiting by the work done before. They finally struck a 6 ft. seam clear of bands; and it is now a profitable concern, on the very water's edge.

19,415. The State did nothing?—I cannot fancy that the State would make those three efforts.

19,416. *Mr. Sidney Webb:* The State actually put the bore down?—In a different place, and there they stopped.

19,417. *Sir Adam Nimmo:* When they put the bore down they discovered this good seam of coal, and did not do anything further?—That may have been on account of the position in a residential area.

19,418. I see that you say under the heading of "Conclusions" that all coal after leaving the pit mouth should be controlled. What have you in your mind in making that suggestion?—That should be limited to the present position.

19,419. You mean that the distribution throughout the country should be controlled?—The difference between the selling price at the pit mouth to-day, or recently, and the selling price to the consumer to my mind shows that there should be some control to bring that margin down.

19,420. Have you in your mind as to how you could bring that about? Would you do it through municipalities?—It might be done by some inquiry—deciding what the cost of distribution is on reasonable lines, and laying down some maximum figure beyond which it should not be sold retail.

19,421. But your view is that, consistent with the position, you would keep the collieries entirely free?—The working collieries, yes—and the distribution only if the selling price to the consumer is proved to be excessive.

19,422. *Sir L. Chiozza Money:* Do you mind telling me whether you are uttering your own personal opinions here to-day or whether you are speaking for the Government of New South Wales?—Entirely personal—in no way binding the Government.

19,423. May I ask how long it is since you were in Australia?—Two years ago.

19,424. Do you know Mr. Trivett, the Official Statistician in New South Wales?—Yes.

19,425. If he writes a thing in his Official Year Book would it be correct?—I should like to hear what it is first.

19,426. Is he a credible person?—Yes, generally.

19,427. You make a statement on page 2 of your *précis*, which struck me rather, as it happens to be something quite contrary to what I have myself told this Commission. You say: "I only know one occasion when fares and freights were reduced in consequence of the profits made on the railways and tramways"?—Yes; that is in 1910.

19,428. Mr. Trivett says on page 335 of the Official Year Book for New South Wales, published in 1917: "The Railways being owned by the State, public opinion at once demands a reduction in freights and rates when net earnings are much in excess of the interest requirements. Substantial reductions were made in 1911 and 1912, but season ticket holders and certain goods rates were increased as from 1st July, 1913, in anticipation of an increase in working expenses, and further increases were made on the 1st March, 1914." Is that correct?—That is one decrease he speaks of.

19,429. No, two substantial reductions for 1911 and 1912; and further he says that public opinion always demands it?—No doubt about that. It is a question whether that is the financial year 1911-12 or two separate calendar years. 1911 I know about.

19,430. Substantial reductions, he says, were made in 1911 and 1912?—That is two cases.

19,431. Then you go on to say: "I cannot confirm the statement that has been made that fares are as low as a halfpenny a mile"?—Yes.

16 May, 1919.]

THE HON. SIR CHARLES WADE.

[Continued.]

19,432. He gives a list of the fares—these are the increased fares from 1914—and he shows the second-class suburban fare, 20 miles is 11d.; that is as nearly as possible a halfpenny a mile?—Does he say where that is to?

19,433. He simply says suburban fares. This is New South Wales?—I have taken the trouble to work those things out myself from one of the last time-tables available, and the rates are for suburban areas up to 20 miles, 1d. a mile first-class, and for the second-class varying from $\frac{3}{4}$ up to $\frac{5}{8}$, 61-78ths, 75-81ths—slightly in excess of a halfpenny.

19,434. This is the Government Statistician of New South Wales?—I am quoting from the Government time-table.

19,435. He also gives the workmen's weekly tickets, and he shows that for 10 miles a return weekly second-class ticket is only 2s. 6d.; that is four miles for a penny?—The workmen's tickets are quite different.

19,436. The statement appears to be confirmed by the Government Statistician?—I take that to refer to ordinary passengers.

19,437. I only point out that the Government estimate is somewhat at variance with yours?—I will stand by mine.

Sir L. Chiozza Money: The witness's evidence is being put in, and it is said to be the evidence of the Agent General for New South Wales. That, at once, gives the suggestion that this is representative evidence. This is the Official Year Book for New South Wales, and on this point it gives these facts, which, I say, are at variance with this evidence which is being put in, no doubt, in quite good faith.

Chairman: As I understand, Sir Charles, after all, is bound to say what he is. He is the Agent General for New South Wales; there is no doubt about that, and it cannot be controverted. He then says he is expressing his personal opinion and not the views of the Government. That is how it stands. The witness is perfectly right, if I may say so.

19,438. *Sir Leo Chiozza Money*: With regard to the miners in New South Wales, was there a miners' strike when your Government was in power?—There were two when I was in office.

19,439. Was the strike broken?—What does "broken" mean?

19,440. Was it a failure? Were very strong measures taken by your Government against the strikers?—The strike in 1908 was settled. The miners were told that if they would return to work the Government would appoint a tribunal to investigate their grievance without delay. They went back to work, and the tribunal was appointed. There was a much larger and longer-sustained strike in 1908 or early in 1910, which lasted for ten or eleven weeks, I think. In that case the miners declined to accept either a Board or Royal Commission, and stood out, and eventually the Government took steps, under the Arbitration Act, to prosecute the delegate board or ringleaders. They were convicted, and shortly after that the strike did come to an end.

19,441. Did some of them find their way into prison?—Yes.

19,442. *Sir Adam Nimmo*: I want to ask one or two questions about New South Wales. I asked a question of you with regard to the effect of the management of the railways by the Commissioner that were appointed, and I think you said that their work had been efficient?—The Commissioners' work.

19,443. Is that the general view that is held in Australia and New South Wales with regard to their work?—I think so, in so far as that the people would not return to the old system.

19,444. Was there not a very considerable outcry against their management some time ago in the public press?—Yes.

Chairman: The public press of New South Wales.

Sir Adam Nimmo: Yes.

Chairman: We cannot go into that.

19,445. *Mr. R. H. Tawney*: You do not say anything in your paper about the ownership of minerals: could you tell us about the law in New South Wales?—Gold has always been reserved to the Crown without grant, of course; coal has gone with the land. I am not quite sure of the present position with regard to coal, but all other metals, everything else since the year 1909, is reserved.

19,446. That is to say, the present position of the law is that minerals are not private property since 1909?—I am not sure about coal. I say all grants since then have reserved metals.

19,447. You are not sure about coal?—I am not quite sure.

19,448. Could you find out for us? Has the question been discussed in your State at all?—Yes, I think that the change in the condition of grants was the outcome of public discussion.

19,449. Have you any experience or views one way or the other?—I think it is desirable in these days to adopt a uniform policy for the future and reserve all minerals for the Crown.

19,450. You think in the future all minerals should be reserved to the Crown?—Yes.

19,451. *Chairman*: I have been asked to ask you two questions. First of all, what office did you hold during the strike? Were you in office then?—I was Premier.

19,452. The only other question I want to ask you is this. If you would be kind enough to look at your Conclusion number three: "In either case the State can successfully intervene only if the control is directly undertaken by an independent Board entirely free from political influence, although eventually answerable to Parliament." *Sir Adam Nimmo* asked you some very important questions on that, but I want to supplement these questions. Have you anything to say with regard to the composition of the independent Board? Let me suggest to you the sort of thing I mean. On that independent Board would there be found representatives of (a) the miners, (b) the consumers, and (c) the management or managers of the various collieries? How was the independent Board composed?—I think representation of all interests affected would be helpful; but certainly you want somebody on the Board who is a man of business too.

19,453. Finally with regard to the railways that *Sir Adam Nimmo* was asking you about do you wish to say anything with regard to that?—I have nothing more to say.

19,454. I am very much obliged to you for the assistance you have given us?—May I give the figures with regard to the coal wages?

19,455. Yes, the figures which were left out?—I got these from the Government of New South Wales in the last few days. The wages for miners and coal getters until recently in 1918 worked out at a minimum of 10s. 11d. per shift, but individual miners made from 15s. to 25s. per shift. The coal prices, large and small combined, for the Northern district f.o.b. was 13s. 8d. per ton; the Southern district 13s. The average value at pit's mouth for the whole of the 1918 output was 10s. 11d. per ton. The Commonwealth has recently proposed an increase of 2s. 9d. in the Northern field, 2s. 6d. in the Southern, 2s. 6d. in the West, following upon an increase in miners' wages of 23½ per cent. for shift miners, and 15 per cent. for contract miners. That is the position to-day.

19,456. *Mr. Herbert Smith*: When you say "miners" do you include all the coal getters or all in the pit?—The coal getters' wages were 10s. 11d. per shift.

(The Witness withdrew.)

Chairman: I have now to interpose, with your consent, a witness rather out of his order on the export trade part of the case. He has been sent to

France and may not be back here in time. He is one of the witnesses who speaks with regard to Monmouthshire and South Wales export trade.

16 May, 1919.]

Mr. THOMAS JOSEPH CALLAGHAN.

[Continued.]

Mr. THOMAS JOSEPH CALLAGHAN, sworn and examined.

Chairman: With your permission, gentlemen, I will ask Mr. Evan Williams to cross-examine, he is our South Wales expert, and Mr. Frank Hodges, who is South Wales also.

Thomas Joseph Callaghan will state:—

1. He is President of Cardiff Chamber of Commerce and Chairman of South Wales Coal Exporters' Association, Chairman of L. Guerot, Limited, and other Exporting Firms, and Vice-Chairman of the Central Executive Committee for the supply of Coal to France and Italy.

2. Witness is giving evidence on behalf of a Joint Committee of the Chambers of Commerce of Cardiff, Swansea, and Newport, appointed at a Meeting held in the Council Chamber of Cardiff Chamber of Commerce on Monday, the 3rd March, 1919, and represents the Coal Exporters of the whole of South Wales and Monmouthshire.

3. Witness has himself been engaged in the Foreign Coal Export Trade of South Wales for the whole of his life, and is thoroughly familiar with the business in all its branches.

4. The prosperity of South Wales and Monmouthshire is almost entirely dependent upon the Export Trade in Coal. The principal industries apart from the Coal Trade are the Railways and Docks, the Ship Repairing and Patent Fuel Industries, and the Iron and Steel and Tinplate Trades, but of these Cardiff itself is almost completely a one trade port, and employment depends practically entirely upon the Coal Trade and its complements in the shape of Railways and Wet and Dry Docks, so that any increase of price which affects the output of coal reacts prejudicially upon employment throughout the whole district, affecting Railwaymen, Tippers, Trimmers, Ship Repairers, Patent Fuel Workers, Shippers, Seamen, Dockers, Dock Labourers, and many others.

To show the importance of these trades to the Port of Cardiff (Bute, Penarth, and Barry), witness will put in a statement (Table A) showing the relative figures of Export and Inland Coal Traffic on the three local Railways, i.e., Taff Vale, Rhymney, and Barry Railways, for the 3 years prior to the War, which shows that the percentages were as follows:—

	Per cent.	Per cent.
Taff Vale Railway ... Shipments 93½	Inland 6½	
Rhymney Railway ... Shipments 79	Inland 21	
Barry Railway... ... Shipments 98	Inland 2	

In considering these figures it must be remembered that the Taff Vale carries nearly as much total coal on its 123 miles as either the Great Western, Midland, and L. & N.W. Railways with nearly 2,000 miles of line.

5. For the ten years ending 31st December, 1913, Witness will give the total output of coal from the South Wales and Monmouthshire Coalfield and the quantities shipped. (Table "B.")

6. He will also name the principal markets to which the Foreign Exports were sent from 1906 to 1913. (Table "C.")

During the past 20 years there has been a contraction of the area of the foreign market for Welsh coal to a shorter range, and practically by the year 1913 the principal markets were Franco, Italy, the Argentine, Brazil, and the Mediterranean.

The reason for the contraction of the range of markets was the competition of the German, American, Japanese, Australian, South African, and Indian coal. Competition in normal times is so keen that Witness has often lost or secured valuable contracts for a difference of 2d. per ton.

7. Witness desires to emphasise the fact that the supremacy of Welsh coal is not to-day so complete as it was in the past.

In the future Witness fears that we shall have to encounter much more serious competition from America. The Americans have now, largely owing to the diversion of our coal to France and Italy during the war, got an entry into different markets, especially South America, and it will be difficult to dislodge them. During the war the output of coal

from America has increased by 115,000,000 tons, and our output has decreased by 60,000,000 tons.

Formerly Witness did not much fear American competition, as in this country we always held a great advantage over America by reason of our superiority in tonnage. Now, however, things are different. The Americans have and are building a large mercantile fleet, and if this is maintained, as seems at least likely, our tonnage superiority, and therefore our capacity to meet their competition, is seriously endangered.

According to Lloyds Register Shipbuilding Returns the tonnage under construction on March 31st, 1919, throughout the world was 7,796,266 tons, of which the United States are building 4,185,523 tons.

Already we are hearing of C.I.F. offers not only in South America but in different European countries at low prices.

8. Witness will emphasise the effect on the Tramp Shipping Trade of a reduction of output of 10 per cent., or roughly based on 1913 figures of 3,000,000 for South Wales and 28,000,000 for the U.K.

This loss of bulk cargo to our shipowning trade will entail an increase in the homeward freights for food and raw materials. A tramp steamer calculates her revenue and expenses on the round voyage out and home, and if, owing to lack of markets and therefore employment for her, she cannot get an outward freight or has to take an economically low outward freight, she has to make it up by the homeward freights being increased.

9. Witness desires to explain shortly the functions of the exporter:—

(a) It is the duty and interest of the exporter by means of houses abroad, foreign agencies, travellers, and correspondents to keep in the closest touch with the requirements of the consumers in the different foreign countries.

(b) To ascertain the periods of the year, the quantities and the qualities and mixtures of the coals which are required by the consumers in different countries.

On this head experience shows that the class of coal which is suitable for a consumer in one country is often entirely unsuitable for a consumer in another country, even when intended for the same purpose.

The exporter is thus enabled through his experience to provide a market by means of suitable mixtures of coal for inferior class coals for which otherwise there would be little inducement to develop the output.

(c) To deliver coal from port of discharge into consumers' works inland.

(d) The exporter, especially when shipping small coal, has frequently to purchase 20 to 50 parcels from different collieries.

(e) It is an essential part of the duty of the exporter to have a complete understanding of the freight markets and to keep in touch with this market and with the opportunities of supplying tonnage at the time and place at which it is required to receive the output from the colliery.

(f) In connection with his duties the exporter provides a large and essential amount of working capital.

This working capital is required for the following purposes, i.e.—

The exporter pays the colliery within seven days but does not collect from the ultimate consumer for varying periods up to six months, and in this way the exporter finances the business during the intervening period.

The working capital is also required for the payment of insurance nearly always for payment of the usual one-third advance of freight at the port of loading, and often for the payment of the whole freight.

10. Witness will state that for the five years prior to the war the respective f.o.b. price of Welsh coal and the freights to the principal markets were as follows:—

16 May, 1919]

MR. THOMAS JOSEPH CALLAGHAN.

[Continued.]

	F.O.B. Price.		Rouen Freights	Genoa Freights	Port Saïd.	River Plate.
	Best Large.	Best Smalls.				
1909 ...	16 0	9 2	4 11	6 6	5 9	10 11
1910 ...	16 5	8 8	5 0½	6 8½	6 0	15 4½
1911 ...	17 8	9 3	4 11	8 1	7 5½	17 4
1912 ...	18 1	11 3	6 9	11 8	11 2	20 5½
1913 ...	20 3	12 6	5 9	8 8	6 2	17 4

Witness will also give the present freights and prices, which are (as controlled):—

1919.						
France and Italy.	40 0	28 6	19 6	47 6	47 6	—
Neutrals...	50 0	28 6	—	—	—	45-50

11. At the present time the Americans are selling their coal at approximately 6 dollars per ton f.o.b., and controlled freight is 18½ dollars River Plate, 19½ dollars Rio de Janeiro.

12. Witness will say that although for the present, under abnormal conditions, certain markets might bear an increase of cost, the competition with foreign countries may at any moment become so severe that not only will an increase not be maintainable, but a reduction in present prices will have to be made.

13. Coal from the South Wales coalfield is subject to foreign competition in the following markets:—

- French Market.*—Subject to the competition of German, Belgian and American coal.
- Italian Market.*—German and American.
- Mediterranean Market.*—Subject principally to competition of American coal.
- Scandinavian Market.*—Subject to competition of German and American coal.
- Far Eastern Market.*—Subject to competition of Japanese and Indian coal.
- South America (East).*—Subject to competition of American and to a small extent to South African coal.
- South America (West).*—Subject to competition of American and Australian coal.

14. In considering the competition of German coal it must be borne in mind that the German Exchange is so much against that country that Germany will be forced to largely increase her foreign exports of raw material, and particularly coal.

15. Foreign Depôts.

The establishment and feeding of foreign coaling depôts is an important element in the South Wales and Monmouthshire coal trade.

Generally speaking, it may be said that nearly the whole of the foreign coaling depôts are in the hands of Great Britain, and it is submitted that it is a matter of extreme public and National interest that this position of predominance in the carrying markets of the world should be maintained.

The depôt owners have expended many millions of pounds in the purchase of land, the laying down of plant and machinery, wharves, tugs, lighters, and other conveniences for facilitating the depôt business both in respect of the rapid bunkering of vessels and in the distribution of coal on shore in the neighbourhood of the depôts themselves.

16. Another important feature of the depôt business is that any increase in the price at which coal can be sold at the depôt will increase the cost of running steamers and thereby increases the general cost of freights on food and raw materials for the United Kingdom.

It is evident that if a shipowner knows that he has to pay a higher price for his bunker coal (which forms a large proportion of the cost of running his steamer) he is compelled to ask a higher freight than if he could buy bunkers cheaply.

This increase of freight naturally reacts upon the cost of all goods imported from abroad into the United Kingdom.

17. Mixing of Coal.

Twenty years ago there was little or no mixing of coal, but during that period the foreign demand has required coal to be provided to produce certain cal-

orific results, and the result has been that many large contracts such as those of the Italian State Railways, French Railways, and others comprise a sale of so many tons of coal conditioned to contain a certain specific analysis which is set out in the contract.

It is the duty of the merchant exporter to be well acquainted with the different coals from the different collieries in various portions of the coalfield, all of which vary, with the different seams in the different collieries.

The merchant with this knowledge is able to make provision for a mixture of coals which meets the precise terms and the analysis required by the foreign consumer.

This again is a function which no one colliery proprietor or central body could efficiently perform without setting up a very large and expensive organisation which would have to be trained over a number of years.

18. Witness is of opinion that to ensure progressive development of the coal industry it is essential to preserve private initiative. He submits that the development of the industry under private ownership in the past has been such as to deserve well of the country.

Table D shows, in periods of 5 years, how the industry has progressed both in South Wales and Monmouthshire and in the United Kingdom as a whole.

Witness is strongly opposed to any system of dual control in the management, as this in his opinion would be injurious to the country, to the mines, and to the miners. Witness trusts that some scheme acceptable to the miners may be put forward by the coalowners which, while safeguarding the aforementioned points, will give the miners a share in the results of their labour.

Table A.
COAL INDUSTRY COMMISSION.
SOUTH WALES AND MONMOUTHSHIRE EXPORTERS.
Statement showing the proportion of Shipment and Inland Coal carried on South Wales Railways.

Year.	Total tons.	For shipment, Tons.	Inland Tons.	Percentage shipment.	Percentage inland.
Taff Vale Railway:—					
1911	17,186,093	16,026,623	1,159,470	92·77	7·23
1912	17,497,617	16,390,999	1,106,618	93·25	6·75
1913	19,392,267	18,044,639	1,347,628	92·54	7·46
Rhymney Railway:—					
1911	8,789,999	6,908,761	1,881,238	72·77	27·23
1912	8,426,936	6,595,222	1,831,714	72·24	27·76
1913	9,557,231	7,483,011	2,074,220	72·29	27·71
Barry Railway:—					
1911	9,313,404	9,095,613	217,791	97·60	2·40
1912	9,926,407	9,689,419	236,988	97·55	2·45
1913	11,201,335	11,005,172	196,163	98·22	1·78

Note—Some of above coal may have been handed from one Company to another before shipment

Table B.
Comparative Statement of Production and Exports from South Wales Coalfield.

Year.	Output.	Exports, Foreign (including Coke, Patent Fuel, and Bunkers on foreign-going steamers).	Coastwise (including Bunkers).	Total Shipped.
1904	43,730,415	26,104,822	4,435,333	30,540,155
1905	43,203,071	25,238,471	4,399,875	29,638,346
1906	47,055,969	29,106,845	4,452,450	33,559,295
1907	49,978,196	31,572,608	4,469,012	35,981,620
1908	50,227,113	31,263,876	4,530,541	35,800,417
1909	50,363,937	31,480,959	4,637,722	36,118,681
1910	48,699,982	31,022,257	4,644,239	35,666,496
Cambrian				
Strike				
National				
Strike				
1911	50,200,727	30,727,013	4,284,669	35,011,682
1912	50,116,264	31,776,656	3,889,109	35,665,765
1913	56,830,072	36,782,277	3,577,583	40,359,860

16 May, 1919.]

Mr. THOMAS JOSEPH CALLAGHAN.

[Continued.]

Table C.
FOREIGN EXPORTS.

	France.	Italy.	Argentine.	Egypt.	Spain.	Portugal.	Brazil.
1900	5,334,567	4,787,700	2,110,697	1,950,901	901,791	504,912	
1907	6,184,339	4,904,750	1,875,466	2,113,028	810,311	541,662	
1908	5,758,702	5,110,441	2,190,979	1,707,177	892,486	520,437	1,067,171
1909	5,739,494	5,181,233	2,004,275	1,900,971	918,029	543,391	1,948,333
1910	5,276,287	4,834,893	2,442,024	1,903,308	848,907	547,912	1,268,800
1911	5,479,389	5,067,799	2,728,045	1,894,593	899,675	554,659	1,305,114
1912	5,791,285	5,309,374	2,859,473	1,749,246	1,051,400	649,149	1,388,717
1913	7,245,887	5,565,365	3,194,701	1,932,536	1,309,915	782,212	1,919,340

Table D.

PRODUCTION.

Comparative Statement of the Output of Coal from
South Wales Coalfield and United Kingdom.

	South Wales.	United Kingdom.
1889	28,064,000	176,917,000
1890	29,415,000	181,614,000
1891	29,993,000	185,479,000
1892	31,207,000	181,787,000
1893	30,155,000	164,326,000
Average for 5 years	29,767,000	178,024,000
1894	33,418,000	188,277,000
1895	33,040,000	189,661,000
1896	33,868,000	195,361,000
1897	35,806,000	202,130,000
1898	26,724,000	202,055,000
Average for 5 years	32,571,000	195,497,000
1899	39,870,000	220,095,000
1900	39,328,000	225,181,000
1901	39,209,000	219,047,000
1902	41,306,000	227,095,000
1903	42,154,000	230,334,000
Average for 5 years	40,373,000	224,350,000
1904	43,730,000	232,428,000
1905	43,203,000	236,111,000
1906	47,056,000	251,051,000
1907	49,978,000	267,813,000
1908	50,227,000	261,512,000
Average for 5 years	46,839,000	249,783,000
1909	50,364,000	263,758,000
1910	48,700,000	264,433,000
1911	50,201,000	271,892,000
1912	50,116,000	260,398,000
1913	56,830,000	287,412,000
Average for 5 years	51,242,000	269,578,000
1914	53,880,000	265,664,000
1915	50,453,000	253,206,000
1916	52,081,000	256,375,000
1917	48,508,000	248,473,000
Increase from 1899 to 1913 (15 years)	16,960,000	67,317,000
Increase from 1889 to 1913 (25 years)	28,766,000	110,495,000

19,457. Mr. Evan Williams: Your proof is so clear and convincing there is very little I want to ask you upon it. I think you have clearly shown the exporter and coal merchant is not a parasite, but performs important functions?—That is my view.

19,438. The export trade in South Wales and other districts is due entirely to the personal initiative and property of the exporter?—Very largely indeed. They were the pioneers of the trade in all countries.

19,459. Do you attach a great deal of value to the personal element in connection with your export trade?—Undoubtedly.

19,460. Is there any possibility of our export trade being carried on as efficiently if there is nationalisation; I do not mean the production part, but the export part?—I think, with regard to nationalisation, if there is any industry which ought not to be nationalised, it is the coal trade, because it is not an industry that is self-contained. There may be an argument with regard to the nationalisation of railways, but coal, especially as far as South Wales is concerned, is so largely dependent upon the export trade that it would, in my opinion, be extreme folly.

19,461. It is a trade that demands flexibility and rapidity of movement?—Not only so but we have to compete acutely with foreign countries, and the immediate effect, in my opinion, of the nationalisation of the collieries would be to give an advantage to America and Germany, assuming they do not nationalise, and I do not think there is much fear of that in America, in their competition with us.

19,462. There has been an argument used that exporters have a competition between themselves with regard to prices, and as high a price is not being got for the coal by the coal owners as might otherwise be got?—The coal exporter pays the market price, whatever it is. Whatever the market price of the day is he has to pay that to the colliery owner.

19,463. I speak more of the price he gets from abroad?—You mean he may sell at a cheap price?

19,464. He may cut the price to get the order in competition with a fellow competitor?—That often happens; he makes a mistake when he takes a contract and finds he has to pay the colliery afterwards a much higher price if the market price is higher.

19,465. Is it your view that the price that is got in that way after competition is reflecting on the colliery owner ultimately?—I do not think so. The colliery owners really look to the exporter as a buyer of coal, and that buyer pays whatever the colliery price is at the time the contract is made. There is no compulsion on the colliery owner. He is as open to judge as the exporter. He may refuse to make a contract, and say: "I think the market is going to rise and I will not contract, and I will only sell to you from hand to mouth."

19,466. Would you fear some kind of organisation between exporters to limit competition in this way or to control it for the export trade?—It would be very difficult. I do not see how it could be done, we are constantly in competition for different contracts in different parts of the world. I do not think any such combination could be made amongst exporters. It has been tried occasionally but it has been rarely successful.

19,467. It looks all right on paper?—It looks all right on paper, but there is somebody breaks away and cuts in.

19,468. In practice it is a thing very difficult to carry out?—Yes.

19,469. In fact, even during control there has been difficulty at certain periods to keep people from rather evading the Order?—That is so.

19,470. In your view the best way to carry on the export industry is as in the past by free competition by those engaged in it?—Certainly.

19,471. As far as South Wales is concerned, are there many unnecessary people who handle the coal between the coalowner and the ultimate exporter?—I think there is nobody—occasionally there are some people who buy coal on the market and sell it again on the market.

19,472. What is your view as to the elimination of these people?—That is a matter for the coalowners entirely. If they like to employ them they can, but they need not.

19,473. It is not a question of the coalowners employing them?—They need not sell to them. That is what I mean by employing. They employ them by selling to them.

19,474. You are largely interested in patent fuel works?—Yes.

19,475. There has been a very big development in patent fuel in South Wales?—Yes, we were one of the pioneers of patent fuel in South Wales.

19,476. The late head of your firm was the pioneer in South Wales?—I will not say the pioneer. He started over 50 years ago. He was a Frenchman.

16 May, 1919.]

Mr. THOMAS JOSEPH CALLAGHAN.

[Continued.]

He came from a French fuel works and brought the system over here and started a fuel works.

19,477. And at the present moment do you know whether there are prospects of expansion in the manufacture of patent fuel?—Yes, we arranged to take 12½ acres of land to build large fuel works at Barry. That was before the war. Everything is stopped now. During the war we could not build, and since the war we are waiting to see the result of this Commission and what Parliament decides. Then we shall go on with the development.

19,478. There are other people in the same position?—I have no doubt that is so.

19,479. At a former stage of this Commission we heard a great deal about the working of wagons. What is the most efficient method of getting the most out of wagons in South Wales in your opinion?—It is a question I have not considered specially.

Chairman: May I suggest that this is one of the units we are going to attack afterwards and we need not trouble about it now.

19,480. *Mr. Evan Williams:* You are Vice-Chairman of the Central Executive Committee for the supply of coal to France and Italy?—Yes.

19,481. In 1916 prices had soared up considerably for the export trade?—Before the Limitation Scheme?

19,482. Yes.—Yes.

19,483. With regard to the reduction of price made to France and Italy, there was no increase of the price until after the Government control was established?—That is so.

19,484. The price was maintained?—At 30s., for the best coal and it was a pretty universal price at that time.

19,485. That price was reduced from something considerably higher than 30s.?—Yes, 50s. or 60s.

19,486. That price was reduced voluntarily?—Yes.

19,487. Since then it has been put up by the Coal Controller?—That is so.

19,488. You have had considerable experience as a coalowner as well?—Yes.

19,489. Not always a fortunate one?—Unfortunately not.

19,490. You have lost a great deal of money in collieries?—I and my firm, as coalowners 25 years ago, I should think, were working the Rhondda Merthyr colliery, and after working it for about 10 years it was abandoned at a loss of £80,000 or £85,000. Then we had a similar experience in your neighbourhood, at Gueret's Graigola. There we worked, I forgot how many years, but about ten at a loss. Not that the coal was not cheap to work, it was cheap and good but it was very small, nearly all small; after going on we got tired of it and abandoned. On that the loss was something like £105,000, the loss in working and capital expenditure. That has come to my mind. I am glad you asked that question. Evidence has been given that the profits of the coalmining industry have been, I am not sure whether it was 9 or 9½ per cent., I do not think losses such as that, and that is not the only one, there are several others, the Naval Colliery is similar, but I will mention that later—I do not think in that profit of 9 per cent. or 9½ per cent. whichever the evidence was given as the average of the coal industry, the losses of collieries such as ours, and ours was only one experience of many, which have been taken into account. I mentioned the Naval Colliery. I am the Chairman of the Naval Colliery Company. The Naval Colliery Company has had a very chequered history. The original people who sunk the mine lost—I do not know it of my own personal knowledge but we asked one of the descendants and he said they lost anything between £100,000 and £150,000. Then a company was formed of nine gentlemen of whom the founder of our company was one and they put together £60,000 and worked it for 10 years. They lost all their capital, and in all, with working losses, they lost about £110,000, and they would not go on. We were the shipping agents and we advanced certain moneys, and rather than see that money go we took on the colliery for the value of our mortgages.

19,491. Your point is that the figure of 9 per cent. is an average of the profits without deduction of the losses?—Yes, so it seems to me.

19,492. Those losses have not been considered?—I think not. I should like to ask the question—it is an important question and being raised all over the country—if the losses which have been sustained have been taken account of by the Treasury officials who gave the information.

19,493. With regard to the regularity of working of the pits we have had some discussion on this Commission about that—I mean stocking. Do you think there are any mines in South Wales where better regularity can be obtained?—I do not think it is possible to stock coal. Coal would deteriorate if stocked, if you mean by stocking putting on the bank. There is not the room at most collieries to stock coal. You have to put it into trucks.

19,494. Would nationalised ownership or any sort of unified ownership affect the regularity of working?—It would not, as far as the bulk of collieries in South Wales are concerned. The geological conditions forbid; our collieries are in narrow valleys and there is not the room to stock coal.

19,495. No system of underworking or community of working would improve the question of regulating apart from stocking?—I would not say that absolutely, I do not think it is practicable.

19,496. Baths were put up at patent fuel works?

Chairman: Patent fuel works stand in rather a different position. There there was the pitch cancer. By all means ask the question.

19,497. *Mr. Evan Williams:* You have had by law to put up baths?—After the departmental enquiry of the Home Office all the fuel works had to put them up.

19,498. There is an obligation to put them up?—Yes.

19,499. Is there an obligation upon the man to use them?—No.

19,500. Do they use them?—No. I made that enquiry last week. My brother, the manager, said they are not used except for washing their hands and faces; they never use them as baths, simply as lavatories.

19,501. What sort of baths are they?—The baths we were ordered to put up, complete with drying places for the clothes and shower baths and so forth.

19,502. *Mr. Frank Hodges:* I have not many questions, because this question of export has been gone into by previous witnesses from South Wales; Sir Thomas Watson for example. There are one or two questions in connection with your answers to Mr. Evan Williams. You find the export trade more profitable than the production of coal?—Certainly.

19,503. You abandoned production in favour of distribution?—We have not abandoned.

19,504. Are you still interested in collieries?—Yes; I said I was Chairman of the Naval Colliery Company.

19,505. I thought you were referring to collieries over which you had lost £181,000 and abandoned?—That was the Rhondda, Merthyr and Gueret's Graigola.

19,506. That was some time ago?—25 years ago since they were abandoned.

19,507. Are you a shipper?—Yes; a shipper and exporter, you know, are interchangeable terms.

19,508. Practically one and the same person are they not?—Yes.

19,509. Do you know that you are essentially dependent upon continuous production of coal in South Wales?—Yes.

19,510. And the prosperity of Cardiff and other seaport towns you mention are, except Swansea, entirely dependent upon the export of coal?—That is so.

19,511. Therefore you would hope to have steady production in coal?—Yes, certainly a steady increase such as we have had in the past, if possible.

19,512. I notice you had very steady increases both in output and in the total shipped?—Yes.

19,513. You have had 10,000,000 more tons shipped in 1913 than in 1914, according to this table?—Yes.

19,514. You have not had much cause to complain of foreign competition?—I am not complaining. What I am anxious about it that the steady increases should continue so that we can still compete abroad.

19,515. This long list of competitors is put in to remind us there are such competitors in the world, but they do not necessarily oust us out of the coal

16 May, 1919.]

Mr. THOMAS JOSEPH CALLAGHAN.

[Continued.]

market?—They oust us out of the particular market. That is what we claim. When they oust us out of one we find another.

19,516. By finding another you increased your total shipping output by 10,000,000 tons in 10 years?—Happily for us.

19,517. In what sense do you think nationalisation of the mines will affect you as exporters?—I think nationalisation of the mines would tend to decrease output and not to increase it.

19,518. Why?—Because the initiative of private ownership being absent I do not think you would get the same output.

19,519. Your initiative was not particularly fruitful?—I do not know; although we lost money on the coal we turned it out. We could not go on indefinitely.

19,520. You have not drawn on your own experience to prove initiative is absolutely indispensable in making a colliery a profit concern?—I do not agree. I think the mere fact that we did lose on two collieries £200,000 shows that our initiative was to the advantage of the country although we had to abandon in the end.

19,521. That is a paradoxical remark that is rather beyond me, I confess. I gather from your paper, which is very interesting, your principal concern is that nationalisation will so affect output as to influence your position disadvantageously on the markets?—Not only our position, but the position of the country. The view I take is that exports are so essential for the country that if you do anything to diminish exports you are doing great harm to the country. What I am afraid of is that nationalisation will do that. I am not an authority on what is going on in other countries. I do not think in Germany, for instance, where they nationalised the mines, it has been a success by any means.

19,522. We have no material evidence before the Commission that they have nationalised them?—They have nationalised some of them. Those that are nationalised I believe are less successful.

19,523. If the welfare of South Wales is dependent upon continued productivity, can you see in the present relation between employer and employed in South Wales any prospect of continued progressive productivity?—I am bound to say the present position is most unsatisfactory.

19,524. I daresay you would be the first to admit, of all the coalfields in this Kingdom there has been a greater loss of output through industrial strife in South Wales than in any of them?—I think that is right.

19,525. Even from the point of view of the future prosperity of South Wales something different must happen from what is existing there to-day?—Yes, I agree.

19,526. It may not surprise you to know that there has been 458,000 workpeople involved in disputes this year in the mining industry, the principal of which has been in South Wales?—I do not know the figures.

19,527. I have some official figures which indicate that over 2,000,000 working days have been lost altogether in the mining industries in the country since January of this year, most of which have been lost in South Wales. What do you suggest, as a man of considerable experience not necessarily bound up with the Coalowners' Association, as a possible remedy for continued production in South Wales as against the existing system?—I prefer that question to be answered from coalowners. They have considered that matter. I am not in the confidence of the Committee that is dealing with this matter. I think there is a Committee dealing with it, and I prefer them to answer.

19,528. That is exactly it?

19,529. *Chairman*: Have you an unbiassed view?—I should like to see some scheme adopted which, as I say, in my evidence, will give satisfaction to the men, if it be possible, which will, first of all, do away with any question of nationalisation; do away with any question of dual control, which I think will be a fatal thing to output, and any scheme which will arrive

at that end which will assist in getting more production would have my strong approval.

19,530. *Chairman*: Cannot you condescend to details a little? You are an unbiassed gentleman interested in the trade for many years and you tell us the present state is most unsatisfactory. Cannot you give us an idea with regard to it? It is quite easy to say: "I hope something can be done satisfactorily." That is a pious opinion and it does not assist us. Cannot you give us some sort of an idea?—Any system by which the men would have an Advisory Board or anything of that sort for consultation with the owners as far as I am concerned—I am not speaking now as a coalowner—would meet with my approval, and to give them a larger profit in the result of their work; something based, not simply on the profits, but on the production.

19,531. *Mr. Frank Hodges*: That is rather disappointing to me at any rate. Have you prejudged the position of nationalisation?—No.

19,532. You have been struggling mentally in a general way to try to satisfy yourself that the present system can be altered by something else which you have not thought out?—It is not for me; it is for the coalowners to think that out.

19,533. If you had said: "I am not so sure nationalisation is a bad thing or is a good thing" I should have understood your latter decision?—I am quite prepared to admit in nationalisation there are some advantages.

19,534. Thank you for that.

Chairman: Tell us what they are?—I have listened to some evidence to-day of a colliery being unable to work a certain seam of coal because it was not in their boundary and having to work it a mile or two further off. Those sort of things do undoubtedly happen in private ownership. They could be remedied in another way, you could have a board without nationalisation, but nationalisation would be a remedy of that point.

19,535. I do want your assistance as a gentleman of great experience. You said just now you saw that nationalisation would produce some advantages. What are they?—That is one.

19,536. Then you say that can be done by another system?—Nationalisation would itself be a remedy, as under that system coal would naturally be worked from the nearest pit.

19,537. *Mr. Frank Hodges*: That is to say, apart from the mines altogether you would consider if an advantage to have the minerals nationalised?—Yes, that would meet the point. I do think personally that the minerals ought to belong to the State just the same as gold and silver do. I think the State ought to own the minerals, but I think the present owners ought to be amply compensated.

19,538. That is another matter.—That is unquestionable.

19,539. I put to you this position. I know your position in South Wales pretty well. I know people expect you to offer an opinion because of the welfare of the Principality as to how the coal trade can be conducted to the best advantage of the Principality in the future. That is where I am trying to get you to help us. You agree as a first principle the nationalisation of the minerals will be a step in the right direction provided the present owners were adequately compensated?—Yes, I do.

19,540. In view of the attitude of mind of miners, and of the Welsh miners in particular, and you and I know the Welsh miners pretty well, and in view of their clamant desire to have some form of effective control in production, have you thought that desire has to be met in some way before you can get smooth production and uninterrupted production?—No. I have not thought of that. I have not been satisfied he has that clamant desire you seem to think. I have heard that a good many miners do not want nationalisation.

19,541. Have you heard that from the miners themselves?—Not directly, no.

19,542. You have never heard of any meeting of groups of miners indicating their opposition to nationalisation?—No, I have not.

16 May, 1919.]

MR. THOMAS JOSEPH CALLAGHAN.

[Continued.]

19,543. *Chairman*: You think something will have to be done to alter the present system, is that right?—With regard to minerals.

19,544. With regard to the coal mining industry, do you think it is satisfactory at present?—I think one thing that the leaders of the men ought to do is to try and infuse a better spirit into the miners.

(The witness withdrew.)

MR. HUGO ARTHUR CAMPBELL, sworn and examined.

19,547. I have your précis, but I want to ask you a question or two. You are prepared to testify as to the success of the State Coal Mines in New Zealand and New South Wales?—Particularly New Zealand.

19,548. Are you a native of New Zealand?—I was born and bred at Newcastle and I have been all my life in New South Wales among the coal mines in that country.

19,549. How long have you been in New Zealand?—I spent 12 years in New Zealand.

19,550. In what capacity?—Gold mining. I have organised both the gold mines and the coal mines. I have done a good deal of gold mining, but very little to do with coal mining.

19,551. How long have you been in this country?—Three years.

Chairman: I will now ask the Secretary to read your précis.

Secretary: "I am prepared to testify to the success of the State Coal Mines of New Zealand and New South Wales.

I have found the State Coal Mines of both New Zealand and New South Wales are made far safer for miners to work in than the coal mines owned and controlled by private enterprise.

The first consideration of the managers of the State Coal Mines is the protection and safety of the miners. They are more concerned about the lives and welfare of the miners than they are about anything else.

I have always found the miners in the State Coal Mines were allowed to earn much better wages than the miners could earn in the same country working for private coal companies.

The State Coal Mines are managed for the purpose of giving the miners the best standard of living possible. The private coal companies' mines are underground managed for the purpose of getting the largest amount of coal possible for the least amount of money.

This is the cause of the wretched miserable housing conditions and poverty of the miners and their dependents. It is also the cause of the industrial unrest among the miners. There is greater harmony between the management of the State Coal Mines and the miners employed therein than there is between the management of the private coal companies' mines and the miners employed therein.

The operations of the State Coal Mines of New Zealand and New South Wales greatly reduced the price of coal to the householder. The State produces the coal for the use of the people and not to make a profit out of them. In consequence, the State can sell the coal at a lesser rate than private enterprise. The private coal companies produce coal for profit and not for use."

19,552. *Mr. R. W. Cooper*: I see you speak about New South Wales?—I do not know so much about New South Wales as I do about New Zealand.

19,553. You say you are prepared to testify to the success of the State mines in New South Wales?—I might say "mine" instead of "mines" at Lithgow.

19,554. Were you in the room this afternoon when the Agent-General told us that the Government of New South Wales were not working any collieries?—Yes, I heard the Agent-General of New South Wales giving his evidence here.

19,555. Did you hear him tell us that?—Yes, but I do not think it is true.

19,556. Do you not?—No.

19,557. Let me ask you a question about New Zealand. How many State collieries are there in New Zealand?—There are three.

19,545. *Mr. Robert Smillie*: Will you come and help us? (Laughter.)

19,546. I understand your position is, while feeling that, you do not think it is part of your business to suggest anything?—No, I prefer to leave it to the coal-owners who have studied the matter; I have not. I came to give my evidence here principally as an exporter.

19,558. Give me their names?—The three mines are close together at Rununga on the West Coast.

19,559. Give me the names of the collieries?—I do not know the individual names or whether they have names or not.

19,560. Will you take it from me there are only two collieries in New Zealand?—There may be only two working. There are three. One was worked out recently.

19,561. I hold in my hand a paper for 1917 and 1918. Have you any information as to the number of miners employed by the State in New Zealand?—No, I have not.

19,562. Have you any information as to the output of the State owned collieries in New Zealand?—I want to say this—

19,563. Please answer the question, yes or no. Have you any information?—I want to say the State was producing coal for the internal use.

19,564. That is not my question. Have you any information as to the output of the State owned collieries in New Zealand?—I have not. I do not know the quantities.

19,565. Then why did you not say so? Have you any information as to the total output of coal in New Zealand?—No, I have not.

19,566. Have you any information as to the number of fatal accidents in the coal mines in New Zealand?—No.

19,567. Have you any information as to the financial result of the State Collieries in New Zealand?—Yes, they make a slight profit, or they did, up till when I left three years ago.

19,568. I am a little later than you. I am looking at figures with regard to the result of the State coal mines for the year ending 31st March, 1918. Have you any information as to the amount of time lost at the State collieries in New Zealand by strikes or other similar causes?—I would like, Mr. Chairman, to make a little explanation on what was stated by the Agent-General.

19,569. No. Please answer my question.

19,570. *Chairman*: You shall make any statement at the right moment. The gentleman is asking you a question. If you do not know, say so.—I want to say there was a statement made here, although it might be true, was most misleading.

19,571. *Mr. R. W. Cooper*: The witness is in your hands at present, and he must answer my questions.—I do not know; but I wanted to make that statement.

19,572. Make your statement when I have finished. At present I am asking you questions as to the extent of the coal mines of New Zealand. So far you tell me you know nothing. May I take that as the general result of your answers to me?—I know something about the prices of coal before the State opened the mines, and I know the wages of the miners before, and the wages of the miners afterwards.

19,573. Do you know anything about the time lost by strikes at the State owned collieries in New Zealand?—I do not know the amount; I think it is very small.

19,574. Let me read you the figures from the Government Publication. It is the Report of the Managers addressed to the Under Secretary of the Mines Department at Wellington, and it is published in compliance with the requirements of Section 118 of the Coal Mines Act of New Zealand,

16 May, 1919.]

Mr. HUGO CAMPBELL.

[Continued.]

1908. It is the Port Elizabeth Colliery. The total possible number of working days in the year ending 31st March, 1918, was 268, out of which the colliery worked 220 days. With regard to another colliery, the Liverpool Colliery, and these are the two State collieries, the total possible number of working days was 260 out of which the colliery worked 197½. What do you say to that?—There have been strikes in those mines, but the men in those mines are organised with the rest of the coal miners in New Zealand. The coal miners in other mines had trouble with their employers and they went out on strike in sympathy with their mates, and they did quite right.

19,575. *Mr. Sidney Webb*: I think you are giving evidence very largely from the point of view of the effect of the State coal mines in New Zealand on the price of coal to the consumer and on the condition of the miners?—Yes.

19,576. You have not in your head the statistical results?—No, I did not bring those.

19,577. As regards the price of coal to the consumer is it true when the State opened these mines and got them into working order the result was a reduction of price to the consumer?—When the State put the coal on the market for sale to householders they reduced the price from 1s. 6d. per cwt. to 1s. The State not only produces the coal but distributes it to the householder, and the State instantly increased the wages of the workers from 2s. 6d. to 3s. a day, and eventually they rose the wages all round 30s. week more than what were the wages of the coal miners before the State opened the mines.

19,578. Keep to the price for the moment to the householder. I gather from your answer that the Government of New Zealand had for its object the selling of the coal to consumer at as low a price as possible?—Yes.

19,579. That they therefore deliberately put the coal on the market at a lower price than had formerly been the custom?—Yes, 33 per cent. reduction they put the coal on the market at.

19,580. That is to say they forewent what would be called profit if it had been private enterprise?—The State does not produce or distribute the coal for profit. They do it for the good of the miners and the people.

19,581. Your statement meant the consumer got the coal cheaper?—The coal miner gets a great advantage and has been lifted in the standard of living and the consumer got a reduction on the coal.

(The witness withdrew.)

Mr. ROBERT GROSVENOR PERRY, sworn and examined.

Chairman: This is a witness as to various Public Departments. I am sure you will all read his proof with very great interest. Whether you think it necessary to ask any questions is a matter for you. This is the memorandum of Mr. Robert Grosvenor Perry, on the Control of Productive Operations by Public Departments. He says:—

"It may be of convenience to the Commission if I state that I am Chairman of the Association of British Chemical Manufacturers and Chairman of the National Sulphuric Acid Association. I was Chairman of Messrs. Chance & Hunt, Limited, Chemical Manufacturers, Oldbury, throughout the War, and resigned that position on January 31st, 1919.

Messrs. Chance & Hunt, Limited, were appointed by the then Secretary of State for War, under Agreement dated February 1st, 1915, manager of His Majesty's Factory, Oldbury, which was the first of the many National Factories erected in this country later on, for the production of the many materials and articles commonly called Munitions, which were found, as war developed, to be essential to the effective conduct of modern warfare.

By virtue of my position as Chairman of Chance & Hunt, I thus became simultaneously Responsible Manager, under Lord Moulton, for the construction and operation of the National Factory, known as H.M. Factory, Oldbury, set up for the production of the high explosive, Trinitrotoluene. I, therefore, have practical experience of the administration of

19,582. With regard to wages of the coalminers, you say the coalminers in the State enterprise are in the same Trade Union with the other coalminers of New Zealand?—Yes, and bound to stand by each other.

19,583. I gather from your answer, I do not know if I am right, those of them who work in the State mines earn higher wages than they do in private mines?—Yes. May I reply what that is?

19,584. Yes.—The State are far hotter employers than private enterprise, and the State never objects to reasonable demands made by the workers, and the State increases the hewing rate and the standard of living in the State mines of the State miners. There is an increase in the good standard of living for the miners of New Zealand.

19,585. Does that make the State mines popular with the other mine owners?—No, it has made them most unpopular.

19,586. Although you have not the figures in your head, you give us to understand the State mines have covered their expenses, or, at any rate, up to the time you left?

Mr. R. W. Cooper: I can give you the figures if you want them.

Sir Arthur Duckham: On this subject I should like the other figures this witness has given evidence upon.

Mr. Sidney Webb: The witness is giving evidence on oath.

Sir Arthur Duckham: I should like the figures.

Mr. Sidney Webb: He has given the figures.

Sir Arthur Duckham: I want them. I do not want what he remembers but the public figures.

19,587. *Mr. Sidney Webb*: For the moment his evidence has been given that the Government of New Zealand put the coal on the market deliberately at a lower price than the private colliery owner had been putting the coal on the market? Is that so?—Yes.

Sir Arthur Duckham: Those are the figures I want.

19,588. *Mr. Sidney Webb*: That is the evidence given. The Government of New Zealand would have made a larger profit out of the mines if it had charged the same price as the private colliery owner had been charging?—A considerable profit they would have made.

19,589. From your standpoint you think it is a success, and for the success of a State colliery system it should produce the coal for the consumer at the lowest price and give the best conditions of labour?—I think the production for profit has been a curse to the world.

19,590. That is what you mean by saying it has been a success?—Yes.

productive operations, both by private enterprise and under the ægis of a public Department.

In considering the problem of controlling productive operations by public Departments as opposed to private enterprise, I wish to state certain facts brought to light by the stress of this war, from which I deduce my conclusion

The first instance of the control of productive operations which I propose to cite is the control of the War Office over the arsenals and factories at Woolwich and Waltham Abbey. War disclosed the fact that one result of such control was that while Trinitrotoluene (commonly called T.N.T.) had been accepted as a standard high explosive for Great Britain in case of war, yet no preparation had been made at any productive centre controlled by the War Office for its manufacture. Not only was there no plant for this purpose in existence at those centres, but there was apparently no War Office official who was able to specify the process, or design the plant necessary for the bulk production of this explosive.

Shortly after the outbreak of war the dearth of High Explosive was so serious that a Committee under the Chairmanship of Lord Moulton was set up to consider and advise on the National position in connection with supplies of High Explosives and Propellants. My first experience with this Committee was on December 4th, 1914, when, in response to a telegram from Lord Moulton, I called upon him and

16 May, 1919.]

Mr. ROBERT GROSVENOR PERRY.

[Continued.]

learnt that he was in urgent need of high strength Nitric Acid in large quantities for the purpose of treating the Toluol obtainable from Gas Companies in order to manufacture T.N.T. This, and immediately subsequent conversations disclosing not only the extreme difficulty in the conveyance of high strength Nitric Acid about the country, but also the great urgency of the position, led, to Lord Moulton, acting on behalf of the then Secretary of State for War, Lord Kitchener, entering into an agreement with Messrs. Chance & Hunt, by which that company undertook to place the whole of its resources of personnel, plant, buildings and experience at the disposal of the Government,—in short, to act as Managers to the Government for the erection and operation of a National Factory for the production of high explosive.

The all-important condition asked for by the Company was that H.M. Government should provide a specification of the process to be employed, together with plans and drawings of the plant requisite, and take full responsibility for such process and plant proving effective for the purpose, assuming operation under efficient supervision.

It is here necessary to state that between December 15th, 1914, and January 14th, 1915, endeavours were made by the Government to fulfil this condition in regard to process and plant, but without success, and, on this account, actual operations could not commence at Oldbury. It was not until the arrival from South Africa of Mr. K. B. Quinan, a well-known American chemical engineer, on January 15th, 1915, that actual work began.

I do not wish to say more concerning the events at Oldbury, except that in 14 weeks, commencing on grass land, finished T.N.T. was obtained, and before the end of 1915 3,000 tons had been produced, and the serious shortage of shells so frequently referred to had been overcome.

It is necessary, however, to point out that this operation was based upon the utilisation by the Government of an existing organisation possessed by a private company, and not upon an organisation composed of Government officials.

The second National Factory to be commenced for explosive production was that of Queensferry, Chester, in the spring of 1915. This factory was organised by the Department of Explosive Supplies. The personnel was drawn, as to a very small proportion, from Government Departments, and as to the remainder from scientific and business men obtained not only in Great Britain, but also from the Colonies. It was subject to direct Government control. It did not commence production until the spring of 1916. There are many reasons which may be urged to account for the greater length of time taken to secure production at Queensferry as against Oldbury, and I do not desire to make detailed comparisons. My point is that the initial step taken to secure an adequate supply of high explosive was to utilise an existing firm of British manufacturers, which, with the full assistance of a Government Department, obtained results more quickly than were afterwards achieved.

In this connection, I think it would be convenient to refer to the evidence of Sir Leo Chiozza Money (page 545, par. 23), in which the following statement occurs:—

“The Ministry of Munitions, by setting up an Explosive Supply Department under Lord Moulton, retrieved the situation, which was a very serious one. Indeed, it is not too much to say that national enterprise during the war did in two years for the chemical industry more than had been done for it in many years by private enterprise.”

I am unable to confirm the accuracy of this statement. The Committee, under the chairmanship of Lord Moulton, referred to above as having been set up during the latter part of 1914, was merged, in the early part of January, 1915, into a Department of the War Office known as A.6. It was this Department, of whose energy and efficiency I cannot speak too highly, that took the steps with Messrs. Chance & Hunt and very many other British manufacturers

which resulted in the relief of the then most perilous situation in regard to the supply of necessary explosives. It was only some months later that the Ministry of Munitions was set up, and, though this Ministry afterwards absorbed the Department of Explosive Supplies, this Department was already in full swing as a part of the War Office. It is, therefore, inaccurate to say that this Department was set up by the Ministry of Munitions, nor would it be right for that Ministry to claim credit for the work done by that Department in its early days.

Reverting to the latter half of the quotation made above from Sir Leo Money's evidence, I wish to say that I think it would be more accurate to state that national “need,” when realised by Government Departments and communicated to industrialists, was met at least as much by the enterprise and energy of the latter as by the co-ordinating work properly undertaken by the former. In my view, the fact that the War Office was compelled to hand over to an entirely new Department (i.e., the Department of Explosive Supplies) the responsibility of providing such a vital need of war as explosives, constitutes an argument against complete reliance upon the principle of placing productive operations solely in the charge of Public Departments not subject to periodic judgment by results, as in the case of private enterprise.

It may be said that volume alone would necessitate any Public Department widely extending its personnel to meet the huge demand of this unprecedented war. But in this case, as I have shown, the functions of the new Department were not merely to extend existing operations, but included the far more serious problem of creating *ab initio* processes and plant which, in my view, should have been at hand, if only in small units, ready for the comparatively simple task of duplication. Furthermore, the new Department, when set up, was comprised of men drawn from the professional and industrial classes, with very few, if any, Government officials, and, as I have already stated, the knowledge of explosive manufacture came, not from a Government official, nor yet, even, from a British citizen, but from an American.

I now turn to the evidence of Mr. Sidney Webb (page 531, pars. 12,453 to 12,460, inclusive). In 12,457 the following occurs:—

“The Government production of sulphuric acid has been carried on, as I understand, from such factories as were available at a very much greater advantage than the manufacture of sulphuric acid under private enterprise.

“Q. 12,458. What do you mean by much greater advantage?—In this case, at much lower cost, but much more advantageous to the people concerned in the manufacture.”

I gather from this evidence that it is intended to claim that sulphuric acid plants erected and operated at State-owned factories produced acid much more cheaply than did the plants controlled by private manufacturers, and from this I dissent, nor have I ever seen statistics which justify this statement.

In my opinion, the best practice of British manufacturers, in both high and low strength sulphuric acid, was, at least, equal in efficiency and cost of production to the best results obtained by our overseas competitors. Further, that the sole reason for the smallness of our production of this high strength acid in pre-war days was the lack of demand, due, largely, to the absence of a dyo industry in this country.

In this connection, I would refer to the first step taken by a Public Department to deal with the sudden need for large quantities of high strength sulphuric acid. When, in the early autumn of 1914, the War Office wished to obtain high strength sulphuric acid, they met the situation by purchase from America. They did not do this without consultation with one or more sulphuric acid manufacturers, but, finding that the position in this country in regard to the production of this particular strength of acid was one in which very large quantities could only be provided after the erection of additional plant, they did not encourage the manufacturer to extend, but decided to purchase the supplies abroad. In the execution of this policy expert manufacturers were not consulted.

16 May, 1919.]

Mr. ROBERT GROSVENOR PERRY.

[Continued.]

insufficient precautions were taken in the transit overseas, the result being that ships were lost, large quantities of the product wasted, and, in my view, not more than 75 per cent. of what was brought over reached its destination. Worse still, the development in production of high strength sulphuric acid was hindered in this country owing to this action, and it was only when the Department of Explosive Supplies realised the position some months later that encouragement was given to British manufacturers to erect new plants or extend their old ones, and thus supply the need by home production.

I would, in addition, cite the purchase of T.N.T. as a case in point. Our early purchases from U.S.A. cost 4s. per lb. I am in a position to say that approximately 50,000 tons of T.N.T. made at Oldbury cost 14-4d. per lb., including every penny expended on any account (i.e., both capital and operative), and, even assuming what is untrue, that the Oldbury plant and buildings are worthless at the end.

I can further instance ammonium perchlorate, the need for which arose, and which was met by both national and privately erected works. I am informed that the State-owned factory at Langwith did not produce for many months after the privately erected works of the United Alkali Company, which latter works were begun three months after the date on which Langwith was commenced.

Again, let me instance the case of nitrate of ammonia, the demand for which grew to an extent reaching nearly 4,000 tons a week, whereas in pre-war days I do not think the country produced 100 tons a week. This huge demand was met by the Department of Explosive Supplies making known the need to manufacturers, who overcame the difficulties presented, devised new processes, and, by extending their own organisations, achieved results that at one time seemed impossible.

From the foregoing statement I deduce what, in my view, has been proved many times throughout the war, namely, that efficiency is best obtained by close co-operation between public Departments and private enterprise, rather than by the individual action of either separately. There also emerges quite clearly the need for public Departments to make known to industrialists more frequently and widely the possible requirements of the nation. If the Government official will realise this need and take advantage of the brains and energy waiting to supply it, I think the futuro holds small danger of a repetition of past events."

19,591. *Sir Arthur Duckham*: I think the point you wish to bring out in your second column is as to a factory which was constructed at Oldbury, if I may say so, by private enterprise; but inasmuch as it was managed for the Government it produced a product unknown at that time in 14 weeks?—Yes.

19,592. The other factory at Queensferry, Chester, built with the full knowledge of the Oldbury factory, but under State control. I mean the building was somewhere about nine months to a year?—That is so.

19,593. Even then the second had the full knowledge of the first?—Yes.

19,594. Is your opinion that a factory constructed under the particular management of a firm is more rapidly constructed, and from your evidence, afterwards more economically run than anything done by State enterprise?—I agree.

19,595. With regard to the manufacture of acids in this country you make a statement. I presume the question of acids refers to high strength acids as far as the State is concerned?—Yes.

19,596. Have you any figure of a privately owned concern to compare with a State owned concern at the present time or at the end of the war as to what they were producing. Was it approximately the same?—No. Prior to the war many thousands of tons of this high strength acid were sold by a private firm at a figure of £4 10s. per ton. That figure to-day could not be repeated, but the cost of production claimed by the State factories—

19,597. Was that with a full allowance for all the &c., such as overhead charges, and that kind of thing. I want you to include that?—Yes; the cost of produc-

tion claimed by the State factory to-day for that same quality of acid is £8 per ton. The two factories are not directly comparable, but I am prepared to state that the same private manufacturer has to-day a lower cost of production than the £8 per ton claimed by the Government.

19,598. There is a point I want to make clear. The question of the dye industry has been put forward at this Commission as a State enterprise to a very large extent. Is it not a fact that the dye industry of this country is very largely due to the private enterprise of the firm of Levinsteins?

Sir Chiozza Money: Who put that forward?

Sir Arthur Duckham: It has been brought forward.

Chairman: I do not remember it.

Sir Arthur Duckham: It has been brought forward?—The present position of the British dye industry is undoubtedly due largely to the energy of the private firms.

19,599. That is to say, the development has been more due to the private firms?—During recent years.

19,600. This last statement of yours, is that a statement you find held generally by people in your position?—May I ask you if you refer to my deductions?

19,601. Yes, in the last paragraph?—I think my answer is an unqualified affirmative.

19,602. I put it it means really you consider private enterprise assisted by the State with the co-operation of the State is the best thing for industry?—It is the most efficient way, I believe, of securing production.

19,603. *Sir L. Chiozza Money*: I believe you are the manager of an exceedingly successful war factory?—I was.

19,604. An exceedingly successful one?—It is very kind of you to say so.

19,605. Under Lord Moulton?—Yes.

19,606. I think you agree that every one at this Commission has paid a very high tribute to the work of Lord Moulton?—I entirely agree.

19,607. This factory that you mentioned was enlarged very greatly under the Explosive Supply Department?—May I give the figures.

19,608. Yes?—It began at 30 tons a week and finished at 586.

19,609. Who supplied the capital for the extension?—The Government.

19,610. It is not unfair to say they did organise, with your valuable help, this particular factory?—Undoubtedly.

19,611. And they were fortunate enough to secure your unmanagement?—We were the managers.

19,612. They went to work in a common sense way. They supplied various capital, plans and specifications, and got a capable manager. That is, roughly, what they did?—Thank you.

19,613. It is true, so far as T.N.T. is concerned, it was organised under Lord Moulton, with your assistance?—May I say with the assistance of a large and exceedingly efficient organisation of trained men?

19,614. Nevertheless, they did help you by supplying plant, money, and the rest of it, to expand it, otherwise you could not have done it?—I entirely agree.

19,615. Is that exactly what I say in the paragraph you criticise? Indeed, is it not true the only correction that needs to be made in that paragraph is this: that I did not put in the fact that the Explosive Supply Department began and had its origin at the War Office? It does not alter the argument about the co-operation between the State and private firms. If this paragraph was altered so as to read "The War Office, by setting up an Explosive Supply Department under Lord Moulton," that paragraph would be accurate?—If you leave out the words "The Ministry of Munitions" it would.

19,616. The Ministry of Munitions expanded the Explosive Supply Department out of all knowledge?—I cannot accept that.

19,617. It multiplied it over and over again after it took it up?—I should say it was the Department of Explosives Supply that expanded its factories as the needs of the war increased.

19,618. The Supply Department was a part of the Ministry of Munitions?—At a later date.

16 May, 1919.]

Mr. ROBERT GROSVENOR PERRY.

[Continued.]

19,619. At an early date in the war?—Yes.

19,620. Under the Ministry of Munitions it was expanded over and over again?—Yes.

19,621. This paragraph is accurate except it ought to say the War Office began the work?—Yes.

19,622. That does not alter the argument?—Is not there another point?

19,623. What is it?—I want to bring out the fact that the Explosives Department, despite the very vital commodity with which it was concerned, had to be set up by the War Office, an existing Government Department, whose function should have been to look after explosives.

19,624. You say you can confirm this statement. Out of your mouth you prove the truth of all I said, except you add you co-opt the War Office with the Ministry of Munitions with regard to the credit that ought to be paid to the Government Department. Is not that the fact?—I cannot agree with you entirely. I think you would prefer the actual truth, which is that the Department which you have said was so successful was set up by the War Office and not by the Ministry of Munitions.

19,625. I know the facts. When the Ministry of Munitions took over the Explosives Supply Department, if you compare that position with the position that obtained, say, in the middle of 1918, there is no comparison of the two things. One was a little thing; the other a very big thing?—I accept that.

19,626. Was not I right in saying the chief credit was due to the Ministry of Munitions and not to the War Office, and they are both Government Departments which does not affect the argument. The State did organise this industry during the war with the assistance of men like yourself?—I was concerned with the Explosives Supply Department.

19,627. You speak of sulphuric acid on page 2. Were the works you refer to the Gretna works?—I do not refer to any public works in particular.

19,628. Do you know anything about the sulphuric acid works at Gretna?—Yes.

19,629. Do you consider it a good plant?—Yes.

19,630. Do you consider it is capable of economic production?—It is capable of economic production, but you must remember sulphuric acid we get at Gretna must be used at Gretna to make something else, because Gretna is too far removed from points of consumption.

19,631. Is it not true that was set up for war purposes and cordite was manufactured at such a price as to save us an enormous sum of money in the purchase of cordite?—Yes.

19,632. Is not that a tribute to State enterprise?—Yes.

19,633. *Mr. Sidney Webb*: You criticise my statements made under cross-examination. You have set out this: "The Government production of sulphuric acid has been carried on, as I understand, from such factories as were available at a very much greater advantage than the manufacture of sulphuric acid under private enterprise." That means the Government factories were making sulphuric acid at a less cost than private enterprise. I had in my mind Gretna. I have seen the figures. No doubt you have?—Yes.

19,634. Was I not right, though I could not remember the figures, that the sulphuric acid produced at Gretna was being produced at a lower cost than, I do not say any factory in the country, but the great majority of factories in the country?—It is not fair to compare the best practice with the average practice.

19,635. Why not? The point of the argument is that the State factories will be throughout and are throughout of the best. One of the advantages of nationalisation is that you do make the standard throughout?—Let us have the average of the Government cost; not one.

19,636. The average sulphuric acid cost. You said in your answer that you granted the sulphuric acid was being made at less cost in the State factories?—No I did not.

19,637. You did. Do you dissent from the fact that the sulphuric acid at Gretna was being made at less cost by those at Gretna than the sulphuric acid that

was being made by private enterprise?—I cannot agree to that statement.

19,638. You say that private sulphuric acid was being produced at less cost than at Gretna?—Yes, and to-day.

19,639. Not to-day; I am not dealing with that?—All through the war it has been produced at less cost than at Gretna.

19,640. That is not the recollection of my figures. That is not my recollection of Mr. Quinan's document?—That is another matter.

19,641. I was justified in making that statement on Mr. Quinan's figures.

Sir Arthur Duckham: I think the figure is a matter of cost on the works. You may have a less cost, but you may have higher over head costs that do not appear at all in the figures.

19,642. *Mr. Sidney Webb*: My statement is accurate as far as it goes?—I cannot agree that Gretna or any other individual Government factory has produced sulphuric acid more cheaply than private enterprise.

19,643. I have sat on a Committee, and your testimony is contradicting the other testimony which I have had access to. You say the best practice of British manufacturers in sulphuric acid is equal in efficiency and cost of production to the best results obtained by our oversea competitors. That is not the statement I made?—Yes.

19,644. You quote here as if it were a contradiction of my statement?—I did not intend that.

19,645. With what relevancy was that quoted? The mere fact that the British sulphuric acid manufacturers did it better than the Germans is not a discussion between State and private enterprise?—There has been a great deal of discussion about it in this country. It has been stated that the industry is inefficient.

19,646. What have we to do between English sulphuric acid and German sulphuric acid?—I agree with you.

19,647. With regard to the sulphuric acid question, you state that even if sulphuric acid was produced at a lower cost at Gretna it has to be borne in mind it was heavy stuff and would have to be taken away to somewhere else—Gretna is not advantageously situated?—It must be utilised there.

19,648. Is that relevant when the Government wanted it there. The Government put up its factories where it wanted it. I was not asserting that the Gretna works would produce phosphate, but I said sulphuric acid?—My answer was with regard to a question I think Sir Leo asked me, if it was an economic production.

19,649. My statement was on production?—Your case was, it was cheaper at Gretna than anywhere else.

19,650. Then you do not differ from my statement with regard to production?—Which statement is that? I dissent from the statement that sulphuric acid was made at Gretna or, say, in controlled factories, at a much lower cost than by private enterprise.

19,651. Do you dissent from that statement as regards Gretna?—I do.

19,652. The Controller and Auditor General is not an expert in these things. He is an expert in accountancy. He does say, as a rule the output of the national factories compare favourably with the prices of private contractors?—I do not know what "output" means.

19,653. I think you know quite well what output means and what I mean by output. It comes to a difference in the figure. Have you not rather taken into account the Government is not making so much profit on its enterprise as the private manufacturer?—No.

19,654. Was not that what you meant?—No.

19,655. Is not that the effect of what you said?—No.

19,656. With regard to your last paragraph in which you say that efficiency is best obtained by a close cooperation between public departments and private enterprise, you suggest that is a good system. Would that be open to the criticism that the Government would enable the private employer to make larger profits?—Not necessarily.

16 May, 1919.]

Mr. ROBERT GROSVENOR PERRY.

[Continued.]

19,657. Do you suggest seriously as a plan for the coal industry that the Government should lend its co-operation and help to private enterprise in coal production in such a way that it would increase the profits of the coal producer?—I make no such statement.

19,658. I am trying to get what you suggest to us. What do you mean by this last paragraph. Do you suggest the Government should help the colliery proprietors to get the best possible result?—I suggest, in my opinion, efficiency is best obtained by co-operation between Public Departments and private enterprise.

19,659. Formulate that into words. This efficiency in production leads in the case of private enterprise, to larger profits. Is not the idea of private enterprise to get more profits?—That is one of them.

19,660. Will it not mean, other things being equal, larger profits?—It may do.

19,661. Are you suggesting the Government should lend its assistance to private enterprise that it should cause larger profits to be made. You have not thought of the effect on profits?—I have.

19,662. Do you think it would mean larger profits

or smaller profits. You tell me you had in view the effect on profits?—Yes.

19,663. What effect do you think that would have on profits. Would it leave profits absolutely unlimited; make them larger or smaller?—If efficiency throughout was equal, it would be the same.

19,664. You think the Government should co-operate with private enterprise, but that would have the result of leaving the profits of the industry neither larger or smaller?—The main thing would be it would reduce the cost of production.

19,665. What would be the effect on profit?—That depends on other countries besides our own.

19,666. What effect would that have on profits?—I cannot speak to that.

19,667. You say you think co-operation of Governments and private enterprise would tend to greater efficiency, and in private enterprise you cannot have greater efficiency without larger profits?—Do not you want efficiency?

19,668. I want to know if you would make larger profits?

19,669. *Chairman*: Do you understand the question?—My answer is yes.

(Adjourned to Tuesday morning at 10-30.)

SECOND STAGE—FIFTEENTH DAY.

TUESDAY, 20TH MAY, 1919.

PRESENT:

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. R. W. COOPER.

SIR ARTHUR DUCKHAM.

MR. FRANK HODGES.

SIR LEO CHIOZZA MONEY.

SIR ADAM NIMMO.

MR. ROBERT SMILLIE.

SIR ALLAN M. SMITH.

MR. HERBERT SMITH.

MR. R. H. TAWNEY.

MR. SIDNEY WEBB.

MR. EVAN WILLIAMS.

SIR RICHARD A. S. REDMAYNE (*Assessor*).

MR. ARNOLD D. McNAIR (*Secretary*).

MR. GILBERT STONE (*Assistant Secretary*).

The Rt. Hon. BARON GAINFORD OF HEADLAM, Affirmed and Examined.

19,670. *Chairman*: Your proof, which is headed "The Mining Association of Great Britain," says, in the first three paragraphs:—

"I am Vice-Chairman of Pease and Partners, Limited; a director of T. and R. W. Bower, Limited, owners of Allerton Main Collieries, Yorkshire; of the Broomhill Collieries, Limited, Northumberland; and have been engaged in the direction of collieries and ironworks for a period of 37 years. I am a member of the Durham Coal Owners' Association, and for many years have been a member of the Executive Council of the Mining Association of Great Britain. I am chairman of the National Association of Coke and Bye-Product Plant Owners. I am a member of the Committee of the Privy Council for Scientific and Industrial Research.

I have occupied the position of patronage secretary to the Treasury, and as a Minister of the Crown I have been Chancellor of the Duchy of Lancaster, President of the Board of Education, and Postmaster-General.

The evidence I shall give is given with the authority of the Mining Association of Great Britain, but as it is a voluntary association, it must be understood that anything I say cannot legally bind any particular member of the Association, nor, of course, any coal owners outside the Association."—Yes.

19,671. That is the method under which you will give evidence, and I will now ask you to be good enough to read your proof?—"I am opposed to the nationalisation of coal mines and to any system of management of collieries which involves joint or dual control. If I had only my own personal convenience to consult I should not be averse, at my age, to an arrangement by which my interest in the collieries with which I am associated were bought out on fair terms and in return for hard work and services rendered, and I could have leisure and equivalent compensation. But I feel it a public duty to do everything I can to oppose nationalisation and prevent the injury to Britain's commercial position that would follow in its train. I am convinced, through actual

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

experience as a director of collieries and a Minister of the Crown, that the nationalisation of the industry would be nothing less than a disaster to the nation.

By nationalisation I mean the purchase of mines by the State and the control and management of the mines so purchased by officials or servants of the State, nominated for the purpose, with or without representatives of the workmen.

As for joint control, this expression appears to me to be used in two quite distinct senses. Sometimes it is used to indicate a scheme by which different owners join in a unified control of some branch of the coal industry. At other times it is used to describe a system by which the workmen join with their employers in the control and management of the mine. In recommendation IX of the Chairman's Interim Report it seems to me joint control is used in the first of these senses (compare recommendation XI and contrast recommendation X). The sense in which I am using it in what I am about to say is, however, the second. I am opposed, for reasons which I will explain, to the workmen joining in the executive management of the collieries where they work, though I am strongly in favour of their being given fuller opportunities than they have had in the past of learning the conditions of the industry and conferring with the employers on matters of common interest.

Onus of Proof.

To justify so far-reaching and vital a change in the ownership and administration of the mines, I submit that the onus of proof lies with those who advocate it.

It is for them to show either (a) that nationalisation of every industry is necessary or desirable, or (b) that the mining industry possesses characteristics peculiar to itself which call for exceptional treatment and make nationalisation of it necessary or desirable.

(a) The questions put by the Commissioners on the left of the Chair appear to disclose, in the minds of all of them, a preconceived and settled opinion in favour of the nationalisation of every industry. Such a policy, I am convinced, would at all times and in every industrial country be disastrous to the whole nation and spell ruin to the workers themselves. But at a time of extreme financial stress like the present, when it is imperative to get industry restarted in the United Kingdom at the earliest possible moment, the mere fact of their talk of general nationalisation is paralysing enterprise, old and new, and constitutes a grave hindrance to the return of prosperity. I believe the nation as a whole has had more than enough of Government control, and is convinced that State management of industrial enterprise means waste, inefficiency, and want of progress. State ownership and management should be resorted to only if the peculiar circumstances of the specific undertaking preclude resort to private ownership and management.

(b) I utterly reject the idea that any such particular circumstances attach to the mining industry. And, leaving on one side the academic theorists, who, with no personal experience of conducting industry themselves, would like to nationalise all industry, I maintain it is for those who contend that there are such particular circumstances in the mining industry to make good at least the following propositions:—

Propositions.

THE NATIONALISERS MUST PROVE:—

- (1) That there are such particular circumstances (a) or (b), affecting the mining industry.
- (2) That such defects as there may be in the industry as at present conducted cannot be cured whilst still preserving the system of private ownership and management; or alternatively
- (2) That their remedies for curing those defects do not entail in themselves such drawbacks as to make the remedies impracticable or undesirable.
- (4) That those defects can be cured, i.e., got rid of, by nationalisation.

- (5) That the evils resulting from nationalisation would not be more injurious to the nation than the evils of the present system, which it is suggested nationalisation would cure.

I submit these propositions have not, so far, been—and for that matter cannot and will not be—made good; and I now proceed to give my reasons why the system of private ownership in mines is best for the State.

The case for nationalisation up to now has been presented to the Commission and the public partly by the evidence of witnesses like Mr. Straker in the first stage of the enquiry, and Mr. Webb and Sir Leo Money recently, and partly by statements of Commissioners made or implied in the course of questions put by Commissioners to witnesses. But neither in the evidence nor in the questions has there been any attempt to distinguish between arguments in favour of nationalisation generally and arguments based upon the characteristics of mining, peculiar to that industry as distinguished from others. And yet to a clear or indeed a sane judgment on the question such a distinction is vital. Let me illustrate my criticism: of all the various arguments put forward there are few which on examination do not appear equally applicable to every other industry. One of the chief arguments is that output will be increased by nationalisation because the miners will be more contented—that there will be less absenteeism or less friction or less unrest because the men will no longer feel they are earning profits for private capitalists, and that the "Government stroke" by the hewer's pick will, for the same reason, mean increase and not restriction of output. Another argument is that comparative costings between different undertakings will reduce costs of production all round: or that research can be conducted on a large scale.

All these arguments, like the attack on profit making as the basis of industry, may be sound or unsound—and I am convinced they are unsound—but they have nothing to do with mining in particular. They are equally applicable to cotton or steel making, or shipbuilding, or the chemical trade.

If the general case for Nationalisation—i.e., for nationalising all means of production—be rejected, the case for nationalising the mines because of peculiar conditions in the mining industry is reduced to very meagre proportions. If it has seemed to loom large in the public eye it is chiefly because of the confusion in which the general and the particular arguments have been mixed together in this enquiry. I repeat, the particular arguments, germane to the mining industry as such, are very few in number. They are based on certain defects or difficulties resulting from or connected with the present system. But I believe a satisfactory solution for the difficulty or remedy for the defect can be found which will preserve the advantages of private enterprise and render utterly unnecessary resort to so tremendous, so dangerous, and, in my opinion, so disastrous an experiment upon our commercial prosperity as Nationalisation. I deal with them in later parts of my proof.

I. NATIONALISATION.

I assert that of all staple trades the Coal Trade lends itself the least favourable to an experiment in nationalisation, that the mining industry is really the most intractable of all the industries, because of the character and variety of the problems involved. The impossibility of securing uniformity of plan and method in connection with the constantly varying operations of each colliery. The true position is really not understood by those who regard coal as the foundation of every industry; whereas it is those engaged in other industries who utilise the coal who are the more direct benefactors of the State. A stream of coal from a pit shaft is of no more value in itself than a stream of lava on the side of a volcano. It is its subsequent treatment that gives it value. It is the men who treat the coal by destroying its character who earn for the collier his wages. In other words, coal does not materialise unless it is subjected to a series of metamorphoses. It is the

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

brains and hands of other partners in the State than colliers that work up the raw material into something useful for the consumers. Ignoring for the moment the householder, there are at least seven workers in other industries to every one miner who ought to be first satisfied that the nationalisation of coal will be an advantage to the particular trades in which they are engaged.

It is easy to be attracted by the theory of nationalisation if you have no direct knowledge of the difficulties of coal mining, or if you fail to grasp the fact that mining is so varied and speculative an industry that it can only be run successfully on the basis of private enterprise and individual effort, or if you fail to realise that the remuneration of labour more than anything else depends upon the total profits of the industry. The advocates do not realise that there are vast issues at stake, what disastrous results would accrue to the nation in the event of failure, or the fact that if the experiment failed it would be almost impossible ever to recover the position.

Its Results.

The inevitable result of *Nationalisation* would be:—

- A.—(1) An increase in cost of production raising the price of coal (a) to the consumer at home, (b) for export.
- (2) As a result of the increased price at home many other National Industries dependent upon a cheap supply would collapse.
- (3) The increased cost for export would lead to a decrease in the quantity exported.
- (4) This would have most serious reactions to the prejudice of the shipping trade.

During 1913 out of 97,190,000 tons carried by vessels sailing outwards from this country 76,690,000 tons consisted of coal. The reduction of these outward cargoes of coal would result in vessels having to sail outwards in ballast, with the consequence that the homeward freight would have to be raised to cover both the outward and homeward voyage. C.P. 7401—7616.*

- (5) Increased freights would in turn produce an increased cost of the commodities imported, and in particular of the country's raw materials and food.

By the sequence of results indicated above our national prosperity would be jeopardised, and our trade as a whole would be imperilled and in my judgment, to a great extent, destroyed.

B.—A further and direct result would be the loss to the State of a very substantial revenue at present derived from Income Tax and Mineral Rights Duty.

C.—In my opinion the State would have to meet in addition heavy losses in capital expenditure and in the working of unprofitable collieries.

Past Development met National Needs.

When facts are examined it becomes apparent that no weight can be attached to the argument that since coal lies at the bottom of our industrial position, it ought not to be worked by individuals for private profit. The fact is that the production of coal in the past has been commensurate with the national needs; that it has been developed and worked with remarkable efficiency, and that for a number of years past the mines as a whole have net earned excessive profits for the shareholders, many of whom are comparatively poor people, but only a very moderate return on the money invested.

Illustration of Profits.

That there have been great fluctuations in the coal trade must be admitted. As an illustration, I give the case of Pease and Partners,

* Annual Statement of Navigation and Shipping of the United Kingdom, 1913.

Limited. During my first 10 years, 1882 to 1892, the firm were only able to distribute an average dividend of 1.6 per cent. per annum to their shareholders; during the 10 years before the war, 1904 to 1913, the dividend reached just under an average of 11 per cent. During 5 years we paid no dividend at all, and during another period of 5 years we paid just under an average of 15 per cent., and I regard my own firm as typical of many others. It is the speculative character of the Industry which attracts the private investor.

The profits submitted by the Inland Revenue show that the profits are not so great as those in other important industries of the country, and having regard to the fact that many collieries have been worked at a loss, and that the losses are not included in the statement of profits produced in the return, it is surprising that in an industry where large risks have to be expected, the average profit derived has been relatively small.

Development Due to Enterprise.

Coal owners have not been slow to risk their capital in the development of coal, and have taken risks which the State never could have undertaken, wherever there appeared to be any possible expectation of success. The development in output during the past 30 years prior to the war, from 128,000,000 tons to 288,000,000, and an increase in the men employed from 492,422 to 1,118,452, is eloquent testimony to the enterprise, initiative and skill which coal owners and their managers have brought to bear upon the industry. So far from necessary development having been retarded in the hands of the present owners, all available evidence shows that the full quantity of coal required from time to time by the nation has always been forthcoming, and an export trade has been steadily built up. (N.B.—16 million tons in 1873 to 82 million tons in 1913.)

Development on Efficient Lines.

Advantage has been taken of all the skill and knowledge which the progressive discoveries of mining and other engineers and scientists have made available for the conduct of the industry, and with all due respect to the interpretation which some people have placed on the paragraph in the Commission's Interim Report, condemning the present system of private ownership, I maintain that the system of private ownership, however it may be improved, will always hold the field against any other system. Instead of our being behindhand, Sir Richard Redmayne has stated that under private enterprise the mines have been laid out better than those in any other country, with possibly the exception of Belgium. The terms demanded by miners have frequently prevented and retarded fair trials being given to coal cutting and labour saving appliances which managers have been keen to introduce.

Progressive Character of Industry.

The mining industry to-day, taken as a whole, is run on highly efficient and progressive lines; it utilises and advises mining and engineering knowledge and skill as it develops, until to-day a modern colliery is equipped in accordance with the most advanced ideas, and even in connection with older collieries there is constant revision of methods, and the application of new and more up-to-date plant, and to whatever part of the colliery undertaking criticism is directed, it will be found that, with possibly a few exceptions, there has been continuous progress, and that this industry has nothing to fear by comparison with any other industry in the country.

You cannot compare the James Watt steam engine with a modern locomotive, yet at the time James Watt's discovery was epoch-making. All along the line in the mining industry the movement has been steadily from the lower to the higher, from the less efficient to the more efficient, and from dangerous methods to those calculated to prevent accidents and protect life.

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued]

Safety. The British Record.

Our records show we are not unmindful of the safety of the men we employ. The average death rates of miners in the five years ending 1912 were in U.S.A. 3.26 per 1,000; Germany 2.51 per 1,000; New Zealand 2.39 per 1,000; United Kingdom 1.18 per 1,000, and it is admitted there has been a steady diminution of serious accidents.

Mines Managers.

The managers of our mines are men of large experience, technical skill, qualified by long underground experience before they are certificated, and the mines worked under them are more efficiently managed than any mines in the world. I have visited mines in Mexico as well as in South Africa. There has been no evidence in particular, or of a specific character, submitted to the Commission, to show that the industry is wasteful or extravagant, although it must be recognised that efficiency must always be a relative term. A large number of particular cases must be advanced to justify such a charge. General statements are useless, and I venture to re-affirm that so far there has been no detailed statement which could be regarded as evidence to show that the mining industry should be taken out of the hands of the present owners and put under some entirely imaginary management unable to supply the experience, knowledge, skill and efficiency which the existing owners and managers have acquired.

The men in possession take a pride in such success as may have been attained through their achievements. That feeling contributes more to efficiency than any mere motive of gain.

From my experience as an administrator in the two Government departments which controlled, before the war, the largest number of persons employed by the State, I assert it would be impossible under a Mining Department run under a system of nationalisation to reach the same degree of efficiency as has been attained by private enterprise.

I give two illustrations of enterprise on the part of private owners which it would be impossible to expect from Government officials. The first is the case of the Horden Collieries Limited, which I have visited, and in which my firm holds an interest, and I include in my evidence the following statement signed by the Managing Director of the Company:

The Horden Collieries, Limited.

The history of this company is an example of the necessity for private enterprise in the development of Coal Mines.

The company was formed in 1900 and an appeal for capital was made to the public. The flotation was strongly criticised as being highly speculative in the following papers:

Daily Mail, February 6th, 1900; *Critic*, February 10th, 1900; *Economist*, February 10th, 1900; *Statist*, February 10th, 1900; *Financier*, February 9th, 1900; *Globe*, February 10th, 1900.

The criticism in the *Financier* was in the following terms:—

‘Investors who respond to the invitation to subscribe capital to the Horden Collieries Limited will not be able to exact much sympathy if the venture should turn out to be an unprofitable one, for the directors openly acknowledge in the prospectus that all undeveloped mining enterprises must necessarily be somewhat of a speculative character. Even this candid avowal, however, does not render the investment one which is deserving of support, for the elements of speculation exist in too marked a degree to encourage the public.’

The circumstances attending the formation of the company were that they purchased or leased mining rights of about 17,000 acres of which about one-half is under the sea and owned by the Crown. The property included the Castle Eden, Shotton and Hutton Henry Collieries. Two only of these properties have paid a dividend at all, and that only 2 per cent.

in one case and 5 per cent. in the other. They all came to grief owing to water trouble, and the whole of the share capital, amounting to about half a million pounds, spent over nearly 25 years, was lost.

As a result of an appeal for £250,000 by the Horden Collieries Limited to the public in 1900, only £45,000 payable over 5 years was subscribed, and the remainder of the capital was raised by the directors and their friends. The share capital now stands at £983,310, the debenture stock at £300,000 and loans at £139,000.

The difficulties which had to be faced in winning the coal were enormous; how they were surmounted is briefly as follows:—

Three shafts were sunk at the Horden Colliery, and water to the extent of 10,000 gallons per minute had to be pumped during this operation. The shafts had then to be ‘tubbed’ by upwards of 5,000 tons of cast iron segments to keep out the water and the running sand. It was six years before the first 1,000 tons per day was drawn. Since then 3,750 tons have been drawn in one day from Horden Colliery alone. The three shafts were sunk in order to have a third as a ‘stand-by’ in case of need—as little was known as to the nature of the ground to be sunk through. In sinking Hutton Henry one shaft was totally lost in the sand.

Shotton Colliery was unwatered and reopened and thousands of pounds have been spent here during the last 10 years in driving a main haulage way through stone to take the place of the five old main haulage ways in the various seams, the upkeep of which was very expensive, and caused much interruption to work. The benefit derived from all this expenditure is only now commencing to be reaped.

Two shafts at Blackhall were sunk, and this involved pumping 15,000 gallons of water (weighing 67 tons) per minute for many months until the water was ‘tubbed’ off. This consisted largely of sea water finding its way through fissures in the limestone. Here also 5,000 tons of cast iron segments were used. To make security doubly sure liquid cement was filled in behind the tubbing both at this colliery and at Horden to stop the flow of water from the limestone and sand in case of accident to the tubbing at any future time. All the boilers, engines and pumps used in the sinking were taken out and disposed of, and electrical pumps and winding engines were installed at great initial expense but with definite ultimate service. The sinking was commenced in August, 1908, and 1,000 tons per day were first drawn in August, 1915 (an interval of seven years). This colliery is capable of drawing 4,000 tons a day and is the largest purely electrically driven colliery in the country; in fact, it is the model on which the French (after several visits of inspection by their engineers) are proposing to re-construct their own ruined collieries.

The sinking and the electrical equipment of this colliery formed the subject of a paper read by Mr. Prest and Mr. Loggat before the Institution of Mining Engineers on June 4th, 1914.

Before leaving this part of the subject I must testify to the skill, endless resource and enormous energy shown by our manager, Mr. J. J. Prest, by whose indomitable perseverance and courage all difficulties were overcome.”

I do not know whether I may interpose here, but I should like to say that I am not suggesting for a moment, with a system of nationalisation, Mr. Prest would not be willing to afford the best services he possibly could under a system of that kind, but what I do suggest is that under the system of nationalisation he would never have had the chance:

“By-product coke oven plant has been erected at two of the collieries; electric power is generated from the waste heat, and the total expenditure on the collieries and coke ovens has exceeded one million and a half.

The company has expended nearly half a million on the building of over 2,000 workmen’s houses, in many of which electric light is installed. These houses will compare favourably with any modern workmen’s dwellings.

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

As the coal resources are so extensive, the main ways in the collieries are built on permanent lines, the roof supported by girders, and the sides bricked.

The collieries are equipped to draw nearly twice the present output of 6,000 tons a day, and when all collieries are fully at work and sufficient house accommodation provided, the daily yield will reach 10-12,000 tons.

In order to complete the undertaking, and re-equip the Castle Eden Colliery, nearly a further million sterling will be required, the greater portion of which will be for building further miners' houses.

Under normal circumstances the Castle Eden Colliery would now be re-opened. Electric pumps capable of dealing with 4,500 gallons of water a minute have been already installed at Blackhall Colliery, which lies to the dip of the flooded Castle Eden workings.

The amount expended over the first seven years after the company commenced operations and before any dividend was paid was about £800,000.

The publication of the Coal Industry Commission Interim Report has arrested all attempts of development and building, and consequently all plans for the re-opening of Castle Eden Colliery have been suspended.

E. R. WHITWELL,

Vice-Chairman and Managing Director.

May 2nd, 1919."

That is the end of the Managing Director's letter.

Then I come to the case of Thorne:—

"The other case is that of the Thorne Colliery, which Pease and Partners, Ltd. propose to develop in an entirely new district, about nine miles east of Doncaster. The coal believed by my firm to be underlying this area we expect to find 940 yards below the surface, a depth not previously reached by any coal shaft in this country."

For the purpose of accuracy I ought to say that while we intend to sink 940 yards, the Barnsley Seam ought to be found at 916 yards, according to the indication of the bore. The Barnsley Seam is at 916 yards and the Dunhill at 930. We intended to sink to both those seams, and to sink a total distance of 940 yards.

"It is admitted that the mining difficulties may be considerable owing to the high temperature in working the coal at such a depth; even the marketable quality of the coal cannot be determined until it is reached. I am satisfied that if I had been at the head of the Mining Department under a system of Nationalisation I could not have secured the support of my Department in proposals to exploit the taxpayers' money in an enterprise of so speculative a character. My firm has already spent in sinking, and over a process of freezing which they thought was the best way of getting through their difficulties in the water-bearing stratification, a sum of £393,900. Our estimate to complete the sinking under a new process of cementation would involve a further expenditure of £377,333. Had it not been for the appointment of the Commission we were proposing to at once proceed with this work. The maximum output of the colliery is intended to be about 1,200,000 tons per annum, but if we are to be restricted by Statute to only a profit of 1s. 2d. per ton, and make provision for renewals and depreciation, and allow 5 per cent. on capital during development, a profit of only about 4 per cent. would be all that could be ultimately distributed to the shareholders, even if we were relieved of providing housing accommodation for our workmen, and all our hopes were realised. Obviously, if that return represents the utmost prospective benefit to the shareholders, it would be quite impossible for us, as their trustees, to proceed with the undertaking. If the Company provided houses there would be a heavy loss and no return at all, unless a rent was charged such as no collier has ever been accustomed to pay.

Distribution.

It is asserted that the price paid for household coal is frequently excessive, and that this evil is attributable to a system of private ownership.

If for the purpose of argument I admit the evil exists, I reply that it has nothing to do with the private owning of collieries.

The coal owner sells, as presumably the State would do, in the best market, and if a buyer controls, say, all the depots in a town, he can employ middlemen and commission agents as he will, as he possesses a monopoly. If this sort of thing obtains, then it is the fault of the local authority or the consumers themselves for not having made other provision for the delivery of the coal.

I would call attention to the fact that, in the Chairman's Interim Report, page 14, where, out of the total price charged to the consumer in London of 44s., only 21s. 2d. is for coal 'as it comes from the pit.'

The cure for the evil is co-operation. The coal owner is only too anxious to see the margin between the pit price and the delivered price as low as possible.

It should, however, be remembered that these assumed evils of distribution relate to a comparatively small portion of the total output—only 12 per cent. of our coal goes to domestic use, but over 100 million tons per year are absorbed by our industries, and the balance by railways, gasworks, &c., and for export.

(N.B.—Six tons of materials, including 2 tons of coal, are required to produce a ton of pig iron.)"

Perhaps I should have said "of Cleveland pig iron." Haematite requires rather less than six tons.

"Collective Purchasing of Materials.

It is asserted by those who advocate the abolition of private enterprise in business that there would be a distinct advantage, in securing materials at the mines, if the State or some collective purchasing agency was established in a district to buy commodities in bulk, and then distribute them out as required to the respective collieries. For many years I paid much attention to the purchasing of supplies and stores, and my conclusions are that a large firm can purchase more cheaply than the State or than any large number of associated firms. I believe that small firms ought to associate together and arrange co-operative purchasing of certain materials, so as to secure any advantage attached to wholesale purchases, to prevent prices being unduly raised against them.

On the other hand, there is a great danger that, if too many firms become associated, a ring would be formed by vendors, and the colliery owners would have no option but to pay inflated prices for various commodities consumed and required at their mines.

The line, in my judgment, based on varied experience, should be drawn where purchasing can be done by one controlling head, but where the scale of purchase is so large that it cannot be personally supervised by one man it becomes unwieldy, for where this position is reached the evils of departmentalism enter. These evils are dilatoriness, red-tape, delays in procedure, lack of initiative in securing competing prices and lack of enterprise on the part of Civil servants. Absence of keen individual oversight into quality and detail inevitably results in less efficiency and higher cost.

Export Trade.

There are two other considerations why nationalisation should not be accepted, which I wish the Commission to bear in mind. One is that it is practically impossible for the export trade to adapt itself to any centralised system.

The exporter finds the foreign buyer, arranges conditions of sales (f.o.b. or c.i.f.), and frequently makes himself liable for the tonnage and sea freight, and the discharge of the coal at the port of destination, he stands the racket for the difference between the lading weight and the delivered quantity, for the import duties, and occasionally for the sampling and analysis of the coal, he finds the money for long credit, and takes the risk of the foreign buyers' solvency and commercial probity, often a considerable source of loss, and has to meet the variations in currency which occur between the trading countries.

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

It must be apparent a National Department is quite unsuited to undertake such obligations which are essential to this class of the trade. Some districts, notably Northumberland, depend almost entirely in normal time on their export trade, over 80 per cent. of its output being shipped.

All exporters I have met aver that if nationalisation is anything like 'control,' it spells disaster to our export trade. And may I add here that I am convinced that until we get rid of State control, such as it now exists, all further enterprise, development and reproductive employment in the industry will be stopped.

Coke Oven and By-Products.

The other consideration relates to the composite character of industries associated with the working and the utilisation of coal and its products at a colliery. The interests are diverse which owners do and can legitimately attach to their colliery operations: blast furnaces and steel works, electric power plant, foundries, coke ovens, bye-product plant, brick works, quarries, chemical works, inland waterways, docks, wharves, shipping, railways, wagon shops, farming, &c. These concerns are all worked in with the colliery establishment, and in the event of nationalisation of mines would present insoluble problems. Collieries are so interwoven into other interests that unless private ownership is to be abandoned in every trade and branch of production, there would be enormous difficulty in deciding where and how national and private interests were to be separated."

I do not know whether I might give an illustration of that position connected with Pease and Partners, the firm with which I am best connected.

19,672. Yes, please do so?—Pease & Partners have paid in wages in the last financial year ending 30th April, 1918, £1,524,000. Of those wages, £886,000 went to those who were working in and about the collieries. For their ironworks the wages were £235,000; our ironstone mines wages were £211,000; our coke making department wages were £107,000; to our chemical works staff we paid £35,000; to our wagon building and repairing shops we paid £2,000; and to the men employed at our limestone quarries we paid £30,000. In other words, of our total wages which we paid in the year, 58 per cent. went in payment to men employed at collieries, and 42 per cent. went in connection with these other divers interests which are all attached to our operations.

19,673. Can you tell us the number of men in relation to that?—The number of employees on 30th April, 1914, was 12,846—that is, before the war. On the 30th April, 1918, there were 12,726. Of those employed in connection with the coal, 7,845 were employed in 1914 and 7,989 in 1918—practically the same proportion.

19,674. Are the figures roughly about 8,000 and 4,000?—8,000 and 5,000 would be more accurate. May I give you the figures again? In 1914 (practically they are the same to-day) we paid wages to 12,846 employees. In and about the collieries for colliery operations, we paid 7,845 men. That is 12,800 as against 7,800.

19,675. *Chairman:* Will you now kindly proceed, Lord Gainford, with the reading of your statement?—"Moreover, some manufacturing works are attached to collieries, and materials other than those derived from coal are required to be treated with coal products and have to be obtained from elsewhere."

19,676. With regard to the people in and about the mine, numbering about 7,800, are you including the coke oven men?—The coke oven I regard as an entirely separate trade. It is a manufacturing trade, and the wages paid to the coke oven men are £107,000 as against £886,000 paid for coals.

19,677. You are not counting the coke oven men in those working in and about the collieries?—No.

19,678. *Mr. Robert Smillie:* Those engaged in the production of the coal are the 7,800?—That is so. Fifty-eight per cent. are engaged in the production of coal and 42 per cent. in other work which the firm carries on.

"Other entirely separate undertakings are placed by colliery owners at their collieries, some of the above are occasionally attached to blast furnace plants, some of which belong and some do not to the colliery firm. There are other outside firms engaged in competition with colliery firms in various processes and businesses. To attempt to deal with one interest by legislation would not be merely grossly unfair to individuals but be disastrous to many industries.

I append a copy of a statement recently presented to the Government, issued by the National Association of Coke and Bye-product Plant Owners against any interference in their industries by mining legislation.

1. The coking and bye-product industries were, during the war period, placed under the control of the Ministry of Munitions, and that Government department fixed the wages paid in the industries; controlled the selling prices of coke and bye-products; fixed, and paid, subsidies to the manufacturers to enable them to meet the increased cost of manufacture imposed upon them through war conditions; and assumed responsibility for the inspection of coke ovens and bye-product plants during the whole period of control.

2. The control of the Ministry of Munitions ended at 30th April, 1919, and the manufacturers submit that it would be unfair and inequitable in the extreme again to curtail their freedom by handing over their industries to the control of another Government department—namely, that of the Controller of Coal Mines.

3. The manufacturers point out that the ramifications of their industries extend far beyond the limits of the coal mining industry, inasmuch as a considerable tonnage of coke is manufactured at coke ovens, which are adjuncts to iron and steel works, but unconnected with collieries. Moreover, some coke ovens and bye-product plants are entirely self-contained, being connected neither with collieries nor iron and steel works, nor are they owned by colliery proprietors. In other cases the ovens and plants are owned and controlled by companies subsidiary to colliery companies, but they are nevertheless self-contained, having separate capital, separate balance sheets and accounts, and independent organisations.

4. It is also desired to lay emphasis on the great variety of products obtained in the coking and bye-product industries. Considerable developments have already taken place in the industries in a comparatively short space of years, and as a result of scientific research which has been and is at present being prosecuted, the manufacturers have every reason to hope and expect that further developments will result from such research in the near future. It is the desire of the manufacturers that they be allowed to continue uncontrolled and unfettered as far as practicable in order that the spirit of enterprise and individual initiative may not be checked but carefully fostered.

5. As an indication of the ramifications and developments of the industries (referred to in paragraphs 3 and 4 of this statement), it may be mentioned that the original bye-products obtained from the coking of coal fuels were sulphate of ammonia and tar. Since the early days of the industries, however, the following further products have been secured as the result of private research and enterprise, viz.—benzol and its homologues—*e.g.*, benzol, toluol, xenola, solvent naphtha, and heavy naphtha. In addition, large tar distilling plants have been erected, by means of which are recovered several varieties of light and heavy oils, while various acids are now extracted—*e.g.*, carbolic acid and cresylic acid. Owing to the large amount of sulphuric acid required in some of the processes above enumerated, special plants have been put down for its manufacture from imported raw material, whilst in some cases this gave rise to the erection of nitric acid plants. Moreover, special provision is made at some coking and bye-product plants for the supply of gas to neighbouring

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

towns and cities. Reference may here be made to the work on Coal Tar and Ammonia, by Lungo, of Zurich (1900 edition), which gives a list showing that there were at that time upwards of 200 compounds of coal tar used for innumerable purposes.

6. The manufacturers submit that the circumstances described in the preceding paragraphs prove the impracticability of fixing a line of demarcation for the purpose of including coke ovens and bye-product plants in any Bill which may be brought in to give effect to the provisions of Mr. Justice Sankoy's Report, and they urge that all coke ovens and bye-product plants should be excluded from such Bill on equitable grounds; and also that the whole industry should be left free from the control of Government departments.

7. It may be added with regard to legislation that coking and bye-product plants are subject to the provisions of the Factory Acts and to the supervision of the inspectors appointed under these Acts; the Coal Mines Acts have not in the past, and do not at present relate or apply to the coking and bye-product industries. Furthermore, the legislation relating to Excess Profits Duty applies to these industries on the same basis as to other industries, and the provisions of the Coal Mines Control Agreement (Confirmation) Act 1918 do not apply to the coking and bye-product industries either generally or in relation to excess profits.

II. UNIFICATION.

One of the arguments advanced in favour of unification is that enormous waste is going on against the national interest by reason of loss from unnecessary barriers being left, by water-logged areas, by coal being left which it is asserted ought to be worked, and which, by reason of a recalcitrant owner—either the owner of the minerals or the owner of the surface—is left underground instead of being brought to the surface. My reply is that the owner of underground mineral royalties as a rule grants suitable terms, and does so with the desire to meet his lessee, and after a good deal of experience I assert that I would much rather negotiate the terms of a lease with a private royalty owner than with a Government department who are not only slow in correspondence and in arriving at any decision, but who are so frightened of creating a new precedent that they become rigid, wooden and inelastic, and from whom concessions in the interest of the conduct of the industry can only be extracted with much difficulty. Moreover, this point should be borne in mind, that if a colliery firm gets into difficulties and is unable to work a royalty properly the terms of a lease would be much more quickly enforced, and the royalty sold to a purchaser who would carry on the industry in an up-to-date manner, than it would be if the royalty were transferred to be dealt with by the head of a Government department.

Lost Coal.

Coal may have been lost to the nation from causes which might have been prevented, but it cannot be asserted that such causes would not have occurred under a unification or State ownership system. Such losses are deplored, and avoided by individual owners to a much greater extent than they would be by Civil servants influenced by tradition and regulation, and who always can find plausible excuse to defend inactivity and procrastination.

Any loss of that kind is opposed to the interest both of the lesser and lessee.

Barriers.

It is said that coal has been lost to the nation by the retention of unnecessary barriers, and it has been estimated that from 3,000 to 4,000 million tons have thus been felt ungoten. The practicability of removing such barriers cannot be now ascertained without making a careful investigation in each case so as to find out the reasons which determined their retention and the feasibility of their removal.

Water-logged Areas.

The same remark applies generally to water-logged areas where it has been found impracticable to work out coal by reason of special water difficulties. It is impossible to dogmatise on the extent of the area or on any centralised or joint scheme being adopted which would leave this coal available. As in the case of barriers, each individual problem requires special investigation before a solution can be found.

Recalcitrant Owners.

But when minerals are held up through the unwillingness of an owner, in the interests of the nation it is essential that such coal should be set free, and it is obvious that a mineral or surface owner should not be allowed to obstruct the proper working of the coal measures, to the detriment of the national interest; but to insist that all abandoned barriers, bad or unprofitable seams or mines must be worked is absurd. The preservation of barriers often has safeguarded the lives of the workers and secured the winning of coal in areas which otherwise would have been drowned out and lost. Where a multiplication of small surface and mineral owners exists, adjacent to one another in a coalfield, an awkward problem has occasionally been presented. Heavy legal charges in the multiplication of leases, as well as extravagant demands made in isolated cases, have sometimes delayed and made negotiations troublesome. These difficulties have, however, in recent times been generally overcome by co-operative action on the part of the mineral owners in their own self-interest. All these problems can be and should be dealt with under a private ownership system, with some form of national machinery for securing more effectively and expeditiously the end in view without resorting to unification or nationalisation.

My first effort in Parliament, in 1893, was to introduce with the mining leaders, Mr. John Wilson and Mr. Charles Fenwick, a Mining Easements Bill, which contained proposals to secure powers to work coal when circumstances existed such as those described above. The Coal Conservation Committee dealt with problems of this kind, and suggested the appointment of a Minister of Mines, but the Land Acquisition and Valuation Committee appointed by the Minister of Reconstruction has gone again into the whole subject matter, and suggests a resolution for all these problems, to which I shall again refer.

Colliery Costs.

It has been suggested that a better system of keeping colliery costs could be devised under some unified system, with a view to promote economy in administration. I doubt whether very much can be done in this direction to the general advantage.

The advantage of accurate cost-keeping is the comparison of like with like, but the variations of each colliery undertaking differ so much that the comparison of many items at one colliery bears no relationship to those at another.

Take, for instance, the cost of steel ropes: one colliery raises the output with a heavy cage up a deep shaft; another draws small coal tubs up a drift on an inclined plane. The wear and tear on these ropes and the cost per ton for wire rope afford no case for useful comparison.

Or, if we take the case of the horse food consumed at a colliery where 200 ponies are worked underground, and another where the underground conditions only require the use of 10 for a similar output, the comparison of those two costs for horse-keeping per ton of coal raised can serve very little purpose.

To compare the costs of one half-year with those for the previous half-year at the same colliery exposes to the management the increased expenditure or the savings effected on each item, and these comparisons may prove of great value in promoting efficiency and economy in the administration of the colliery.

There is much similarity in the preparation of costs through the employment of eminent firms of accountants, and many firms I know have exchanged their costs with one another when either have thought it might lead to the detection and prevention of waste or extravagance.

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

Poorer Districts.

The question has been raised as to the possibility of doing something more by unification to help poorer districts and collieries to tide over periods of depression. Having watched repeated efforts which have been made by firms to secure organised restriction of output, so as to afford each other help and their miners continuous employment, I have come to the conclusion that such combinations are a mistake, and produce more evils than they do good. A colliery which ought not to be maintained as a separate entity, or is ill-equipped, or is a badly-managed concern, is encouraged, whilst the good and well-equipped and economically managed concerns are prejudiced. Such subsidies and doles promote reaction and retard progress. As a matter of fact, the closing of a colliery which it is believed ought to continue to be worked rarely occurs. Certain areas may be often closed down for a time, and particular seams or shafts abandoned, but methods are invariably devised to prevent the total abandonment of areas capable of being worked in the future. I could give many illustrations of this, and I am certain the competition between firms and collieries tends to promote efficiency and the most economical working.

Dual Control.

So far I have dealt with the question of nationalisation and unification as generally understood. The demand of the miners' leaders, however, appears to be for what is called Joint Control—that is, as I understand it, State purchase of the mines followed by Joint Control between officials of the Government and representatives of the Miners' Federation of Great Britain, each body having equal authority in respect of matters affecting the control and administration of the collieries.

Whilst we are prepared to give to the men full opportunity of making representations through organised channels and having those representations considered, yet any system which involves joint control in the management between the owners and the workmen is not only impracticable but will inevitably lead to the most disastrous results in the interests of the country. I cannot conceive of anything more futile than to attempt to manage a colliery by means of a committee or council upon which there was an equal representation of the existing management and of the workmen's representatives. The working conditions of a mine are not capable of being brought within such a system of control. In the first place certain statutory regulations have to be carried out for which the management alone can be responsible. Apart from this, rapid decisions have constantly to be made in respect of questions of safety and otherwise. To attempt to work collieries by means of committees would mean that these committees would become debating societies in which division of opinion might be expected rapidly to develop, with all the consequent results of want of cohesion and want of initiative. In my view it appears to be not only impracticable, but inconceivable that such a system of control and administration could possibly be introduced in the interests of the country.

Any system of joint control, whether between the State or with representatives of the miners, would be absolutely unworkable and subversive of discipline and detrimental to national interests, and I put it to one side at once, as there is no firm of employers who would carry on the industry for a moment if they were not going to continue to have the direction of the business, and the executive control of their undertaking; moreover, no self-respecting engineer that I have met is prepared to take the responsibility of working under any such system. It would not only endanger the lives of working men, and destroy all efficiency, but the property would be wasted, and the industry could not be run as a commercial or practical proposition.

I am authorised to say, on behalf of the Mining Association, that if owners are not to be left complete executive control, they will decline to accept the responsibility of carrying on the industry, and though they regard nationalisation as disastrous to the country, they feel they would, in such event, be driven to the only alternative—nationalisation on fair terms.

III. PRIVATE OWNERSHIP.

If private ownership is to be condemned in the coal trade, then other business undertakings which depend on private enterprise and initiative should be equally condemned, and it is right that the country should realise that if the suggestions made by a section of theorists are to be now accepted, it would mean that all hope for the revival of trade, which before the war, under a system of individual effort and private enterprise, had attained an unprecedented condition of prosperity, would be abandoned.

Mr. Sidney Webb stated in his evidence that mining engineers were lacking in ideas. No more unjust charge has ever been brought against a great profession. There is great freemasonry among those who are engaged in the industry. An engineer or manager no sooner develops an idea and puts it into operation, than he describes it to the society of which he is a member, whether it be the Institution of Mining Engineers or the National Association of Colliery Managers. He invites other members to see, adopt and improve on his ideas, so that important discoveries and inventions become rapidly available for the use of the whole industry. I am quite satisfied that under the administration of those who have the incentive of personal interest, reputation and gain, improvements will come more rapidly than under the management of men who are in the service of the State. My experience at the General Post Office showed me that it was impossible to pay under a Government system the kind of salary which is going to attract, into a profession under State employ, the best talent of the country. The salaries paid to heads of departments for whose devotion to duty and loyalty I have the greatest admiration, bear no relationship to those which capable men are able to secure outside the State service under any private ownership system. The Treasury restrict elasticity in an upward direction. It has been proved that the State cannot run industries so economically as private owners can. The costs in Government dockyards are generally believed to be out of all proportion to those in private yards. The National Telephone gave better service than the Post Office, and made a profit which the Post Office has lost, and in spite of the raising of the penny postage to three-halfpence, the one department at the Post Office hitherto carried on profitably is now losing money."

19,679. When you say: "The costs in Government dockyards are generally believed to be out of all proportion to those in private yards," does costs include wages there?—I must admit it has been practically impossible to obtain any fair indication of the return of cost in Government dockyards which you can compare with those in a private dockyard. For many years I was a director of a big ship-building yard on the Tyne. I made it a practice, so far as I could, to see exactly what was going on in the Government dockyards at that time, and to pick up all information I could. From that time to this no real comparison has been made. This is merely an expression of opinion by those who have visited privately owned dockyards and Government dockyards that I base my statement upon. It is not because I have any figures which really prove it, which have been supplied by the Government: "Moreover, under the influence of State management there is certainly no more inclination on the part of their servants to encourage the rapid adoption of new methods and up-to-date labour-saving appliances than there is in private enterprise concerns, and in my view more hands are required to do the same work under the State. No privately-managed concern would find it necessary, for instance, to place behind every five telephone exchange operators a supervisor to stand over and watch them. One reason for the increased cost of State control is the impossibility of a Departmental head ever being able to discharge an incompetent but honest Civil servant. Once in the service always in the service until a pension is secured, is the rule. Thus officials grow in numbers and the cost and *personnel* steadily increase.

May I give another illustration of the absurdity of the theorists who make suggestions as to how the system of coal mining can be improved under

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

Nationalisation. Mr. Sidney Webb states, on page 27 of the Nationalisation of the Coal Supply pamphlet, that 'there would be the accumulation of a large national stock of every kind and grade of coal in ample and widely distributed storage places.' 'There are many classes of coal which, if placed in a heap, would fire, and the whole heap would be destroyed.'

At the present moment, at the Broomhill Colliery, we have a heap of 40,000 tons of coal which we had to put down during the war because we could not find export trade for it. It is all on fire and we cannot put it out. "Mr. Sidney Webb, not being a practical man, does not take into consideration a fact like this. In accordance with the statement on page 46 the coal should be placed 'under cover.' As a hopper to store 2,000 tons of coal would cost £10,000, the cost of storing a two-months' output of coal—say 50,000,000 tons—produces a sum of £250,000,000. Such an expenditure, of course, has only to be stated to show how impracticable is the proposal, and upon what slender grounds the case for nationalisation is based. Under any storage scheme the coal cannot be put down on the ground and taken up under an increased cost of 2s. per ton, and the waste by breakage and by small coal being blown away, quite part from the danger of theft, would amount to several shillings per ton.

Mr. Sidney Webb further suggests that under a system of Nationalisation the community itself would bear the increased cost of coal production, and that every item of the cost of working would have to be kept in a most minute way (see pages 32 and 33), so that there would be no reduction in the cost of keeping accounts. In addition there is to be a new National Coal Board, containing presumably men who would be paid substantial salaries (page 29), possessing a staff of officials to whom in due time would have to be paid pensions by the State. There is also to be set up a Joint Committee for every district, whose members would have to be paid by the State. There is to be an additional staff engaged to protect the lives of the miners at each colliery, which presumably would also include a pension system; their salaries would, I presume, be about £500 apiece at the 3,300 collieries—approximately £2,000,000 a year. Obviously, coal, too, is to be supplied to all workmen free or at a low price. Such a system of Nationalisation means a corresponding increase in the price of coal to the general public and to the detriment of industries dependent upon fuel.

One fact appears never to be sufficiently grasped by those who advocate nationalisation—that no two collieries are alike; that each colliery possesses natural and physical features peculiar to itself, and not only are the conditions at each colliery different, but the seams at any one colliery may be constantly changing. The roofs, the floors, the gradients, the bands in the coal are subject to continual alterations in all parts of many seams, and yet, if the industry is to be carried on to the satisfaction of the consumer, the screening and sorting arrangements at the pithead have to be in many collieries of a more or less complex character, and the problem of each mine has to be studied by itself, not only from the mining point of view, but with a view to satisfying the consumer, and it is only through individual initiative, energy and skill that success is secured.

So far there has been no detailed plan submitted as to the kind of machinery required to carry out any system of nationalisation, other than those cited by Messrs. Webb and Money, who presumably think it must be in the hands of the State, and that control would be exercised from one centre. The experience that has been gained during the war in the Coal Mines Department is entirely against such an idea. It is found to be quite impracticable to deal with the mines from a central office. The whole system gets slowed down by the delays which are unavoidable in connection with such an organisation, and not only is there general dissatisfaction, but as a result, in all the trades which consume fuel, prices are artificially increased, to the detriment of trade as a whole. The lack of co-ordination is felt, and interest and initiative are steadily withdrawn. Under the present system of Government control the

men who are appointed to deal with the various departments are not men with special training and experience, who are best qualified to do the work. No system of devolution would work satisfactorily. To set up councils or committees in districts and endow permanent civil servants with executive functions to deal with detailed problems in collieries would imperil the industry. The industry would cease to go forward, because there was no real push behind it. There is no evidence anywhere to show that any commercial undertaking comparable with the mining industry can be satisfactorily run by a Government department. Without the initiative of financial results a much greater wastage would occur in many directions than under the present system of private ownership. I submit that it is unthinkable that this Commission should be induced by theorists or by the Miners' Federation to embark upon so gigantic an experiment and gamble with the welfare and prosperity of the nation, in the manner contemplated by the proposals so far formulated. In spite of the miners' assertions, I am satisfied that the output of coal per person employed will continue under State control to go down, and the cost of production go up, and I have not met a single consumer of coal in the country, on a large scale, who does not believe that the nationalisation of the mines will increase the price of the commodity, and give him less satisfaction. In the long run it will be found that the wages of the miners cannot be sustained at a higher level than the economic conditions of the country will allow, and therefore I do not think that the true interests of the miners themselves will be served by nationalisation. On the one hand, the liberty and freedom now enjoyed by individuals or groups of miners to enter into negotiations with employers will be replaced by hard and tight inelastic State regulations to which no exceptions can be made to meet the temporary necessities of the men; they will find the State is a harder taskmaster than the private owner. On the other hand, it may make little difference to the State official if the price of coal is enhanced by means of general concessions which involve a total increase in the cost of production.

Strife.

Perpetual strife between capital and labour is quite unreal. No such thing in practice occurs. The miner is no worse or better than other people in this respect: he will keep on causing trouble so long as he believes that he may gain some advantage to himself by doing so. All assumptions as to what will happen under Nationalisation are based on the belief that there is going to be some sudden change in the spirit of the miner, due to the change of ownership, and that he will, under the benign influence of the State, cease from troubling, and work better. Nothing of the sort will happen. The very fact that the State was the owner of the mines would be used by the miner as an argument for pushing his demands much further than would otherwise be the case.

Relations.

It is sometimes said that the relationship between the owners of the mines and their employees is so bad as to make Nationalisation essential in the interests of the country. The friction alleged to exist between employers and their workmen in the Mining industry is grossly exaggerated. That difficulties are more likely to arise in the mining industry between the employer and his workmen may be admitted, but this is due to the special and varying character of the problems that are constantly arising at the mines. Where you have constantly changing physical conditions, questions of this kind must inevitably arise, but it is not true to suggest that the relationship between owners and their workmen in the mining industry are so bad as to necessitate a change of ownership and control.

The machinery of conciliation in the mining industry is very complete. I attach herewith a series of charts to illustrate the system which obtains in the County of Durham.*

19,680. *Chairman:* I have circulated those charts. The first is "Durham County. Local arrangement for settling disputes as to value of work done." The

*See Appendix 82.

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

next one is: "Durham County. Local Disputes under Joint Committee Rules. Payments, Customs, Rent and Coals, Travelling Times, Hours, Interpretation of Agreements." The next one: "Durham County. Local Minimum Wage Disputes"; and the next: "Local arrangement for Cavil's Disputes." What does that mean?—In our county at the end of every quarter the men ballot amongst themselves for the different positions in the mines. The men as a rule are allowed to select their own working mates and they go into the place which has been selected by ballot. The system obtains with a view of trying to equalise the favourable and unfavourable working places in a colliery, so that all men should be treated alike. That is the system which obtains, and has met generally with the approval of the men employed, to which the owners take no exception whatsoever.

19,681. *Mr. Robert Smillie*: Lots are drawn for the working places?—Yes.

19,682. They are drawn quarterly?—Yes.

19,683. *Chairman*: The next one is: "Durham County. Supervision for safety of workmen." Then: "Fixing County Wages." The next one is: "Durham County. Alteration of existing Customs, Hours, Wages." Then the last one is: "Durham County. Proposed Colliery Joint Advisory Committee for Administrative Affairs, Housing, &c." What is the meaning of the word "Proposed"? When did you propose it?—These proposals have been under the consideration of the Durham coal owners for many months, and towards the end of the year we got into close touch with the representatives of the men, and we were anticipating that by the end of January we should have these arrangements completed, and until the difficulties occurred in connection with a general strike in the country, those negotiations were proceeding satisfactorily and we expected that they would have been carried through amicably.

19,684. I want to get at what you meant when you used the word "proposed." It is not a proposal consequent upon this Commission or anything to meet the Commission, but you had the matter in hand some time ago?—That is so. "It has been developed over many years and may be said to have evolved with the evolution of the industry itself. Increasingly the practice is followed of referring disputes to Joint Committees, and the various Conciliation Boards in the district are exercising an increasingly useful power in dealing with all questions that are of general interest. With few exceptions, the relations between the management at the colliery and the men are excellent. It is only those who stir up strife who could seriously contend that there are such disturbing factors at work in the mines in respect of the relationship between the management and the workmen."

19,685. In that last paragraph do your remarks refer to Durham and Northumberland only, or to Wales and Scotland as well?—I have not any experience, really, of any other district, therefore I ought not to express any opinion. It would be only hearsay opinion if I did so.

19,686. Thank you.—"The argument that by nationalisation the men would be 'promptly freed from a host of petty aggressions and injustices and the incessant nibbling of wages,' is purely imaginary assumption. Upon the side of the miner you have one of the most complete and highly-organised trade unions in the country, which not only protects the individual workman against any such abuse, but is constantly defining and carrying out a policy in favour of the workmen. Recently it has been more frequently the aggression of the miners—and often against the advice of their union officials, that has to be complained of than the aggression of the coal owner. Mines' managers and officials are very generally promoted from the ranks of the miners, and are indeed required by law to serve practically in the mines before they can qualify for appointment as officials. They are in daily intercourse with the men and live their lives amongst them, and the powerful motives of efficiency in their work and self-esteem demand that they should have in a high degree the confidence of the men whose work they direct and for whose safety they are responsible.

Housing Accommodation.

In regard to housing, I do not admit that coal owners have failed to do their duty. They have provided more houses for their workmen than have been provided by those engaged in any other industry that I can call to mind, with the exception of chocolate and soap, and upon some agricultural estates. Pease and Partners, Ltd., in the 10 years before the war, spent £70,680 in building 309 new houses and purchasing 56 others for their workmen, and have spent £12,400 during the war on other houses and have incurred a further expenditure of £13,170 in substantially improving their houses, quite apart from current expenditure on repairs. From my own personal knowledge, such expenditure is not exceptional. I know that colliery owners are actuated by the same humane considerations in regard to housing their workmen as actuate the leaders of the miners. The housing question, however, is a national problem, and must be dealt with as such, and through local government authorities.

Infantile Mortality.

Infantile mortality in colliery villages has nothing to do with the system of managing mines, and has merely been introduced to prejudice private ownership. Many firms have done what appeared to them possible, but there is a limit to their ability to interfere in the domestic life or in the homes of the workers whom they employ. For the three years I was at the Board of Education I studied the question of the physical condition of the children who entered our schools, and on humanitarian and educational and patriotic grounds I was anxious to improve their condition.

Lack of elementary hygienic knowledge and practice in regard to attention to teeth, eyes, adenoids, breathing, feeding, cleanliness and the ventilation of rooms during sleeping hours, have been the main contributory causes of illness and disease.

Evidence is conclusive that in all classes the ignorance of mothers, and the neglect of themselves and their children are contributory causes for excessive death rates, wherever they occur. I only regret I was unable to do more for the children, but every effort I made to secure powers for the Board of Education to deal with the mothers and children before the children attained school age was resisted by other State Departments. A national organisation creating infant clinics, crèches for infants, health committees and visiting nurses would have saved thousand of lives, and I can only hope the Health Department will soon cope with and remedy this crying evil.

Future Organisation of the Coal Industry.

1. In the interest of the country the Coal Industry must continue to be carried on under private ownership, so as

- (1) To maintain personal initiative and enterprise; and
- (2) To safeguard the interest of consumers.

Under private ownership full provision can be made for the better conservation of the mineral resources of the country, and for improving the relations between the owners and their workmen, by more closely identifying the interests of the workmen with the financial results of the industry, and making use, as far as practicable, of their experience.

2. CONSERVATION OF MINERAL RESOURCES.

The coal owners accept the principles laid down in the Report of the Coal Conservation Committee dated the 23rd January, 1918, and the Report of the Acquisition and Valuation of Land Committee appointed by the Ministry of Reconstruction, dated 18th March, 1919.

The second of these Committees was appointed by the Ministry of Reconstruction and recommends (1) The creation of a Sanctioning Authority to exercise, on proof that such is necessary in the national interest, compulsory powers. This authority is proposed to be constituted of members of both Houses of Parliament, with the addition of other persons of experience in various spheres of life, including Labour; (2) a Mining Department with initiative,

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

advisory and executive powers. In this department there would be centralised all the departmental duties of the State in connection with mining, and the department would receive and consider all applications for compulsory powers in connection with the working of minerals, and would report thereon to the sanctioning authority, and also make such recommendations to the sanctioning authority as the department might deem proper. Whenever it is necessary for development that any rights of user or working, or even ownership, should be obtained in respect of either surface or minerals, including the right to let down the surface, rights of way, or any other right in, over or under land, a compulsory order should be obtainable from the sanctioning authority, always subject to the corollary that just compensation must be paid to the party affected.

(3) A strong Advisory Council as an essential part of the machinery of the mining department, consisting of representatives of the mining industry, including labour, together with men eminent in branches of science connected with the industry. It would also have local sub-committees reporting to it, and similarly constituted.

3. RELATIONS WITH WORKMEN:

(a) Wages.

The wages of the workers in each district, instead of varying with the selling price of coal, should be regulated with reference to the profits resulting from the industry in that district. There should be determined:-

- (1) A minimum or standard rate of wages to be paid to each class of workman in that district, and which for the protection of the consumer should be fixed by machinery to be set up in conformity with the proposals of the National Industrial Council.
- (2) The particular items of cost, other than standard wages, which are to be included in the cost of production, to be determined in each district by qualified accountants appointed by and representing each party.
- (3) A standard rate per ton to provide a minimum return for and redemption of owners' capital to be determined for each district by qualified accountants, as above.

Any balance remaining after these items have been provided for should be divided between Labour and Capital in proportions to be agreed, the workmen receiving their proportion in the shape of a percentage addition to the standard rates of wages.

These additions to the standard rates of wages in each district would vary in accordance with the variation of profits shown by each periodical ascertainment in such district.

The ascertainments of the average profits of each district should be made quarterly by the accountants.

As the owners might, in times of depression, be required to pay a standard rate of wages when they would not be receiving the standard return on capital, any deficiency in any quarter in the standard return on capital should be made up out of the return in any subsequent quarter or quarters, before making any division between the owners and the workmen.

Questions arising with respect to any of the matters referred to in this paragraph, and the settlement of which is not otherwise provided for, shall be settled by the Joint District Committees or Conciliation Board referred to in the next paragraph.

(b) Co-operation of Workmen and Owners.

Machinery should be set up for the purpose of arranging all questions between the owners and the workmen, and making provision for the owners and workmen conferring upon all matters of particular or general interest relating to safety, production, efficiency and the well-being of the workers.

This machinery should consist of the establishment, or continuation where already established, of Joint Pit Committees, or other Consultative Local Committees without executive power. Any questions not

satisfactorily disposed of by any Pit or Local Committee should be referred to a Joint District Committee or Conciliation Board to be composed partly of owners or their representatives and partly of representatives of the workmen.

Districts should be those established under the Minimum Wage Act.

ADVANTAGES OF THE SCHEME.

Among the advantages of this scheme are the following: The restriction of operations through the withholding of reasonable facilities by surface or mineral owners is eliminated; the criticism levelled against private ownership in connection with barriers, support, pumping arrangements, &c., is fairly met; the Sanctioning Authority secures that public interests will not be obstructed while leaving individual enterprise full play; the conservation of coal is secured; a community of interest between workmen and employers is established alike in increasing output and in promoting economy of production; Joint Pit Committees will secure that full advantage is taken of the experience and practical knowledge of the workmen in all questions relating to safety and industrial efficiency; and the existing defects in the working of the present system are cured without losing the advantages of enterprise and initiative which private ownership and management has shown itself able to provide."

Chairman: We are very much obliged to you, Lord Gainford.

19,687. *Mr. Robert Smillie:* I think you had experience in the Education Department as well as in the Post Office?—Yes; I was nearly three years at the Board of Education as President.

19,688. Were you then a Member of the House of Commons?—I was.

19,689. Have you ever defended either or both of those Departments in the House of Commons?—I have replied to criticism annually raised against the Board of Education administration.

19,690. And the Post Office?—And similarly the Post Office.

19,691. Did you ever tell the House of Commons that those Departments were inefficient?—I have never hidden from anyone the view that I take as to the difference between concerns run by the State and those run under private enterprise. That is the difference which I am making to-day. I have never concealed from anyone my opinion with regard to State-run concerns as compared with private enterprise concerns.

19,692. Do you remember whether or not during the time you were at the Post Office criticism in the House of Commons was brought against it for inefficiency?—Are you speaking on the part of the representatives of the men?

19,693. No. I am speaking of members of the House of Commons?—There is not a single member whom I ever came across who was not prepared to attack the Post Office for inefficient facilities being given in his constituency. The discussions on the Post Office estimates were nearly always occupied by men raising questions of that kind.

19,694. Questions of administration?—Of administration.

19,695. Did you defend the Post Office and its administration against this criticism?—I did.

19,696. Was that honest?—Quite.

19,697. Did you feel yourself that it was inefficient in the administration of your Department?—I felt that the administration with the money which I had at my disposal was good and the best that I could secure under the Government system for the benefit of the people.

19,698. The best you could secure? Could you under any other system have secured better material to carry on your Department better?—If I had had no limitation with regard to salaries I could have secured a greater number of better men, because they would be more highly paid. But I ought to say this in connection with the Post Office: the Post Office when I was Postmaster-General was being carried on during a period of war, when most of

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

our best men were enlisted and serving abroad. I am speaking now specially of the engineers and telegraphists and men of that class; and I also ought to say that several of the men who hitherto would have been pensioned off remained on in the service of the Post Office in order to help us during a period when labour was short in every industry.

19,699. But I take it that the inefficiency which you deal with here to-day connected with the Government Departments does not apply only to the period of the war?—No. When I was at the Board of Education it was prior to the period of the war; therefore I thought it was only right to point out that my administration of the Post Office was during the period of the war when the circumstances were not normal.

19,700. You make the statement here this morning that generally speaking industries are not as efficiently carried on under Government Departments as they would be under private enterprise?—I say that each man in the service of both Departments over which I had control did his duty, but you could not expect from Civil Servants a departure from the regulations under which they take service in the various grades of work. They get a wage in connection with the grade of service in which they have been placed and the work which they have to perform. You get no elasticity in a service of that kind. It is the system and not the individual that I am condemning as being less efficient than private enterprise. It is the system and not the individuals; the individuals do that duty just as well as under a private enterprise.

19,701. I want to know, did you as a Government official and a member of the House of Commons, the head of a great department, condemn the system in the House of Commons and say that the system was not good?—There were many occasions when I said that I could not, having regard to the expenditure with which I was entrusted, do anything more than I was doing. Every departmental head who is worth his salt has ideas that he would like to develop for the benefit of the community, but all the ideas he has in connection with improvements in a public service have to be weighed by the controlling Cabinet, and it is the question of balancing their applications, having regard to the taxpayers' interest, which has also to be considered by a Government when propositions are put forward.

19,702. May we take it that it is a condition of employment that the Government official, the head of a public department, must hold his tongue when he finds that his department is not so efficient as it ought to be, and as he could make it, provided the system was changed?—The system is that when the head of any Government department thinks that something ought to be done, he makes a recommendation to the civil head of the department, the civil head of the department then sends up a written minute in the usual course to the temporary political head of the department, and then there is a conference as to how the suggestions for the improvement of the public service can be secured. The head of the department then directs the course which ought to be entertained, it may be to a financial committee of the Cabinet, it may be to some official of the Treasury who deal with that departmental work, that branch of the department; he directs what course ought to be taken with the view of securing such improvements as he thinks ought to be secured, in the general interest of his department.

19,703. I am afraid I am not putting my idea very clearly, or else you are not grasping it?—I am sorry.

19,704. The House of Commons is supposed to be representative of the people of this country, and from time to time members of the House of Commons have an opportunity of questioning the heads of the department, and of accusing that department of being inefficient. I want to put it to you, did you, as a matter of fact, defend your department, or did you admit that it was inefficient or might be otherwise if you had an opportunity of putting it right?—I pointed out that with the money which I had at my disposal I could not make it go further; but there

was not a single occasion on which I had the opportunity of addressing the House of Commons that I did not indicate that it was money that I wanted in order to secure further advance in progress in connection with that department's affairs.

19,705. You have moved to a different House now?—Yes.

19,706. You have changed your lodgings for the time being. Do you find greater efficiency in what is called the Upper House than in the other House?—In what direction are you speaking? In being able to raise subjects and to speak my mind, I find a freer opportunity in the House of Lords than exists in the House of Commons.

19,707. Are there any heads of departments there?—There are a few.

19,708. I suppose the nominal head of the Government in the House of Commons would defend the Government, and does defend the Government, against attack: he probably says it is the most efficient Government that has ever been in power. Is that not usually the method in both Houses?—The head of the Government, no doubt, is loyal to the Government as a whole. There is such a thing as collective responsibility usual in the Government, and the head of the Government naturally defends his Government from criticism when he thinks it has been unfairly attacked.

19,709. I suppose the head of a department in the same way in the House of Commons is loyal to defend a thing which in private life he alleges is absolutely inefficient. Is that not your own position to-day?—No: anything that was regarded as inefficient I never would have defended in the House of Commons. Take, for instance, one case to which I refer here, the inability to discharge an inefficient Civil Servant. I should have had no hesitation in the House of Commons, if a question had been put to me, "Under your present system can you discharge an inefficient but honest Civil Servant?"—I should have had at once to admit in the House of Commons that under the system it is practically impossible to discharge a man who is regularly coming to do his duty, even though I might go out into the street and obtain a better man in his place. That is the system: you cannot get rid of it.

19,710. Of course, knowing that that was the system, was it not your duty, without a question being put to you at all, to say, "My department is not nearly so good as it ought to be, or as good as I could make it if I had the power to discharge a person who is inefficient"?—I have often said it to my colleagues.

19,711. That is the difficulty of it: saying it to your colleagues is not saying it in the House of Commons?—They all say, "What is the remedy? and if you can tell me what it is, and secure a remedy for that condition of affairs, I think you will be doing a great service to your country."

19,712. I merely want to find out whether it is possible, if the mines are nationalised, that we can secure any method of working them efficiently, and your experience is that, so far as departments that you were actively engaged in were concerned, they were inefficient; but you never told the House of Commons that they were inefficient; you told the House of Commons that they were efficient?—I regarded them as efficiently carrying on the work which was entrusted to them with the limitations attributable to the system—that they did their duty.

19,713. If the limitations had been removed, would it have been possible to make them efficient?—Not unless you can get rid of the less efficient men. There are not many, but there were, in every department, men who, under the private enterprise system, would not have remained in the service. You know the system under which the Civil Servants are appointed: they go through a test of qualification and then they do service, and after a series of years they get into a routine system in which you find there are individuals who, under a private enterprise system, you might desire to remove in order to secure other people to take their place; but I say you never can, under such a system as now obtains—and I do not

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

know the cure for it—got rid of an honest, well-meaning Civil Servant who has a place in the Civil Service of the country.

19,714. Your point was that the department was carried on with the fullest efficiency which its limitations allow?—Yes.

19,715. I put it to you, if the limitations were removed, could the department be made efficient?—It would be made more efficient, because you would be able, by a different system of payment, to secure, I believe, better results.

19,716. But if you remove all limitations, could it be made efficient?—I doubt it. I doubt whether you can devise a system of getting rid of what I call the routine, honest, inefficient workman. They are the exception, but they do exist, I believe, in Government departments.

19,717. I suppose you would be aware of the fact that sometimes private firms in the mining trade, and in every other industry of this country, do not rid themselves of an old, valued and honest servant who may have become inefficient?—They often give him gratuities, or they find him work which he is capable, with his diminishing physical energy, to perform: but under the State no one remains there after the age of 65, and a great many are pensioned off at the age of 60. In private firms you do not treat your workmen in that way; you do not pension them off at the age of 60; you utilise their powers as long as they can help in the economic production of wealth.

19,718. Should I be correct in saying that nearly all the permanent officials in Government offices are of opinion at all times that the head of the department is the only inefficient person of the lot: is that correct?—I think the heads of departments are the most efficient.

19,719. I put it to you, should I be correct in saying that the vast number of Civil Servants in any department of the Government are practically unanimous in their opinion that the only inefficient person is the head of the department?—They have never expressed that view to me.

19,720. You would not expect them to do so? I do not wish you to take it for a moment that I am defending the Government for its inefficiency, but do you not think that it reflects on the intelligence of the people of this country that they have such an inefficient crowd in all the departments as you now allege?—Are you now speaking of the political heads or the commercial heads?

19,721. I am speaking of the people who elect the members to Parliament, and the Government that is formed out of that. Does it not show a want of intelligence on their part that we should have, in all our departments, persons who are inefficient, and inefficient departments?—I do not admit that they are inefficient.

19,722. You do not admit that the Government departments are inefficient?—No, I do not admit that the temporary heads of most of the Government departments are inefficient.

19,723. I do not allege that, but I put it to you that we have information from you—and you ought to know—that the departments are inefficient; and now I put it to you, does it prove that we are governed by an intelligent Government that allows inefficiency to remain in all the departments?—I believe that we are governed by an intelligent Government.

19,724. You believe that we are governed by an intelligent Government, and you allege that that intelligent Government allows from year to year all departments of State to be carried on inefficiently?—I have already asserted, and I assert, that every Government department is carried on as efficiently as the system will allow.

19,725. With limitation?—It is limited, as you know, by salaries: it is limited, as you know, by length of service and by pensions secured at a certain age.

19,726. Do you think that by forming a limited liability company and taking up shares in it to run the Government of this country, it could be made efficient?—I think that some of the branches of the

Government might have been run for the advantage of the country under a limited liability concern better than they have been run by the Government.

19,727. All those departments that you have mentioned are run by the Government, that is those departments are nationalised, and they are inefficient because of the limitations in the various departments. I want to know whether a limited liability company of coal owners, steel owners or railway people, might be formed to run the Government efficiently. Evidently we cannot do it?—I do not think you can deal with a problem of that kind. That is one of the difficulties that I pointed out, that if you nationalised a great industry such as the mining industry and the experiment fails you cannot revert very easily to the position which has been evolved over a vast number of years in building up another system on a private enterprise basis.

19,728. Your opinion of Government departments seems to be shared by a large number of witnesses who have given evidence here, that there is very little to be said for the efficiency of Government departments. Would you assist those who think with you in endeavouring to get that put right?—Certainly, I have always done my best throughout my whole parliamentary career to do anything I could to promote the efficiency of Government departments.

19,729. I think one of your reasons for your opposition to nationalisation is that your experience has proved to you that Government departments, as you know them, are incapable of running a great national industry?—I do not think they could run an industry at a profit, and I do not think that the industry will do any good to the country if it is going to be run at a loss. I do not say that it is not possible to carry on a certain number of collieries under a system of nationalisation, but I think anything of that kind would be disastrous.

19,730. Would it be possible to improve Government departments so that they might run intelligently the affairs to which they are appointed?—Not to the point when they could compete successfully with the advantages which are secured by a private enterprise system. All these, in my opinion, are relative, and you have to balance the advantages for and against different systems. I am convinced in my own mind that the advantages for private enterprise in connection with coal mining outweigh entirely the advantages which anybody can claim can be secured by nationalisation.

19,731. I think your firm is connected with the Broomhill Collieries, Ltd.?—No, I am director of the Broomhill Collieries Co., but the firm of Pease & Partners, with which I am closely associated, has nothing to do with the Broomhill Collieries.

19,732. How long have you been a director of the Broomhill Collieries?—I was a director before I became Postmaster-General. When I left the Government at the time of the Coalition I became a director of the Broomhill Collieries, Ltd. When I became Postmaster-General I resigned my position on that Board, and when I left the Post Office they re-elected me as a director of that Company.

19,733. Were you in the Company prior to joining the Post Office?—Yes.

19,734. How many years have you been a shareholder in it?—Only since 1915.

19,735. Do you know that that was not a very successful concern in its early days?—I know that its profits were not very great at one time: it has had fluctuations like most collieries.

19,736. I suppose you know that its shares were down almost to a point when they could be secured for nothing?—They were practically unsaleable at one time.

19,737. There was a time when, so far as the Broomhill Company was concerned, they would have been delighted with the idea of State ownership of mines?—I have no doubt the shareholders, if they could have got par value for their shares from the State, would have taken it. They were then at 4s. 6d. but they are now at 24s. to 25s.

19,738. The people who hold them at 25s. largely bought them, I think, at under 10s.?—You would have

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

to consult the books of the Company in order to ascertain when each share was transferred from one individual to another.

19,739. You do very often consult the share registers of a company when you have the opportunity. Has your proof been submitted to the Mining Association of Great Britain?—The Mining Association of Great Britain appointed an Executive Council: that Executive Council gave the whole of its powers to a Committee which was appointed to consider the question of giving evidence before this Commission. That Committee divided its work into three sub-Committees, and by a process of devolution a group of individuals representing different districts was appointed on that Committee, and that Committee have heard every word of my proof which I have read this morning.

19,740. You see you cannot legally bind even the members of the Mining Association of Great Britain, nor can you speak for any employers outside the Mining Association of Great Britain?—No.

19,741. You say in your proof that the gentlemen to the left of the Chairman have evidently made up their minds in favour of nationalisation?—They have given me that impression by the questions they have asked of the witnesses at the Commission and by their interim report.

19,742. Is it altogether fair for you to say that the gentlemen on the left of the Chairman have already made up their minds?—The impression I got by reading their interim report was that they had made up their minds on the principle of nationalisation of industries.

19,743. Would I be right in saying that you have made up your mind?—I have never wavered on this subject.

19,744. You have always been opposed to the nationalisation of mines?—Yes.

19,745. You say here you feel it to be a public duty to do everything you can to oppose nationalisation and prevent the injury to Britain's commercial position that would fall in its train?—Yes. I reiterate that as strongly as I possibly can.

19,746. What is your reason for saying that any injury to Britain's commercial position would follow on nationalisation?—If there is any justification for the nationalisation of coal mines I conceive there would be an equal justification for nationalising every other productive industry. The wealth of the country is secured by productive enterprise, and productive enterprise, in my view, is not stimulated by any system of nationalisation. The losses which would be created in nationalising the industry would not only have to be met out of the public purse, but there would be no profit for the public purse; so that we should in a very short time become bankrupt, and that is the reason why I believe it would be so disastrous to the industries of this country.

19,747. Do you not think that there is a very important difference between land and coal and other industries?—No.

19,748. Is there not this difference, that you cannot reproduce coal, but from raw materials you can produce ships and locomotives and wagons and houses? Is that not a difference?—There is, no doubt, a technical difference; but in regard to the application of labour and capital to develop anything, it requires not only initiative but skill and energy. The earth itself is no use until, of course, it is tilled and cultivated. Coal is no use until you get it out of the mines. Steel is no use unless you put it into the house or into the ship. It all depends on the labour and capital which are employed and the way it is done as to whether it is to be productive or not. Therefore I think that whether you regard land and coal as a different class of commodity to, we will say, steel and bricks, to me it is the useful purpose to which those things are placed eventually that creates them of value to the community.

19,749. I want to put it to you that if you put steel into ships, and then send them to the bottom of the ocean you can reproduce steel and build new ships, but you cannot reproduce coal if it is exhausted. You recognise the difference, surely?—I recognise that there is a limitation of coal; so there

is a limitation of steel. You have in the earth so many million tons of ironstone; you have so many million tons of coal; you want them both preserved if you are going to utilise those commodities to the best advantage of the community.

19,750. Now you say the onus of proof as to whether or not the mines should be nationalised rests on those who propose nationalisation. Why should you say that? Why should it not rest on those who hold the mines and who are opposing nationalisation?—Because those who are holding the mines and who are opposing nationalisation have proved that under the system of private enterprise the country has advanced in every direction during the last 100 years in a way which must satisfy one that the system of private enterprise is one which can be accepted and further developed with advantage to the community, and if you are going to change it the onus of proof ought to be on those who advocate the change and not on those who believe that the system is a good one, even if it may be subject to improvements.

19,751. You believe that the mining industry has been carried on almost as efficiently as it is possible to carry it on. That is your opinion?—I admit there are a few exceptions.

19,752. You admit there are some exceptions?—Yes.

19,753. I think you take up the position that the mere workers in the mining industry are not entitled to any effective voice in management either on the theoretical side or the commercial side of the business?—I do not think they are entitled to it.

19,754. Might I put it to you that it may be that it is your long life in commercialism, your birth and training, which may have impressed that on your memory, and not the justice of the thing?—No. I think the fact that you guarantee a minimum standard wage which is to be based on the minimum standard to be fixed by the Industrial Council, which is our proposal, does secure a position of advantage to the workmen in the first instance.

19,755. You are dealing with the efficiency with which the mines have been carried on. I want to put it to you that in the past the mine workers have been told by the owners of the mine that they have absolutely no business with the commercial side or the theoretical side of the movement at all. Their business was merely to go down and produce coal and secure a certain amount at the end of a fortnight, but that they had nothing to do with the profits, with how the concern was carried on—I mean in the past. Do you think that is satisfactory?—Yes. I think it is the only system that will succeed. If I may say this: I am not averse to the men running a mine on their own or of securing directors on the Board if they like to take their share with other shareholders in the commercial success of a concern. I am not opposed to that.

19,756. I want to put it to you that they have a far bigger share in the concern than the people who merely put in, say, £2,000. They have their lives in it. You have never recognised that?—Yes, I have; I have recognised it to the full.

19,757. How can you capitalise the life of the miner?—You cannot compare the life of a person with money.

19,758. As a matter of fact, you do?—No, I do not, excuse me.

19,759. Yes, as a matter of fact, you do?—I have not done it.

19,760. Yes, you do. Parliament has fixed in the interests of the capitalists of this country the sum of £300 as the limit that a widow can secure by the death of her husband. That is surely capitalising the life of a workman?—That is no doubt with a view to enable those who have been dependent on the individual to be able to continue to exist decently, but at the same time it does not make good to the widow or the orphan children the loss of the bread-winner. The money does not.

19,761. Do you not see that for a widow with three or four children, say, £300, bringing in £15 a year, is a totally insufficient sum to keep her and her family?—Quite so, if you put it in that way; but

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

then the State apparently when it arrived at the £300 did it on different lines.

19,762. It did it on the lines laid down by the capitalist class who wanted to protect themselves against paying more; but the workmen who ought to have a voice in it have never been satisfied that £300 was all that their lives ought to be put at?—My reply is that it was done by the people's representatives in the House of Commons, and the representation is pretty broad. When this £300 limit was placed in the Statute it was not done by the capitalist class; it was done by the representatives of the people.

19,763. It is nice to hide one's self behind the House of Commons. I put it to you that the employer class moved heaven and earth to get it fixed at that or a less sum. I put it to you that the mine workers ought to have an equal voice in the working of the mine with the persons who merely put their capital in and not their lives?—I say the system would break down hopelessly if you are going to have divided councils on questions connected with the saving of life in collieries.

19,764. I was dealing with the industry on its commercial side as well as on its technical side. We may agree on how the management should be carried on, which is a most important question; but one of your difficulties which you cannot get over, and evidently it is a difficulty with many of the other employers, is that under State ownership, the State would not be prepared to pay the salaries which would secure the best men. I think that is one of the difficulties you put forward?—I am afraid it would be very difficult to secure under any system of State management the payment of salaries which is necessarily going to secure the best men.

19,765. You know there is a strong feeling that exists amongst the managers—that is the managers who do the real work of the mine—the second class and first class certificated men—that in many instances young and inexperienced men are placed in the position of agents over the managers and under managers, not because of their ability, but because of the fact that they are close relatives of some big shareholder in the concern. Have you ever heard of any complaint of that kind?—No complaint has reached me of that kind, and I should not think it very possible, because it is the employer's interest always under private management to secure the best agents possible.

19,766. The miners' agents know pretty well about this thing, and we know the ins and outs of it; we have talked it over, and we can point to many instances where the managers are right in their complaint that the person employed at a very high salary has less experience, less skill and less knowledge of the industry than the man who holds a certificate under him. Could you call to mind a case of that kind?—Nothing has come within my own knowledge.

19,767. Do you say that every person who becomes ultimately a mine manager, whether as a head agent or under manager, must have had experience—I think you say long experience of mines?—Under the Home Office Regulation I think he must have been five years working in a mine and going into a mine before he can become certificated. Then he has to pass his examinations as well.

19,768. Have you not forgotten perhaps some of the arrangements? If he holds a diploma he does not require to have had five years' practical experience, but it is reduced very considerably then?—He cannot be put in under the age, I think, of 25, by the Regulations, and most men who are taking up mining begin their mining work as soon as they have left school.

19,769. Are you aware that the clause which made it necessary that a person should have personal experience as a worker underground before he takes a first class or a second class certificate was put in at the instance of the miners?—I think it is a very good provision.

19,770. Do you know that it was opposed by the employers?—It is quite possible that some employers might have opposed it.

19,771. Do you know that it was put in there because miners with long experience behind them

found that inefficient persons were put in at the head of the management?—Then it was quite right to put it in.

19,772. You would not say that the private ownership of mines deserved the credit of something that the miners themselves forced on the Government?—I think when Government is legislating it is bound to take into consideration anything that anyone can say, whether it comes from the mine owners or from the workmen or from the consuming public. It is bound to take every view and to try and make as perfect a proposal as they can.

19,773. You are endeavouring to make out a case to-day to this Commission and to the public outside that it would be wrong to nationalise the mines, and you give one reason which is a very important reason, that the mining industry has been carried on efficiently by the present and past owners as far as safety is concerned and as far as the commercial side of the business is concerned. You are making that claim to the public outside in this Commission. If I put it to you that the mine owners generally speaking have no right to claim any merit for the improvements so far as safety is concerned, but that those improvements have been forced on them, would you not be dishonest in making that claim?—I think that the miners' experience is of value, but I think that the mine managers, who are experts and who are specially trained in connection with safety, have done all that human beings could do to really improve the safe conduct of the mines.

19,774. While it might be said that the mine managers of this country and the skilled men amongst the directors have done a great deal for the progress of the mining industry and the efficiency of the mining industry, I want to put it to you that the vast majority of the shareholders and directors have neither the skill nor the time to do anything for the progress of the industry—that it has not been, generally speaking, the people who have had their money invested, but the paid servants who deserve the credit?—The shareholders are, no doubt, a body of public people who have put their savings into these concerns. As a rule, they are poor people; many of them are past the age of doing very much work. Many of them are widows, and so on and so on. It is quite impossible that those people should have minute knowledge of mining and the industry as a whole; but I have yet to learn that the directors of large companies—I do not know many small ones—are incompetent to carry on the industry in the interests of the shareholders and in the interests of the people they employ.

19,775. They have no duty to carry on at all. It is the manager who carries on the mine and the manager of the commercial side who carries on the commercial side. The directors have nothing to do with it?—The Managing Director has very close touch with both, and the Managing Director is controlled by his colleagues on the Board.

19,776. Do you say to-day on oath that there are many shareholders in the coal trade who are poor people?—I have looked at our own register, and I came to the conclusion that a very large number are poor people.

19,777. Would you put it that in the main they are?—Speaking generally, if a company has 5,000 shareholders, I should think probably 3,000 of them were people with incomes under £500 or £600 a year.

19,778. But you could not make up at all the share capital by saying that in the main the money is the money of poor people, because there might amongst 50 shareholders be 25 who are poor people? They might only hold 1/50th part of the shares?—That is quite true. The bulk of the money value is in a few hands.

19,779. There are only 37,000 shareholders altogether?—In the colliery companies of this country?

19,780. Yes—so I am informed. But, of course, the shareholders may be the same shareholders in 10 or 12 different concerns. You know that that is so?—Quite so.

19,781. Now I want to take you to another important point, because if you can prove that the State would refuse to pay a salary that was adequate

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

to secure the best men, then the nationalisation of mines might not be the success that it otherwise would be. I think you have a return before you that was asked for by this Commission of some salaries paid to mine managers in this country. It was pointed out by a previous witness that the Government would not be likely to pay a salary that would attract the best people, and when it was pointed out by somebody else that salaries were not very high in mining districts, we asked for a return. I should like to call your attention to the managers holding first-class certificates. This is a preliminary return made from a return of 160 colliery concerns, or 45 per cent. of the whole, for the year 1913. The 610 colliery concerns will represent a far larger number, of course, than 610 pits or managers. For the year 1913, holding first-class certificates, there were seven at £100 or under £100, 241 at £200 or under £200.

Chairman: Up to and including £200 there are 241 out of the total of 610, and then out of those 241 70 have free coal and 149 have house and coal.

19,782. *Mr. Robert Smillie:* Yes—of the seven that have £100 and under a year, two have free coal and one has a free house and coal. Of the 241 of £200 and up to £200, 70 have free coal and 140 free house and coal. Then there are 311 at £300 or under £300 a year, 135 at £400 or under £400, 69 at £500, and so on. That is the first-class certificate men. The number of men employed in the collieries where they are serving unfortunately has not been secured, because it may be taken by people who do not know anything to the contrary that these are very small collieries. Then, with regard to the second-class men, strange to say, there are a smaller number of those with £100 or less; four have free coal, none have free house and coal. Then, 651 second-class certificated colliery managers have £200 a year or less; 79 have £300 or less, and five only have £400 a year. That was prior to the war. Now we will take the year 1919—I do not know how late in the year this is, but this is the same class of people. The number at £100 a year or less has fallen from seven to three. Might I call your attention to this, that under this return there are still three colliery managers holding first-class certificates at £100 or under a year, which it may be taken would be about £50 a year now. There are 12 at £200 a year first-class certificated men, which may be taken to be £100 a year; 127 at £300 a year; 379 at £400 a year; 230 at £500 a year. I need not tell you that the majority of those men probably have worked their way from the ranks of the mine workers; but I think you will agree that it has taken them a terrible struggle to secure their certificates by examination. Now, I would ask you, do you think if the mines were nationalised that the Government would pay such salaries as I have read out to you to men into whose hands every morning or at some time during the 24 hours is placed the lives of 800,000 underground workers? Do you think that the Government, if the mines were nationalised, would produce the coal under a system of payment of this kind to certificated colliery managers?—I should think that the salaries would be graded in the same way that the salaries are graded in every Government department after long conferences with the Treasury. Whether those salaries and whether the certificates would be at all similar to these is a matter entirely unknown to me. I cannot put myself into the situation as to what would be the decision arrived at after going into the whole question of the revision of salaries by a Government department.

19,783. Do you think that £100 a year in 1919 is an adequate salary for a person who is in charge of a mine and holding a first-class certificate?—Not if he is a competent man.

19,784. Surely if he was not a competent man you would not have him there?—He ought not to be there.

19,785. Do you think that £200 is an adequate salary for those 12 men holding a first-class certificate and having charge of and the responsibility of a mine?—Speaking generally, I think that a salary of £400 to £500 a year, which is the salary at which

most of these men are employed, is a fair payment for the work which they are called upon to do at the present moment. Of course they have other things besides what is mentioned here.

19,786. In some cases they may have free coal and house, and there may be a bonus in some cases?—In most cases I expect there is a bonus.

19,787. I think you agree that salaries less than what are indicated here you would not think sufficient for men in charge of responsible work. Could you conceive of the Government paying a competent colliery manager who held a first-class certificate £100 a year at the present time for managing a mine?—No.

19,788. Do you think that if such a thing was in existence in a Government department, if the mine were owned by the State, that the question would be raised in the House of Commons?—It would.

19,789. And effectively raised?—I believe so.

19,790. Then that to some extent would vitiate your evidence that in the hands of private owners efficient men would get a higher salary than they would be likely to get from the State?—You see the whole system would be quite different. The Government has to take a person in a position of this kind within certain ages. The question of age does not come in at all in connection with private enterprise. I do not say what these three individuals are, but there may be some special circumstances which I have no knowledge of which have influenced a private concern. I might or might not approve of a salary of that kind even if I knew the circumstances; but the circumstances are entirely different under a system of private ownership than the system of the routine-regulated character which exists under the State.

19,791. Would it be necessary that all the present conditions applicable to State servants should apply? Would that not be a matter for agreement under the Act of Parliament as to whether pensions and everything that now applies to Civil Servants should apply to State-owned mines?—I see enormous difficulties in having a system in which Civil Servants, who are called upon to perform the same duties, are going to receive variations in salaries. That is one of the great difficulties in connection with Government departments. The men who do the same duties are all paid alike. They are all placed in the same category and work the same hours.

19,792. You base your results on page 5 of an estimated reduction in output?—Yes.

19,793. You say an increase in cost of production will raise the price of coal to the consumer at home, and for export?—I believe that will be the result of nationalisation.

19,794. Can you give any reason to justify your statement, which of course cannot at the moment have any adequate proof? I am referring to your statement that the price of coal would be raised as the result of nationalisation?—You cannot, in my judgment, control efficiently a large number of Civil Servants unless you have considerable supervision and considerable inspection. Both those items can be dispensed with under a system of private ownership. You are going, therefore, to increase the number of officials, in my judgment, enormously, in connection with the establishments which are going to be under Government control, and that alone would result at once in increasing the cost of production, and the only way of being able to meet that increased cost of production would be to increase the price of the commodity required by the consumer.

19,795. Have you known cases in which the amalgamation of a large number of large collieries has been urged and carried through, but where it has been urged on the ground that it would reduce very considerably the expenditure?—There is no doubt an advantage to be secured by amalgamating a certain number of collieries, but I am sure there is no advantage in economy to be secured by amalgamating too many. Directly you get loss of touch between the directors and the heads of Departments, and the heads of Departments and the men who are responsible for carrying on the industry as a whole with one united policy, you get a reduction in efficiency.

(Adjourned for a short time.)

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

19,796. *Mr. Robert Smillie:* On page 12 of your *précis* you deal with the distribution of coal to local consumers and industrial centres and in towns generally?—The point I tried to make in my evidence-in-chief was this, that in normal times the household consumption I place at only between 12 and 13 per cent. of the total output. The distribution of household coal in my own experience is not a thing which is dealt with very frequently between the colliery owner and the consumer. In the North of England we supply to the railway companies as a rule trucks of coal which are placed in what we call depots, and there the local consumers come to the agent or the stationmaster and make their own arrangements in regard to securing that coal. The coal is ordered from the colliery. It is sent in trucks to the railway station, and after that we are no longer responsible for its distribution.

19,797. There are many cases in which the colliery owners are also the distributors in the sense that they have depots in the big cities to which they send the coal, and in which they distribute?—What occurs is this in the North of England: We apply to the railway company for cells. The railway company, if they have got cells to dispose of, or if the cells are on the property of somebody else, are allocated to the different coal producing firms very largely in accordance with the demand made by the local population for a particular class of coal. If the sales at that particular cell are not up to an average, then the cell is closed to that colliery and handed over to some other applicant. In that way there is created a sort of competition between the colliery owners to meet the genuine demand of the consumers in any particular given place.

19,798. This enquiry, while dealing primarily with the producers of coal and with the mine and royalty owners, also has before it the question of the distribution of coal. Only a small percentage of the total coal produced is used for domestic or household purposes, as you bring out in your *précis*, but that is a very important part of the trade. I think you will agree with me that if the local consumer—the domestic consumer—is not protected, there may be a very great evil caused by the distributors of coal coming between the producer and the household consumer?—I have no experience, and I have no definite information, which enables me to state positively that an evil exists. I am surprised at the difference between the colliery prices and the price which small consumers have to pay for their coal in the towns and cities of this country, but with regard to the circumstances which lead up to that I am not sufficiently cognisant to be able to say that there is a real evil. The merchants may find it necessary to hire horses and wagons and pay sufficient wages which in a system of distribution reaches these large differences which exist between the pit price and the consuming price, but I am not really very conversant with the distribution after the coal is sent to the railway stations.

19,799. I suppose that you, like the consumer, wonder why it is that the pit bank price may be 20s. a ton and the coal delivered to the consumer, either in hundredweights, or less quantities, or in tons, may be £2 5s., while the railway carriage may be only for the moment 6s. or 9s. a ton. But as the outcome of that, you say, if any grievance exists, there is no reason why the municipality or some other authority ought not to undertake the distribution of the coal by buying direct from the collieries and selling direct to the consumer. I think you hint at that in your *précis*?—I said the responsibility, I thought, rested upon the local authority and the consumers, and I thought the evil ought to be met, if it exists, by co-operation on the part of the consumers. I should much sooner see established in the towns a co-operative system for purchasing and distributing than I would hand it over to a large body of municipal officials.

19,800. Are you as much afraid of a local authority or municipality as you are of the Government?—I think that departmentalism comes in even in municipal bodies, but I will not say to the same inelastic extent as it does in large Government Depart-

ments. I was 9 years upon a corporation, and so I know pretty well the systems upon which corporations are carried on, and that is my opinion: that you are obliged to have certain rigid, definite routine and discipline, which is quite different in well-managed municipal bodies to that which exists under a system of private enterprise.

19,801. I suppose you would not condemn the great municipal authorities of our great cities in regard to their tram services and electric services, and say they are being worse managed and carried on than they would be under private enterprise?—I think it is very difficult to generalise on a system of municipalising any given commodity which is required by consumers until you get to know the whole of the circumstances. I suppose you know the case of the manager of the Glasgow Tramways who went to Chicago with a view of giving advice as to the best way in which the tramways of Chicago ought to be municipalised, and he came back still believing in the municipalisation of the tramways of Glasgow, but he was persuaded that under the given circumstances of Chicago it was quite impossible to municipalise them to advantage and to destroy the private enterprise system which prevailed there for the benefit of Chicago. I am only giving that as an instance. Until I know the circumstances of each place, I do not know whether it would be worth while to municipalise the trams or 'buses or any of these utility services which are so much required by the people.

19,802. But you do go the length of suggesting in your evidence that it might be a good thing for the consumers through some co-operative action?—Yes, I believe in co-operation.

19,803. That is to say, to distribute coal supplies?—Yes.

19,804. Would you be prepared to advocate that the same thing should be done with regard to other supplies, such as the food supply or milk supply and other things?—Well, I think that there is a great deal which ought to have been done and which has not been done in this country in connection with co-operative supply and milk distribution.

19,805. You are getting on rather dangerous and slippery ground if you are prepared to admit that the middleman in any industry ought to be replaced by co-operative work, are you not? Are you prepared to take the plunge to that extent?—If you think it is slippery, I think I can draw the line very distinctly in my own mind.

19,806. You, and those whom you represent, are anxious, I think, that the control of the coal trade should be got rid of at the earliest possible moment?—Yes.

19,807. You think that control has not been a good thing?—I think that there are many points in which it might have been improved. I do not say it could have been avoided during the special circumstances of the war, but I have seen very detrimental effects as the result of control in connection with the distribution of coal under the Government control system.

19,808. I daresay perhaps difficulties would have arisen even under private ownership or without Government control, because of the enormously changed circumstances caused by the war?—Yes.

19,809. I mean private producers of coal would have found great difficulties because of the new circumstances?—They were abnormal.

19,810. Do you know whether or not the colliery owners, generally speaking, gave the fullest assistance they could to the Coal Controller in carrying on his difficult task?—I understand that they have. Certainly in our district we have had no difficulty in working with the representative of the Coal Controller.

19,811. You cannot speak for the general body of the colliery owners?—No. I know the system which existed in the North of England, but I cannot speak exactly for what has occurred in other parts.

19,812. Are you aware, generally speaking, that they were anxious to avoid control in the beginning?—I think we were all anxious to avoid control, because the moment you have control set up you lose that personal touch with your customer which is

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

essential to giving satisfaction either to the consumer or the producer.

19,813. You do not go the length of saying that at no period or under any circumstances should the Government or a Government Department interfere with the coal industry?—I think the interference of Government ought to be rather by regulations such as those under the various Mining Acts rather than by control. I believe in regulation, and I believe in inspection, but I do not believe in the Government dictating to private firms where they are to send their coals, and how they are to send them, and when they are to send them. If you do, you get nothing but discontent and dissatisfaction and increased cost to the consumer.

19,814. Even during the war you would agree that such regulations became necessary for the time being, would you not?—Yes. I cannot say something of the sort was not necessary.

19,815. Did you object to or did you approve the action of the Government in carrying through the Limitation of Coal Prices Act?—No, I did not take part in any controversy, if controversy existed at the time.

19,816. Do you think now, looking back on the thing, that it was necessary something should be done to protect the consumer against prices soaring up?—So far as my knowledge is concerned, I think it was possible and conceivable, if the mine owners and the public generally had been taken a little more into the Government confidence, to have avoided it. That is my own impression. But I have been engaged for a certain part of the war abroad, and I never ventured to express an opinion as to whether those Acts of Parliament which limited the power of producers and consumers were really essential. I accepted them whole-heartedly with the view of trying to make them as workable as I could.

19,817. You have become aware that three mine owners and three miners were on the Committee of seven that suggested that there should be an effort made to fix the price of coal to prevent the price soaring up to a height at which people could not get it?—Yes, and my criticism is that the Government did not sufficiently take the people of this country into their confidence, but under the circumstances I have no doubt it was necessary for that Committee to work and carry on the regulations and the control which they thought essential.

19,818. I will not quarrel with you at all, however much you abuse the Government, only I think it is only fair to say that the Government was faced with very abnormal circumstances and did its best so far as it could conceive under the circumstances?—I quite accept it; it was a most difficult problem.

19,819. One of the difficulties of nationalisation would be the dividing up of the different interests in coal by-product plants and iron and steel works, and probably you would have to go the length of the shipbuilding works and the steelworks in producing plates, because they are now, as you pointed out, all very closely allied and run generally by the same people. Now I want to put it to you—Has there not been a very large amount of money earned in profits in the coal trade which has been put into the erection of coke ovens and into by-product plants?—I think, on the other hand, there has been more money made out of other industries put into the development of the collieries during recent periods than there has been in the other direction which you suggest.

19,820. Take the period of the war: Has there not been a very large amount of money which was earned in the coal trade put into development in other directions?—Yes. It works in this kind of way: If you have a reserve fund accumulated for depreciation purposes from the collieries over a term of years, you utilise a fund of that kind to erect a series of by-product coke ovens. I suppose each oven to-day would cost £5,000 and the last ones which were completed cost about £2,500 apiece. That money may originally have come out of the coal trade, but it is with a view of redeeming the capital which was put into the colliery; that has been diverted by the directorate into by-product plant

which in turn returns a big revenue to the industry as a whole, and that money replaces the redemption money which was standing to the credit of the firm before development and expenditure took place. Exactly the same sort of process has gone on in connection with opening up new winnings by driving drifts through stone and developing royalties underground which otherwise would not have been developed.

19,821. Did Pease & Partners allow the Germans to put down ovens and extract by-products from coal at any of their collieries?—On the other hand, we were the first people to put up those ovens ourselves. We have worked them ever since 1882.

19,822. Your 1882 ovens were rather different things from the latest?—Yes, there has been steady improvement, I am glad to say.

19,823. Do you know of any cases in Durham in which the Germans erected the ovens and extracted the by-products, getting the coal from the colliery, and sold the coke to the colliery owner and sent the by-products to Germany?—I know the type of coke oven has a very German sound, but the patent is the result no doubt of experience obtained in Germany. We have put down that type of oven in our country, but I do not know of anyone in the County of Durham or any company in the County of Durham who has put down these ovens which are German in origin.

19,824. And under German control?—I do not know of any; I do not say there are not.

19,825. Have you heard of any being put down in Great Britain?—I saw that some witness before this Commission stated that he had heard of it, and therefore I accept that statement; but to my knowledge I do not know of any.

19,826. Had you ever heard of that before the witness said so?—I cannot recall having heard of it.

19,827. You do not think there has been any unnecessary loss of coal in barriers, or by the throwing back of small coal, which would have been prevented under nationalisation or State ownership of the the minerals?—I think there would have been just as many errors under State control in connection with leaving coal underground as there have been under private enterprise. The great difficulty often, you know, in leaving coal is to know whether to bring it to the surface and dump it, or to leave it unworked underground. You may have a seam which is producing nothing but small, and at the moment there is no way of getting rid of that small coal. I think the State would have been just as neglectful of some of the small coal in the past and left certain coal of that quality and in certain situations unworked as certainly has occurred under private enterprise.

19,828. Some of us here feel delighted to know that the mine owners and royalty owners have been such good friends and have got on so well together, but I want to put it to you that it is possible that a mine owner may lose the coal belonging to one, two, or three owners of coal around the coal of a landlord in the centre, and may make it impossible that he can lease his coal unless to a company that is prepared to sink on his estate. Have you ever known that being done?—Yes, I have, and it is one of those things which I have strongly objected to, and it is one I think the State ought to have taken up years ago. As I say in my evidence, the very first thing I did was to introduce a Bill to get rid of that sort of thing. I have a case of iron-stone in my mind and a position of that kind where we were compelled to sink in the wrong place.

19,829. There may be an estate which may have under the surface very valuable seams, but it may be really too small to justify sinking on that?—Quite so.

19,830. You say you are satisfied with the Report of the Acquisition of Lands Committee which dealt with that matter?—It seems to me that they have recommended the creation of a tribunal which ought to do justice between man and man and at the same time secure that the minerals should be worked to the best advantage of the country.

19,831. Would it not require legislation to secure the adoption of that Report if it is finally adopted by the Government? If the Government adopts the

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

Report would it not require legislation finally to give effect to it? I am afraid it would. I wish it could be done under an Order in Council, but so far as I know, it would require legislation.

19,832. Do you think the mineral owners will be prepared to accept legislation interfering with their rights?—I think a certain number of them would not very readily accept the proposals, but I feel confident that in the present day, with the mining interest entirely in favour of a sanctioning authority to be set up and supported, as I hope it may be, by the general feeling in the whole community, any objection on the part of the land owners would disappear and would not prevent any legislation of that kind being carried through.

19,833. When you say "mining interest," have you only the mine owners' interest in your mind?—No, I was thinking of the miners as well.

19,834. Have you read the evidence of some of the Dukes and Lords who gave evidence here on the question?—I heard the Duke of Northumberland's evidence given here.

19,835. Did you hear it here?—Yes.

19,836-7. Do you remember that he said he was prepared to fight, inside and outside the House of Lords, to prevent any interference with his interests?—He did not give me that impression.

19,838. He does object, I think, to any interference with his rights?—I do not know whether he went so far as to say that, but I imagine it would be his feeling that if the interference with his rights was for the general advantage of the nation he would accept an alteration of the system provided he got compensation for any loss which was incurred as the result of that legislation.

19,839. Did he not really in reply to a question say that supposing it was felt necessary by the Government to bring in a Bill to nationalise the mineral royalties he would be prepared to fight it?—I think he did use words to that effect.

19,840. Do not the proposals of the Land Acquisition Committee interfere with the rights of landlords?—Yes, but I think it would only do so when the interest of the nation might justify it.

19,841. If you can show that to any extent at all you are justified in interfering with what the Duke of Northumberland, and Earl Durham, and the Marquis of Bute, and others claim to be their land and minerals, have not we the same right to interfere up to the fullest extent in taking them from them?—Not unless you can prove that the general community would be benefited by the interference.

19,842. Certainly. I take it for granted you must be able to prove that first. On the question of the poorer collieries you admit there are some which might under private ownership of the mines require to shut down?—Yes, I think there are some almost in every district in certain periods.

19,843. May I put it to you as a pretty extensive mine owner, that under the Conciliation Boards by which wages are regulated in the various districts, the tendency of the general wages is to fall down to the ability of the worst situated mine to pay them?—No, I think not. I think you have to take the economic worth of the whole industry in order to ascertain under a well-organised system what is the rate of wages which can be afforded and it is not paid or based on an isolated bad case.

19,844. The proposition is so plain that I must be putting it very poorly to you. You are under a Conciliation Board agreement in the six, seven, eight or ten districts of Great Britain by which miners' wages are regulated according to the realised value of coal, and the industry could only pay certain wages fixed on the realised value of coal. Do you say, when wages were fixed on the realised value of coal at a certain point and that the worst situated collieries could not pay those wages, they do not require either to pay the wages or stop?—Yes.

19,845. That being so, must not the wages under any system of that kind be fixed at a point which will enable the worst situated colliery to go on and pay the wages?—No, because what happens is, if you close the colliery or seam, or part of a seam, or

district in a mine, you are diverting your labour from that district into some other which can be more economically worked. That generally occurs.

19,846. Do you know your reply has nothing to do with my question at the moment?—No, I thought it was pertinent.

19,847. I beg your pardon! I cannot be putting it very clearly to you, or I am sure you would not reply in that way. If a colliery finds it is not able to pay the wages, it must shut down. If it is not able to pay the wages without losing money it might continue to pay the wages for a time and go on losing money, but it will ultimately require to shut down?—I agree.

19,848. Now collieries in the same district may be so well situated that they are able to pay the wages and pretty high wages. I venture to say that if the wages are fixed at a higher point than the worst situated colliery can pay, it must either pay out of capital or lose money, or shut down?—I agree with that proposition.

19,849. That is what I was trying to put, and it was my stupidity that I did not put it more clearly. You would disagree with every other witness who says it was possible for the worst colliery to go on and pay wages at the fixed price? In the last three pages of your *précis* you present what I think is the mine-owners' view upon the matter, and what they think should take place if the present system is to be altered?—This is a way in which we think that all the advantages of private enterprise may be maintained, which we think essential to the industry, and at the same time, a way of meeting any criticism which can be brought against the evils which are attached to a private enterprise system such as has been in operation during the last few years.

19,850. You say you are speaking on behalf of the colliery owners and with their authority when you say that, if there is any interference or attempt made to joint control of the mines, they would prefer seeing the mines nationalised, as they are not prepared to agree, as private owners, with joint control?—Yes; my words are on record.

19,851. Were you authorised to say that on their behalf?—Yes.

19,852. You are aware that a majority of this Commission have decided, or a number of this Commission previously decided, in favour of nationalisation, and a number have decided that the present system stands condemned and that some other system must take its place, and you are authorised on behalf of the owners to say that, if there is anything in the shape of joint control or managership of the mines, they will not carry them on, but they must be taken over by the State?—When you say joint control or joint management, if it means the direction underground or even the carrying on of the commercial affairs by the Board, I say that, as self-respecting men who understand the trade, we cannot conscientiously undertake to carry on the industry.

19,853. Then the employers do not propose to substitute anything for that but the setting up of what may be a Joint Advisory Committee or Conciliation Committee without any executive power?—That is so.

19,854. Either on the technical side or the commercial side or the management side?—That is so.

19,855. While they are prepared to allow the miners to advise, they are not prepared to give any executive power to them in any shape or form in the management of either the commercial side, or the technical side, or the safety side of the industry?—That is so, unless they have representatives on the directorate.

19,856. And you would prefer to hand the mines over to the State rather than carry them on under those circumstances?—Yes, because we regard such a system as absolutely unworkable.

19,857. *Mr. R. W. Cooper*: How long were you in the House of Commons?—From 1892 to 1916, with two intervals, one of two months and another of four or five months.

19,858. If my memory serves me correctly, you sat for the Tyneside Division of Northumberland?—I did, for a number of years.

19,859. And, I believe, you sat for a division of Yorkshire?—Yes, I sat for the Rotherham Division.

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

19,860. I think they are both industrial constituencies with a large element of miners?—Yes; certainly the large majority of my supporters were miners in both those constituencies, so far as I can judge.

19,861. I gather from your *précis* generally that your observation as to the County of Durham is that our system of Joint Committee work with the miners has been productive of good?—So far as my knowledge goes, it has been developing in the right direction throughout the whole period that I have been identified with collieries.

19,862. When I say "productive of good" I mean, of course, productive of the creation of a good feeling between the employers and miners?—Yes, I think we are perhaps peculiarly fortunate. We have always had friendly feelings between ourselves and our men, even when apparently certain individuals would like to have indicated that there was friction, and we have worked very amicably. On our Joint Committees we have worked extremely so and settled an enormous number of troublesome questions through those Joint Committees which have been established.

19,863. In your diagram you showed exactly the system of Committee work with regard to what I may call the purely business operations of ourselves and the miners. There is one important Committee I should like you to mention. You probably know that the Workmen's Compensation Act in Durham, unlike any other districts in England, is worked by a Joint Committee?—Yes.

19,864. And that Committee exists under an Order of the Secretary of State?—Yes.

19,865. An Order made under the express terms of the Workmen's Compensation Act?—Yes, that is so.

19,866. May I take it that that Committee, which has been in operation for 20 years, may be justly regarded as a successful Committee?—I think it has been extraordinarily successful, because it has avoided nearly all litigation in connection with questions such as disablements. I happen to have in my hand the Durham Colliery Owners' Mutual Protection Association Annual Report. I think it is marked "private and confidential," yet I can say it does indicate that the Arbitration Committee which was set up, and to which you allude, consisting of owners' and workmen's representatives, has sat on 12 occasions and disposed of 466 claims, and the number of claims against members of the Association which were decided by the County Court during the year were 17. I think that that is an indication that by friendly meeting with representatives of the men we are able to dispose of all these very difficult cases connected with deaths and disablement.

Mr. Herbert Smith: What year is this?

Mr. R. W. Cooper: This Joint Committee is a somewhat special Court invested with the powers of the County Court by order of the Secretary of State under Clause 16 of the Second Schedule of the Workmen's Compensation Act, and they have in fact all the powers of a County Court.

Chairman: Yes, it is a Workmen and Employers' Committee instead of the County Court.

Mr. R. W. Cooper: Yes. The Order applies to each of the Associations, the Miners' Association and the Colliery Owners' Association, and so on. There was the same Order made in each case.

Chairman: Durham is the only county with this Joint Committee, I think.

Mr. R. W. Cooper: Yes, or rather it is the only county which has taken advantage of the power given under the Act.

Mr. Robert Smillie: I think Cumberland has too.

Chairman: My book says only Durham, but it may be Cumberland as well.

19,867. *Mr. R. W. Cooper:* (To the Witness.) You think that our experience in Durham to which you and I belong is all in favour of Joint Committees and mutual discussion?—I do. If I may give one other illustration, we have had recently a very difficult situation to meet in connection with the demobilisation of men coming back from the front. We were very anxious to re-engage those men at once in the collieries, but we had not working-places for them

as they came back, and it was a question of who was to be turned away from our collieries to make room for these men. In most of our collieries we established Pit Committees, and these Pit Committees with our managers discussed who the individuals were who ought for the moment to be sacrificed to make vacancies for the men coming back from the front after demobilisation. That system has worked admirably. I just give it as an illustration of the cordial way in which the men and ourselves can work together to carry on the industry in a difficult emergency when it arises. I know there were one or two cases where men said they had not anything to do with the discharge of the pit men and would not work, but in most cases it worked very well.

Chairman: What is the number of this Committee? How many would be on each Committee?

Witness: Generally 5 on each side.

19,868. How were they elected by the men?—I think at their lodge meetings, but that is a point upon which I cannot speak positively.

19,869. They are really elected by the Miners' Federation?—Ours were elected by the managers and workmen.

19,870. You say they are elected by the lodges. Do you mean by the lodges of the Miners' Federation?—Yes, of the Miners' Union—the local trade union.

19,871. Not by the general body of workers?—No, it is the local organisation.

19,872. *Mr. Evan Williams:* (To the Witness.) One question with regard to the point Mr. Smillie put a question to you as to the standard being brought down to the level of the capacity of the poorest colliery. Do you know whether it is the fact that in Durham the poor collieries pay lower day wage rates or lower piecework rates?—No, they pay the county average.

19,873. In the case of a poor colliery not being able to pay, is the county average thereby altered?—No, the same system prevails throughout the county for a colliery whether it makes good profits, or both ends meet, or a loss. The same system prevails at every colliery, and in normal times, until we came under control, if a man was not able to work within 5 per cent. of the county average in his working-place, he appealed for an increase. On the other hand, if the employer found that an excessive wage could be earned by a man getting much more than the county average, he appealed for a decrease, and these cases were heard by the Joint Committees.

19,874. Although it may appear in theory to be the result, in practice it is not the fact that the poorest colliery tends to lower the standard of wage of the district?—In my experience it is not the fact.

19,875. *Mr. Herbert Smith:* I notice in your *précis* that you are interested in collieries in Yorkshire?—I have been interested in the Allerton Main Colliery for about 18 months.

19,876. Do you know the career of that colliery?—Not very well.

19,877. You know the career of that colliery very well?—Not very well.

19,878. It did not go begging in the market very long. It was soon sold when it was known it was to be sold?—It took us, I suppose, four or five months to negotiate terms and probably six or eight months before we came to a final agreement.

19,879. You had got some experience as to what it had been doing before?—The owner of the colliery answered any question we liked to ask in regard to output, cost, and matters of that kind.

19,880. Shall I be right in saying it had a good career?—I think there was a substantial profit made every year by our predecessors.

19,881. In your firm you have a tremendous lot of businesses belonging to Pease & Partners?—I do not know. We have several small businesses, such as briquette making and things of that kind. I have alluded to brick making in two or three different fields and chemical works, and things of that kind.

19,882. How many firms are you a director of?—They are mentioned in my *précis*.

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

19,883. Are there not more than there are mentioned there?—No.

19,884. Do I take it you are split up in sections. With regard to Pease and Partners, there are about 40 firms here. One was in Germany before the war that you are interested in?—I have no knowledge of that.

19,885. E. Lloyd Pease?—A first cousin once removed.

19,886. He had an interest in chemical works in Germany?—I do not know it.

19,887. Do you tell me you do not know where your money is?—That was not any of my money.

19,888. This is Pease and Partners?—Nothing to do with it.

19,889. It is under that name?—E. Lloyd Pease?

19,890. Yes, connected with the firm?—He is a director of Pease and Partners. Pease and Partners, to my knowledge and belief, has nothing to do with a German firm. I am not responsible for any interest which may be taken in a German or South African mine by any of my colleagues.

19,891. Pease and Partners' name is in many firms in this country? This is one out of this country?—I do not think that is true.

19,892. Let us see what profits you have been making. Do you give us Horden Colliery?—Yes.

19,893. You give us that as a serious proposition?—Yes.

19,893a. It did not do well, you say?—The three collieries at Horden when they were bought up had not done well.

19,894. They have done well since you have had them?—I am only interested very slightly. Pease and Partners with other colliery firms believed that the coalfield existed which the promoters of the Horden Colliery were anxious to develop, and when the public would not support the appeal for capital we went to their assistance and we subscribed so much in order to help them to develop the coalfield and establish their firm. Our holding is, I think, something like 500 shares in the concern.

19,895. It has paid dividends from 1911 to 1917 of about 10 per cent.?—I should think that is probably correct.

19,896. And added to its capital three-quarters of a million during that time?—It shows what private enterprise can do.

19,897. You quoted that to show us what big risks you are running?—There were enormous risks. There was no firm I ever heard of so nearly collapsing after they really took hold of it; the weight of water was so terrific with the sea coming into that colliery that nobody except men with this extraordinary enterprise would have gone on with the undertaking.

19,898. Look at the enterprise. Paid up capital, £973,915; debentures £300,000. Profits for six years, £45,485. That is in 1911. In 1912, £80,481; 1913, £169,520; 1914, £130,210; 1915, £86,131. That seems your worst year. Then, 1916, £183,505; 1917, £187,079. That is after you take in taxation and depreciation?—Can you tell me how many millions of pounds were paid in wages?

19,899. What I am looking at is this. This does not prove anything to me about payments in wages?—Are you not raising a question of prejudice because these profits are large? I want to point out if shareholders have been rewarded by getting dividends out of that concern the wage earners have probably received 8, 9 or 10 times the amount in wages, and then there is that benefit to the community. Private enterprise has accomplished this.

19,900. The point I want you to realise is that Durham miners were not paid as they ought to be paid to give you that profit?—How much can a Durham miner get at the moment?

19,901. I know what wages were or what was impressed upon Lord Mersey, and it was said you could not pay more than 5s. 6d. for coal hewers in Durham?—I have you not suggested the men are now getting 19s. a day?

19,902. No?—You say in your Report they get 14s. 3d. and 3s. war bonus. Since then they have had

another 2s. That makes 19s. a day, and if they work 250 days a year, surely they are not very badly paid.

19,903. Do not attempt to misquote us. We have given no figures. You owners put in figures showing what the Durham miners were getting. I think it was 14s. a day at that time?—In the Report signed by yourself, Mr. Herbert Smith, on the 20th March, on page 6, there occurs this statement: "Taking the average of the earnings of piece work coal getters in all districts in 1914 at 8s. 10d. per day and now at 14s. plus 3s. war wage"; that makes 17s., and you give those figures, and you know you have had 2s. more since. That is 19s. a day. Now you suggest this is not accurate.

19,904. That will not come off with me, Lord Gainford. That includes all districts. I put to you Durham coal owners put in an average wage over the coal hewer of under 14s. a day. Do not borrow from Yorkshire for any other county?—I am taking the average according to your statement.

19,905. I show the profits that have been made in Durham. I will show you some more which are more startling than these, which you are interested in. It is not your fear if there is nationalisation the country making a bad bargain; you fear losing a good business yourself?—My statements are on record. You need not believe me unless you like, but there it is.

19,906. Do you deny these figures?—I have no figures before me of the profits of Horden. I am not a director of Horden, and I cannot speak of Horden. As a director of a company that has a small interest in it I receive their annual reports. That is all I know about the profits.

19,907. Are you interested in Broomhill Colliery?—Yes.

19,908. Would you look at Broomhill and see if that has been a bad bargain? Paid up capital, £350,000 in 1914; debentures, £135,000. Profits from 1911 to 1916, £405,070; profits in 1915, £52,746. Profits in 1916, £89,764; profits in 1917, £95,385. Then there is a note at the bottom that appeared on your balance sheet that the pits had been working short time through lack of shipping facilities. I do not know what you would have made if you had worked all the way. That is not a bad bargain, either?—No; these are entirely due to the extra trade upon which this colliery entirely subsists, and when the Admiralty were able to allow facilities for ships to come into Amble Harbour we were able to get coal out at higher prices, and we made considerable profits. These profits, or a large proportion of them, are excess profits; and, owing to the war, they are not put into the pockets of the shareholders.

19,909. They were up to 1917. You did not do badly out of 1918?—Take the years from 1904 to 1912, there were only two years in the course of that period in which one shilling a ton was made.

19,910. This is after excess profits have been paid?—You must be fair. If you take abnormal times—

19,911. I am going to take your firm?—You take the abnormal part of the war with regard to profits secured by the export trade and the export prices not so much to Allies as to neutrals. Whenever we obtain those prices it is the Government that gets the benefit of the increase. If you go back to the history of Broomhill, it is a thing that colliery owners need not be proud of. One year we had 39d. profit for the whole of our operations; another 3-10d.; another 5-4d. in profits. A series of years have been lean, and for four years they never got a penny.

19,912. Am I right in saying you are interested in the Consett Iron and Coal Company, Limited?—Not one penny.

19,913. Your firm?—Pease & Partners have not a penny.

19,914. They appear in here as such?—That is not true.

Sir Arthur Duckham: What book is this you are reading from? You say: "They appear in here?"

Mr. Herbert Smith: I do not know that I am bound to supply you with it. He has a perfect right to say if these figures are not correct.

19,915. Sir Arthur Duckham: I appeal to the Chairman. I think we are entitled to know what book this is Mr. Herbert Smith is referring to?—I

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

am not aware that Pease & Partners have any interest in the Cossett Iron and Coal Company.

19,916. Have they an interest in the Cleveland Engineering Company?—Not a penny.

19,917. Now come to Thorne. Before we go to Thorne let me take you with regard to accidents. I notice on page 8 you refer to accidents. Are you right in saying that it is admitted there is a diminution of serious accidents?—Mr. Walker admitted it was not so?—I have certainly seen figures. I am not able at the moment to put my hands upon them, which show that there has been a gradual diminution in the number of deaths per thousand, and I thought also it equally applied to serious accidents unaccompanied by death.

19,918. If I tell you that in 1910 there were 59,042 accidents, that averages 336 a day for five days a week, and in 1913 177,189, what then?—Those are all accidents trifling as well as serious.

19,919. All accidents that last over seven days—nothing under seven days?—I do not for a moment discount the seriousness of accidents; far from it. It is the most awful part of coal mining.

19,920. You cannot very well?—I could not.

19,921. If you notice every 70 seconds a person is injured in coal mines, and it needs as much safety as possible?—I agree.

19,922. You talk about interfering with the management of mines when questions of safety arise. Have you had much practical experience with regard to safety?—No, I cannot say that I have. My only son is a mining engineer, and he had charge of three collieries. He used to come home and tell me all the details in connection with the working of a mine and how to try and prevent accidents and promote safety. It is that kind of experience I can claim; it is not because I am an expert myself in regard to underground appliances in connection with accidents.

19,923. Would you consider it as interfering with the management if the workmen were to inspect the mines under rule 16?—They have a right to inspect.

19,924. And make suggestions?—Yes.

19,925. And make reports?—Yes.

19,926. Does that interfere with the management of mines?—No.

19,927. Some managers object to it?—You will find awkward people amongst the miners sometimes.

19,928. Even in Durham?—I suppose so, and possibly in Yorkshire too.

19,929. And even in Yorkshire. I will give you some cases in Yorkshire and Durham too. I am dealing with Durham now. I shall be a Yorkshireman later on. Do you think a man would interfere with the management when he stops at the top and lets somebody else go down when there is danger? Is that interfering?—I mean the men's agent has left the manager at the top because he is afraid to go down?—It depends whether the man that went down was a more suitable man to go down at that particular moment.

19,930. I should think you would want the most suitable man you could find, but the man that went down had no certificate?—If he was unsuited he had better not go down.

19,931. Would you think that was interfering with the management when the man goes down the mine that has fired to fetch the men who are down there and the manager stops at the top?—No doubt he was the most suitable man for that work.

19,932. Are you aware there are scores of people who ask me to go to the mine to give them advice and I do not hold certificates?—I cannot say I know it.

19,933. You are giving a statement that if certain things happen they are going to clear out, and that is one of the questions?—If they cannot carry on a mine unless they can continue it under a system of discipline the mine becomes unworkable.

19,934. Has the Miners' Federation suggested any interference with discipline?—If you set up joint control, which means discussing every decision which has to be taken for the preservation of life, it becomes quite unworkable, and in the interests of the men it is a system which I should say no respectable self-respecting manager can accept.

19,935. Is that from your own experience?—My own experience is that you are suggesting that there

are difficulties when they do not actually occur. My own experience is if the men are working perfectly well the manager I think acts towards them in a humane and sensible way and you will receive from them exactly the same treatment and they do not want to interfere with the discipline.

19,936. Will you take this statement from me that the Miners' Federation does not want to interfere with the manager?—I am glad to hear it.

19,937. They do want to be able to advise as to some method of working that may save life and limb?—Anything that can be made in that direction of course ought to be made and to be received in the spirit in which it is made. Mr. Smillie in his Final Report of the Coal Conservation Committee advised the full control of mines and the production and commercial side. If it is to be fully controlled by the miners on the production side that to me conveys the idea that the miners are not going to be controlled by the certificated mines manager.

19,938. I want to put it again. Are you not trying to misquote? What Mr. Smillie puts is this, that we want some control; we want some say in the financial side of the business particularly if our wages are going to be based on the selling price?—This is what Mr. Smillie says on page 45. I certainly do not want to misquote him. "The mine workers, however, do not stop here. They want a Ministry of Mines, but they want more than this. They want the State to have the ownership and full control of the mines, not only on the production side but on the commercial side also."

19,939. "The State" that is right?—There you want as I understand to have absolute joint control with the State, do you not?

19,940. You misquote Mr. Smillie?—I am sorry if I did, but I now quote his words.

19,941. You said Mr. Smillie said that workers wanted full control?—I was certainly under the impression he said so. I am very glad I quoted his words so that I have remedied any misapprehension that may have existed upon that point. I have always understood the miners wanted joint control with the State. Am I incorrect in that?

19,942. We are asking for joint control but not joint control to interfere with the manager who is put there?—I am glad you make that clear.

19,943. We want to go further than you have suggested?—You want the miner to go on to the market and sell the coal.

19,944. No. What we want is if you are going to fix our wages by the selling price we want to know how we are being bargained away and whether the coal companies and the iron and steel companies are amalgamating. You meet a colliery owner one day and the next day he is an iron and steel director and the next day an iron director or a railway director, and the next day lime and sand owner. That is what is happening in Yorkshire to-day and in Durham too, and even in Pease and Partners. You are in the iron districts and you are in the lime and sand?—Yes, lime and sand.

19,945. Have we not arrived at the time when we ought to have some say at what price you shall sell it at?—No, I think not.

19,946. You think you have a perfect right to sell your coal at any price you like and then come and ask me to work at a pittance wage in Durham now like they did before the war?—I do not regard it as a pittance wage. I think our proposals, in which you are to get a wage based upon the price which is to be fixed by the Industrial Council and get a share in the profit and have an interest in the economic production, is likely to secure the best wage possible which can be got in the industry for the benefit of the miners.

19,947. Would you think it was interfering with the manager if the Committee said to the manager the best way is to work at retreating long wall instead of advancing where fires are breaking out?—I am quite prepared to hear all you have to say with regard to the different systems of working. The decision must rest with me after I have heard all you have to say as to which system should be adopted. There are inspectors appointed who have a right to

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

make representations, and they would make representations pretty quickly if a dangerous system were being adopted.

19,948. When you say, must be left with you, do I understand you to mean you want the management?—Yes.

19,949. Do you tell me that Pense and Partners leave it to their managers to work a pit in the way he thinks best?—Certainly, in connection with the system of getting the coal out. If we find that our man is not up-to-date or not adopting the most approved system of mining, we get rid of him pretty sharp.

19,950. Any suggestion that the men make has to be submitted to the directors?—No, the manager is left with a great deal of freedom as to how he works each place in his own district. He tells you all his prices and procedure, but he is the expert in connection with laying out the mine.

19,951. Would you agree with the witness before you, a well-known mining man, that we should have had more recreating long wall if it had not been for the expenses?—Are you alluding to Mr. Rhedcs?

19,952. Yes?—I have not had very much experience of the Yorkshire system of mining by long wall.

19,953. He will tell you that?—I hope I shall gain some more experience.

19,954. You call that interfering with management if we said we thought that this was the best method of working the pit and will save life and limb?—Not if you say that. I do not think it could be interfering with the management. The manager would have to hear what you say, and he would have to take into consideration what should be done. I want a system to be established by which your view may be properly listened to, but the decision is to rest with the mine manager.

19,955. It has taken a number of years to convert you as far as you have gone?—It is only suggestions. We have conferences with our men, and we listen to what they say.

19,956. If they offered me £250 to go into a pit with some managers I would not go?—Perhaps there was a bit of tact lacking somewhere. There was some fault somewhere, perhaps on both sides.

19,957. I think there was. I wanted to tell them too much truth, and they did not want it?—Perhaps you said it in a way they did not like.

19,958. On page 12 you make a slight mistake where you put 21s. 2d. Ought it not to be 23s. 5d. before it left the pit?—If so, it is a misprint. I took the 21s. 2d. from the top of the page. It says: "The following table shows the various items of cost and profit on a ton of Derbyshire coal from its place underground to the time it reaches the consumer's cellar in London at 21s. 2d." I think that is in Mr. Justice Sankey's report.

19,959. *Chairman*: It goes on to say: "This 21s. 2d. is for coal as it comes from the pit. For household purposes it is screened to some extent, which makes the price of the best coal 23s. 5d. at the pit"?—I have gone on to say in my statement: "This is for the coal as it comes from the pit." I have put those words in quotation marks.

Chairman: Quite right.

19,960. *Mr. Herbert Smith*: You remember in 1893 there was that serious lock-out which took place when the coal owners locked the miners out?—Yes, I remember it very well.

19,961. Did you ever read that pamphlet which was published showing what Rickett, Smith & Company, coal merchants, made as a profit during those 16 weeks at their place in London?—I do not think I did.

19,962. Over £50,000 in 16 weeks?—I am not aware of it. I do not deny it; I have no knowledge of the fact.

19,963. We need not come to London. Suppose we go to Newcastle and find what is charged pit head at Newcastle, and what was doled out to the consumers there. Is it a fact that at Newcastle and Durham it has cost 12s. 6d. a ton to distribute?

19,964. I should have thought you would have gone into that question, living in that neighbourhood?—All we can do is to send our coal to a railway station

in these towns, and there it is left to reach the consumer by arrangements which may be made there.

19,965. I put it to you that a lot of collieries refuse to sell the coal direct to consumers?—I do not think my colliery firms have been charged with that. I can quite understand there are circumstances which justify the existence of a merchant who finds the customers for a colliery firm, and can give, being a local man, a better price than the owner perhaps would get, if he did not utilise the services of that merchant.

19,966. Is it not known to you that when the Coal Limitation Prices were put on—that is to say, 4s. a ton on pre-war—about 75 firms and colliery companies started to be coal merchants in various towns in England and Wales?—I do not know of it.

19,967. Durham does not do anything of that sort?—I do not know of it.

19,968. Do you think if I named a few you would know?—I am not going to say you are giving information that is not accurate.

19,969. Am I right in saying that coal companies' experience in by-products has been developed by research largely got from Germany which has been proved to be a financial success?—There have been, undoubtedly, chemical laboratory researches in Germany which have helped the by-product industry; but the by-product industry is not necessarily so simple as it appears from the facts which I think have been stated to this Commission. My firm have been always anxious to avoid losing the waste heat and to collect the gases from our old beehive coke ovens. We have gradually established, as far as we could, by-product coke ovens. Of course, they are very expensive to build; but what one is met with repeatedly is the difficulty of securing a market for these by-product articles. Tar, for a certain number of years, was practically a drug on the market. Sulphate of ammonia, when we put up our first ovens, was £12 a ton. When it dropped to £7 a ton, it no longer paid to make it. What the Germans did was to make a good number of experiments, not merely from the chemical side, but also in connection with the excessive heats, and the Germans helped us owing to their peculiar resources in connection with the bricks which stood the heat of these by-product ovens, and it was entirely on account of these bricks that they erected certain ovens which would have been erected earlier in this country if it had been possible. Our great difficulty has been, in connection with by-product works, to get the farmers to realise that sulphate of ammonia is a very valuable manure for the land. In Germany they had appreciated it, and it was on account of the success due to the sales of the sulphate of ammonia in Germany that the by-products were given an encouragement that did not occur in this country.

19,970. Is it right to say Germany learnt us many lessons in coal getting?—No; I think we have taught them as many as they have taught us.

19,971. Are there about 60 ovens in Britain which have been built by Germans?—They had experience in connection with bricks. The most important part in connection with these coke ovens is to secure a brick that will stand the excessive heat. If you have to go to Germany for the material, which we had to do on many occasions, to secure the right bricks that stand the heat, it is advisable to let the Germans make the bricks and make them responsible. The coke ovens we put up were put up by Germans in this way.

19,972. You are not telling us now that we went to Germany for the bricks. We made our bricks in Yorkshire?—I knew you did. We tried with your bricks alongside of the German bricks for a long time, and they would not stand the heats. Under private enterprise we have been improving the bricks all along, until we can make them ourselves now.

19,973. I see you say your firm has already spent a large amount of money in the process of freezing. Did we learn that from Germany?—I thought it was the Belgians who put down the first freezing apparatus. I thought the freezing had been put down first successfully in Belgium.

19,974. You are not right in saying this was the deepest mine that has been sunk?—It is the deepest

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

shaft in this country. There is coal worked at deeper levels, but I do not think from a shaft 940 yards deep.

19,975. Would you call it interfering with the management if the men suggested they could not work in an atmosphere hotter than about 70 degrees Fahrenheit?—Yes, if there is no way of reducing it.

19,976. Do not smile, Lord Gainford. Would you like to work in it?—I should not mind it much.

19,977. You would not mind it?—I do not mind working in heat.

19,978. When I tell you men have been made into old men at 50 years of age by working under these conditions there is nothing to smile at?—No.

19,979. There ought to be something done with regard to it?—Everything that is possible to make the conditions as favourable as possible ought to be done within reason.

19,980. Would you say everything has been done that has been possible in these deep mines with private enterprise to do it?—I think you will have got more out of private enterprise with regard to improving the conditions as a whole than you will get under any system of nationalisation that I can imagine.

19,981. If they can do it in France, and they have done it for years, and other countries, fixed a standard of heat that men can work under, what is there to prevent it here, except private enterprise fighting against it?—I do not know the circumstance of any case.

19,982. You know your Thorne pit will be subject to fires and other things?—Gob fires we shall have to try and avoid.

19,983. Would you call it interfering with the management if I said the safe way to work it was to go straight out to the boundary and back again?—If the manager said there is as safe a way doing it another way and he could justify his statement I should have to accept the decision of the mines manager rather than the decision of the expert miner who is not such an educated man.

19,984. Mr. Williams put a question whether you knew bad collieries pay less wages than good collieries. I think your reply was no. Did you ever know good collieries pay better wages than bad collieries?—I have known men earn more money at one colliery than another.

19,985. I want an answer?—I cannot recall any case. I cannot give you an illustration of that.

19,986. You have met in conference and you want a little pit committee set up?—I should like to meet men in conference.

19,987. To take your Thorne pit, if it works out as our other Doncaster coalfield instead of 5s. 6d. in Durham it will be 25s. there?—If we make a good profit I shall not grumble about the men getting good wages.

19,988. Are good wages being made in our Doncaster area?—The principal part of the profit goes to the State at present.

19,989. Now, come to the Workmen's Compensation Act. Do you know, when the Act went through in 1896, there were over 350 interested coal people having direct interests in coal pits who were members of Parliament?—I do not deny it.

19,990. And every clause in that Workmen's Compensation Act that coal interest fought all it could to make it as bad as it could and not as good as it could?—According to their own lights, they were doing their best in the interests of legislation and the State.

19,991. What is being said about our object in getting nationalisation and using Parliament, if we do use it we have learnt from you people?—I do not think that members of Parliament are justified at any time in promoting either their own interests or that of their pockets or of their class—they ought to promote the interests of their country.

19,992. If you people set the example and we take it, what then?—You are attributing a motive to a man because he votes in a particular way or because he happens to have an interest in a colliery. I suggest it is not a fair charge to make against 360 members of Parliament.

19,993. I make in intentionally. A Whip went round for a time to the coal-owners, saying he must be in his place as a division will take place to-morrow night on the Workmen's Compensation Act?—I still believe in the integrity of members of Parliament, and I know they are not going to be influenced by such Whips if the interests are against the interests of the country. I have a better opinion of human nature and human beings than you have.

19,994. With regard to the Workmen's Compensation Act. Mr. Cooper put very important questions, seeing you have an Order by the Secretary of State and you can make your own Orders as you think fit. Have you increased the Workmen's Compensation more than 25s.?—I cannot tell you what the results have been. I have not the figures. I have not looked into the comparison of the figures, and I cannot give you information on that point.

Mr. Cooper will tell you he could not take power under that Order to increase workmen's compensation in Durham.

Mr. R. W. Cooper: That is so. No power exists that would give us that power. That Order merely makes the Committee the tribunal to administer the Workmen's Compensation Act for the time being.

Mr. Herbert Smith: Am I right in saying they would have power under the Act to increase the compensation?

Chairman: All it does is this: that the Secretary of State may by Order, either unconditionally or subject to such conditions or modification as he may think fit, confer on any committee or representatives of the employers power to deal with it under the Order. You had better take a copy of the Order, Mr. Smith. It appears to substitute the Committee formed in that way for the County Court Judge.

19,995. Mr. Herbert Smith: There is nothing in this Order to prevent them increasing compensation?—I gave it as an illustration of how the men and the employers can work together in settling these matters to their satisfaction without going to the County Court Judge.

19,996. Of course, you have some cases that do go into Court?—Seventeen was the number that went into the County Court.

19,997. Some have gone to the Court of Appeal?

Chairman: Yes, they have.

Mr. Herbert Smith: During the last three or four years?

Mr. R. W. Cooper: Yes, as Mr. Smith says. As a matter of fact, the Committee have gone there once and stated a special case by consent, raising a point of law for the decision of the Court.

19,998. Sir Adam Nimmo: You were asked certain questions by Mr. Herbert Smith regarding the results of the Hordern Collieries, and also with regard to the Broomhill Collieries. Do you think it does any good to single out any individual firms with regard to their results?—In asking a witness like myself any questions, it is very obvious that one can only speak from one's own personal knowledge in connection with an undertaking in which one has been directly associated, and to that extent I think taking individual concerns is necessary, but I believe that the collieries such as Broomhill in Northumberland, and Peaso & Partners in South Durham, are more or less typical of our own district. What I say with regard to the management under the private enterprise system in those collieries applies really in principle to the rest of the United Kingdom.

19,999. I suppose you would agree that when you come to deal with the financial returns, you ought to deal with the financial returns of the whole neighbourhood, taking the average return of the whole industry?—If you want to get at the aggregate result with the view of coming to a definite decision on the whole industry.

20,000. I suppose you would agree that the financial return in the pre-war period and for a period of years was a very moderate return?—I think a very moderate return: it did not pay anything like a fair return for the risk of the money which was invested in such a speculative industry.

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued]

20,001. Mr. Herbert Smith put it to you, in connection with the question of joint control, whether the Miners' Federation had suggested any interference with the working of the mine. Of course, we have not had the scheme which has been definitely accepted by the Miners' Federation before us, but we have had Mr. Straker here, who gave us evidence on this point, have we not?—Yes.

20,002. Do you remember that he suggested that the Pit Committee would be the directors?—I gathered that that was so.

20,003. What would be the effect of that in your opinion?—It would be chaos.

20,004. Would it not be that there would be a great deal more than interference with the management of the mine?—It would mean not only that the men who were less competent would have a decision in connection with matters appertaining to the life and death of those who were at work, but it would mean that the whole property under a system of that kind might be destroyed.

20,005. I want to ask you again with regard to the effect of the poorer collieries on wages, because Mr. Smillie has made a good deal of this. I wonder if you are disposed to agree that he is wrong? He says that the wages position is really determined by the position of the poorest collieries. Do you think that is so?—Certainly not; it is the average of the whole district which determines the rate, which is the basis upon which wages are based.

20,006. First of all the prices are settled upon the average ability of the whole industry?—Certainly.

20,007. And where we have been working in the various districts upon sliding scales, do you agree that those sliding scales have been adjusted upon the average ability of the district?—I think that they have been generally indicative of what the industry could afford.

20,008. The position of the best colliery is reflected in the situation equally with the position of the poorest colliery?—Certainly.

20,009. And no regard is really had to any individual colliery, whether it is good or whether it is bad?—No.

20,010. We have had several references made to the so-called prejudice to our national interests through the German use of our by-products. May I put it to you that what really happened was this: that the Germans, having special processes of their own, endeavoured to induce colliery owners here to adopt these processes, and suggested to them that they would take the by-products out of their plant over a period of years in order to finance the cost of the enterprise?—I have heard of those proposals, but I cannot mention firms in which they have been adopted.

20,011. Would you take it from me that really what lay at the bottom of this transaction was really a financial arrangement between these companies and the Germans, who were endeavouring to induce them to accept their special plant?—I should think that is probable.

20,012. There was nothing political behind the situation?—Nothing, I am quite sure of that.

Mr. Robert Smillie: Sir Adam Nimmo put a leading question to Lord Gainford on a matter as to which he said he knew nothing at all.

Witness: I have said quite truthfully that I do not know of cases of these firms, but I have heard that such propositions and such financial relations have been suggested. Perhaps I ought to have said that in reply to you.

20,013. In your last answer you said there was certainly nothing political about it?—I say there was nothing political about it if these things occurred.

20,014. Sir Adam Nimmo: It may be as well that some enquiry should be made as to whether what I have suggested is or is not the fact?—Then you must get some other witness, because I know nothing about these German firms that are alleged to have financed coke ovens in this country.

20,015. Now I want to ask you a question regarding distribution. Is it your view that the position in respect of distribution has been a good deal prejudiced by what has taken place during the war? It has been said that consumers of household coal

were discontented with the existing state of affairs, and it naturally falls upon the mine owners when anything concerning the article which is produced at the mine produces discontent. Everybody condemns the mine owner, no matter whether he is responsible or not. When a system of control exists the coal distribution is regulated, and customers are obliged to take whatever the State gives them, irrespective of the wishes of the consumer?—Yes.

20,016. Would you also say that the difference between the pitbank price and the price to the consumer has been greatly accentuated during the war?—It is obviously so. First of all, you cannot get horses and trollies to carry coal in many towns. The difficulty of feeding the horses alone has enormously increased the price for the transport of coal from the railway to the consumer's door.

20,017. Deliveries have been made entirely in abnormal circumstances?—Quite so.

20,018. And you have suggested that there have been the difficulties of men and the high wages that had to be paid and various other disabilities of that kind?—Certainly.

20,019. Do you say that the distributor of coal has had the position prejudiced in this Enquiry by what has happened in that respect during the war?—Enormously, because the distributor in many cases has had his customer, to whom he was previously giving satisfaction, taken away from him, and he has very likely not been able to deal direct with the firm he has previously worked for.

20,020. You would agree, would you not, that there were no such differences in price before the war?—The margin was, of course, very much less than it has been during the abnormal times of the war.

20,021. There was a good deal of competition, was there not, between merchant and merchant?—Before the war, certainly.

20,022. Would it be your view that that maintained a reasonable position as far as the market was concerned?—Competition always tended to prevent abnormal profits being secured by any individual merchant.

20,023. There may have been differences of opinion I take it as to whether certain middlemen are necessary or not, but would you say that on the whole before the war the coal merchant served a very useful purpose?—I think I have already answered that question, and I said I thought in many cases a merchant's existence could be justified; but there are many cases I think in which it might be to the interest of the country that the consumer and the producer should be brought more nearly in contact with one another; and that was my suggestion why co-operation might be beneficial to the general community in securing a cheaper delivery price in some of our large towns and cities.

20,024. I think you express the view that municipal distribution might develop a rigid departmentalism?—I did suggest that, although I said that might not take such an aggravated form as by the State.

20,025. Do you know anything of the work of the Coal Mines Department in the rationing of coal?—Only through our own agent, who has reported to me exactly the procedure in connection with distribution.

20,026. Do you know that it has also some tendency to develop very rigid regulations?—I am quite certain of it.

20,027. Have you heard of cases where under the system of rationing that was carried out some of the largest centres received more coal under the rationing scheme than they had received before the war?—I could not give you an illustration of that; but I have been told that it has been so; and I have also been told many other facts by sellers of a rather similar character—that coal is sent to one place and refused to another that is short of its previous destination, so that the system of scientific transport has not been carried out at all effectively under the Control system which was set up in order to save transport and wagon carriage.

20,028. I can suggest to you that in certain important cases more coal has gone to some of our large cities under the rationing scheme than was taken by the cities in pre-war days?—That may be so; it is not my experience in London.

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

20,029. You would not be surprised to hear that, would you?

20,030. *Mr. R. H. Tawney*: Do you know if that is so or not?—No, I do not.

Sir Adam Nimmo: Mr. Smillie put it to you that coalowners had not co-operated quite as much as they might have done in connection with distribution?

Mr. Smillie: I did not put it to him that they had not; I asked him if he thought they had?

Witness: I cannot answer your question; I have not the knowledge.

20,031. *Sir Adam Nimmo*: Do you know anything about the work of the District Coal and Coke Supply Committees?—I only know from the reports of our own agents, who tell me that in the North of England we have worked quite smoothly with the Coal Controller; that he has helped matters rather than retarded them; but at the same time the great difficulty has been in the distribution, that you do not get the article to the person in accordance with the consumer's wishes. Everybody assumes that coal is coal, and that one bit of coal will serve the purpose of a consumer. May I say that once at one colliery we had 19 different varieties of coal which we had to sort separately in order to meet the requirements of our consumers; and if you send the wrong class of coal to a customer he is not only disgusted with it, but it does not facilitate his operations, and very likely the price of the commodities he produces are raised in consequence, and that all in turn is detrimental to the interests of trade.

20,032. Do you know of quite a number of large companies that have had to pay very much more in railway carriage under a scheme of distribution than they paid before?—I know that in certain cases much larger payments have been made and coal has been sent to districts which have never been reached before by dispatch from certain mines.

20,033. Do you know that these District Coal and Coke Supply Committees operate in the different parts of the country?—Yes.

20,034. Do you know whether their membership is composed very largely of coalowners—in some cases entirely of coalowners?—Well, I have always understood that representatives of their interests were appointed on the Committee.

20,035. And that these coalowners have undertaken the vast amount of work and responsibility connected with the carrying out of the distribution scheme?—They have done their best, but they were often thwarted as to the direction in which they desired orders to be given and the character of coal sent.

20,036. They have been thwarted from headquarters?—Yes.

20,037. Do you suggest in that connection that local knowledge has been set aside in favour of direction from headquarters?—It is not only local knowledge, but what has been set aside in that direct touch between a consumer and producer which formerly existed and which has over a period of time resulted in a satisfactory trade being conducted. It has demoralised the whole system of trying to secure for each works the best class of coal to suit them.

20,038. Your view is, I take it, that the sooner the old system is restored the better?—I am certain we shall then get on to right lines and become productive and develop.

20,039. You had put into your hands a Table of Salaries paid to the Managers?—I had.

20,040. Have you that statement before you?—Yes.

20,041. Do you observe that it contains merely a division into those who hold first-class certificates and those who had second-class certificates?—Yes; and I would point out that many of those who hold first-class certificates are acting as under managers.

20,042. So that in this return which has been made you may have in the first category a large number of under managers?—That is quite possible.

20,043. Is it not the case that a very large number of the under managers hold first-class certificates?—Yes, that is quite true.

20,044. So that as far as showing what the managers' salaries are it does not give you a true indication?—It is not at all a true indication. First of all, the column stops at £1,500. I know of salaries

of managers which exceed £2,000—several I know of—and of course one cannot base any real conclusion upon a statement of this character, if I may say so, because, first of all there are 610 colliery concerns out of 1,500 colliery concerns, and a great number of colliery concerns may be quite small and insignificant little land sales. On the other hand, they may be very representative.

20,045. *Sir L. Chiozza Money*: It is nearly half of the whole?—Yes. It depends on which return is given. Now I know that a large number of under managers' returns have been sent in, because people did not know whether the return was to really refer to managers or under managers, and some firms have dealt with the returns in one way and some in another; and I want to point out that if they had been sent to them all it is the small ones which would naturally fill up a form like this first, and if a man has six or eight men in his own little field working a little outcrop of coal he can return that by the next post, whereas a big firm would take a longer time. I do not want unnecessarily to condemn this, but I want it to be a complete return before I draw conclusions.

Mr. Robert Smillie: May I point out that they do not require a certified manager at a small concern employing less than 30 people? When you take the small mines, very many of them do not employ a first-class certificated manager.

Sir Arthur Duckham: May we have it cleared up whether this does include under managers?

Chairman: I cannot tell you any more than it says. All it says at present is first and second class certificates.

Sir Arthur Duckham: It is rather misleading if it is under-managers as well.

Sir Leo Chiozza Money: As this is so important, Sir, could we compel a return from every mine describing exactly whether a man is a manager or an under-manager?

20,046. *Chairman*: Yes, we certainly can. We are getting it. The only point is this: this is the evidence up to date. We shall have a great deal more evidence in a day or two. Would you tell me this: You instance the case of some gentlemen getting over £2,000?

20,047. Were they managers simply or agents?—In the County of Durham several firms that I know have a head viewer who is responsible for a group of collieries. At each colliery there is a mines manager certificated first-class in charge of those collieries, and any difficulties or any points come from the mines manager up to the head viewer. The head viewer himself goes underground like all the other managers. The head viewer, who is a mines manager, and I think ought to be included in a return of this kind, would receive £2,000 in the case I know of.

Mr. R. W. Cooper: The head viewer is generally qualified for the purpose of the Mines Act as the agent. The head viewer may get £2,500 a year, and then the managers are managers at the individual pits.

20,048. *Sir Adam Nimmo*: I think it would have been more illuminating in connection with this return if we had had the schedule upon which it was made up, and also that we should have had some indication of the responsibilities of the men as shown by the number of persons employed and the output?—I think it would have given more useful information. It is incomplete as it is.

20,049. The salaries are evidently greater according to the measure of responsibility?—And also according to the proved capacity of the men.

20,050. I notice that Mr. Smillie made some special reference to the salaries paid in 1913, and particularly to the lower salaries. Is it the case that if you turn to the schedule applicable to 1919 you see very considerable advances shown?—It is so.

20,051. And that you have a large number of managers who have salaries of from £500 and upwards?—Yes; and may I make another suggestion, and that is that, in order to secure complete information, any system of war bonus ought to be included in the salaries now being paid. It is quite possible that a man's salary is fixed at a certain figure, and

20 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

there is a war bonus being given him which may be continuing for some months, and it might be a point as to whether that should be continued or not.

Chairman: We are having all that information. Of course, you cannot do these things in five minutes. There are 3,300 mines to look into, but we will try to do it in 24 hours.

Mr. Robert Smillie: Would you get a return of how many men are paid a certain percentage on so much increased output?

Chairman: That shall be put in hand this afternoon.

20,052. *Sir Adam Nimmo:* It has also to be borne in mind that in a great number of cases they include a supply of coal and the provision of a house?—That is so.

20,053. You were asked one or two questions by Mr. Cooper with regard to the machinery of conciliation in Durham, and I think your view was that it was very good. Do you know anything about the machinery of conciliation that exists in other parts of the country?—No, I cannot speak of that first-hand.

20,054. Would you say that, generally speaking, there is machinery of conciliation in all the districts of the country?—I have always understood that there is, in every mining district, a system more or less similar to that which we have in Durham, but the details of it I could not explain to this Commission.

20,055. Mr. Smillie also put this question to you in regard to the question of joint control—he seemed to be disposed to distinguish between the management and commercial control. Do you draw any distinction?—I think, in regard to management, that it is absolutely fatal to the industry to have the executive control of the management of the colliery entrusted to any joint body. I think the

decision in connection with all cases of management ought to be in the hands of the management, and, of course, the directorate, which is the ultimate management, are in duty bound to place all responsibility upon the agent or the mines manager.

20,056. Is it your view that responsibility in connection with the commercial side would require to follow financial responsibility?—I think that is so, but I believe there is much more opening for bringing to the knowledge of workmen what is being done in connection with the sales of the produce of a colliery, and I think that if the shareholders were wise, wherever they could find a useful, capable person who was going to act loyally in the interests of the concern, they might place such a man upon a Board, that he ought to be there to promote the interests of the concern and not the interests of a more class, to help the concern in its working arrangements, and that in that way he would get a knowledge of the commercial work. I think that system ought to be beneficial, and would be appreciated by the men.

20,057. I suppose you mean by that that they really must have a common purpose based on financial interests?—That is so.

20,058. May I refer, for a moment or two, to the scheme which is proposed by the owners? Do you consider that an attempt to give the men a definite interest in the industry?—Yes, and I believe if the men were loyally to adopt it, they would find it work quite smoothly from the very fact that on the basis of a somewhat similar scheme, so far as wages are concerned, a successful negotiation carried out by the County of Durham is, I think, the best evidence that I can give that a system of this kind would work to the mutual satisfaction of owners and pitmen.

(Adjourned to to-morrow at 11 o'clock.)

SECOND STAGE—SIXTEENTH DAY.

WEDNESDAY, 21ST MAY, 1919.

PRESENT:

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. R. W. COOPER.

SIR ARTHUR DUCKHAM.

MR. FRANK HODGES.

SIR LEO CHIOZZA MONEY.

SIR ADAM NIMMO.

MR. ROBERT SMILLIE.

SIR ALLAN M. SMITH.

MR. HERBERT SMITH.

MR. R. H. TAWNEY.

MR. SIDNEY WEBB.

MR. EVAN WILLIAMS.

SIR RICHARD A. S. REDMAYNE (*Assessor*).

MR. ARNOLD D. McNAIR (*Secretary*).

MR. GILBERT STONE (*Assistant Secretary*).

The Right Hon. Baron Gainford of Headlam, Recalled.

Witness: Sir, may I make a personal statement, if I may, in connection with an answer which I gave to Question 20,010 put to me by Sir Adam Nimmo? It was with reference to the German use of our by-products, and I answered, "I have heard of those proposals, but I cannot mention firms in which they have been adopted." I am reminded now that in 1903 the Otto Hilgenstock Company, which was an English firm, was controlled by Germans, and that it

was financed in Germany. But if I was aware of those facts at the time, I admit I had entirely forgotten them, and I think I ought to make that quite clear. That firm had on its Board English directors whom my firm personally know. We employed that firm under a contract to erect ovens for ourselves with an arrangement that they should use, so far as it was possible, bricks of our own manufacture. Under the contract arrangement there was a provision

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

that we might repurchase the whole of the outlay within a period of either two or three years, and although they had for a period the disposal of the bye-products, yet they only received a comparatively small percentage of the returns secured by those bye-products. In that way we secured not only experience in the erection of those bye-product ovens, but we had the experience of maintaining them under their control for two years, and the experience connected with the manufacture of bricks which we regarded as very important for our own benefit in the future. We obtained the full possession of those ovens within two years or three years at the outside of their erection. We subsequently employed the same firm under contract to build other batteries, but they had no financial interest whatsoever in the success of the other ovens when they were built, or of any bye-product which was secured as the result of the operations and the manufacture of coke in those retort ovens.

Then, Sir, there is one other thing you asked me about in order that it might be placed upon the notes, and that is with regard to Command Papers 7401 and 7616. Command Paper 7401 is the Annual Statement of Trade of the United Kingdom with Foreign Countries and British Possessions for 1913 issued by the Statistical Office of the Customs and Excise. Command Paper 7616 is the Annual Statement of Shipping for the United Kingdom for the year 1913.

Chairman: We are much obliged to you.

Sir L. Chiozza Money: Sir, may I ask if there has been an opportunity of enlarging the Report with regard to the mine managers' salaries?*

Chairman: There has not been any opportunity, because we are having the table rather differently arranged with additional information asked for by Mr. Herbert Smith and yourself, which I thought was very valuable.

Sir L. Chiozza Money: Could we have a return of the salaries paid to the postmasters in large and small towns in the United Kingdom with a description of how advancements are made, whether from a smaller town to a larger town, or by what method the appointments are made?†

Chairman: Yes, that will be of assistance.

20,059. *Sir Adam Nimmo:* (To the Witness.) When we adjourned last night I was proceeding to ask you one or two questions regarding the scheme which you proposed for the future conduct of the industry. I observe that it is proposed that wages should no longer be based upon prices?—It is a proposal that they should be based upon profits rather than prices.

20,060. Now the first thing you set out to deal with under the scheme is to provide for a minimum wage. What is the nature of a minimum wage you have in your mind?—My idea is that the minimum wage in the country, which, under the proposals of the Industrial Council, I understand the Government are going to accept, is that there shall be a minimum wage established throughout the whole country by the Industrial Council, and it seems only right and fair that the minimum wage, which presumably will be based upon securing to labour an adequate remuneration to meet the necessities of life, should be correlated together in some way. I do not hide from myself the importance of the fact that where men go underground some recognition should be given them in connection with the dangers as well as the difficulties connected with their employment. But I think it is important to the general consumer and to the nation as a whole that the minimum wage should be correlated, and that it should not be dictated by merely one trade union organisation to the whole country.

20,061. Your suggestion in respect of a minimum wage is that it should represent a fair standard of living?—Certainly.

20,062. And your reason, I take it, for suggesting that the minimum wage should be fixed under the machinery to be set up by the National Industrial Council is that it may be correlated to the minimum wages in the other industries of the country?—That is exactly my view.

20,063. Do you hold that, in the long run, it would be possible to secure a privileged position for the

miners in respect of a minimum wage?—I feel that the privileged position should represent the increased dangers attached to their calling, with, perhaps, some recognition of the discomfort of their conditions as compared with other industries. But while you are on the subject of minimum wage, may I correct something that was stated yesterday by Mr. Herbert Smith in asking me a question? At Question 19,937, Mr. Herbert Smith suggested that the 5s. 6d. in Durham was the minimum wage; 5s. 6d. in Durham no doubt was the minimum wage up to 1912. It was under judgment given, I think, by Sir Robert Romer. But by mutual agreement since then the minimum wage has been increased in the County of Durham to 8s. 8d. In addition to that they have the 3s. war bonus and the 2s. which is called the Sankey increase, making 5s. That brings the minimum wage up to 13s. 8d. instead of the 5s. 6d., which I think was indicated by Mr. Herbert Smith. I think that perhaps ought to be made quite clear.

Mr. Herbert Smith: We had better correct that. That minimum wage of 5s. 6d. existed in Durham until after the war commenced.

Witness: It was 1912, I am informed.

Mr. Herbert Smith: We will call a witness to prove that. Percentages were commenced to be added when the cost of living went up, but not before.

Witness: I made enquiries, because I was rather surprised when I heard the minimum wage was put by Mr. Herbert Smith at so low a figure as 5s. 6d.

20,064. *Sir Adam Nimmo:* (To the Witness.) After fixing the minimum wage as suggested, your scheme proceeds to deal with the items of cost of production?—Yes.

20,065. How do you assume that those items would be adjusted? Would it be between the parties?—There is machinery set up in our scheme for agreeing to the procedure. The accountants in some cases, as will be seen, who are appointed by both sides, will determine the differences if any exist, and in other cases the Joint Committee.

20,066. Would you anticipate any difficulty in adjusting these as items of cost, if highly skilled accountants were appointed for the two sides?—No; I believe highly skilled accountants can deal with the costs. It is their business to do so. I think it is very important that they should have access to every document in every firm so as to secure absolute accuracy, but I also hold the view very strongly that if you are going to secure the best results from private enterprise, it is important that there should be some regard to the fact that these figures should be regarded by the accountants in their detail as confidential, but that they should produce an average result from their investigation for the whole district. It would be the average of the district which would form the basis of the arrangement between the workmen and the masters in regard to the percentage of profits which they should secure upon their wages and capital respectively.

20,067. The scheme is intended to be dealt with by districts?—Yes, by districts.

20,068. And only average results would be brought out and dealt with?—Yes, brought out publicly.

20,069. Now thereafter, I understand, you proceed to determine a minimum return upon capital in respect of profit and redemption?—Yes.

20,070. Having ascertained these different items (the minimum wage, cost of production, and the return from capital) the margin between that figure and the realised price would be the divisible margin between the parties?—Yes. The whole scheme, if I may emphasise the point, is directed to give to the workmen for the first time a real interest in securing increased production. Without increased production you cannot secure decreased cost. If there is an increased production per man per shift, the result will be a diminished cost of production and the margin of difference will be constantly increasing, with the result that the men have a direct incentive to do their best in their respective working-places.

20,071. So that under the scheme the workman would be interested both in the volume of production and the cost of production?—That is the object of the scheme.

*See Appendix 66.

†See Appendix 67.

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

20,072. And I take it your view is that volume and cost of production are of the greatest importance from a national point of view—I think they are absolutely essential for the future prosperity of the country, and until we get into a condition of real increased production, we shall continue to have great difficulty in making our financial ends meet.

20,073. Do you see how we can maintain our export trade unless we get an increased volume of production?—I am very apprehensive of the competition which is threatened us from the United States and other areas where there are coalfields in connection with the export trade, and unless we are able to increase our production and reduce our cost, I am satisfied that not only will we not be able to maintain the magnificent export trade developed before the war, but we shall lose a great portion of it.

20,074. Do you think it would be a great advance to interest the workmen both in volume of production and cost of production?—I feel certain it would be so.

20,075. Then I understand the scheme proceeds to deal with the setting up of machinery to secure the fullest co-operation within the industry?—That is the intention.

20,076. And you think, based upon the principle of co-operation and not joint control, what is proposed is reasonable and adequate to meet the circumstances?—Quite, and I think it is the natural result of all the experience of the past, and it is the natural evolution which should be expected from the operations of the past, if we are to continue on progressive lines.

20,077. Would you go so far as to say that the scheme you propose should meet all the reasonable aspirations of the workmen?—I do.

20,078. *Mr. Sidney Webb: (To the Witness.)* I propose, as time is short, to confine myself to one subject only. I hope you will not think I am ignoring impolitely many very important points. Will you be good enough to help the Commission by elucidating a little further your plans for the future? May I begin with the proposed control over mining royalties? I gather you think that the present position of the royalty-owners, in point of view of the nation and the industry, is not quite satisfactory?—I have always held the opinion that there are isolated coalmen who put difficulties in the way of securing the proper and most economical working of minerals underground.

20,079. You refer to the Interim Report of the Ministry of Reconstruction Committee, and you adopt, I gather, their proposals. You will remember that the Committee made (if I may call it so) an indictment of the royalty-owners on 14 points?—Yes; I have read the Reports, including the one which appeared in the Press yesterday.

20,080. Of course any indictment of that sort always has reference to what we may call the less satisfactory members of the class. It is quite compatible with many of the royalty-owners being quite perfect, is it not?—Yes.

20,081. We are thinking only of those who are less satisfactory (I do not mean in conduct) where there may be difficulties with regard to estates and so on, and it is that class of difficulties which you think ought to be met by an authority?—Yes.

20,082. And you would give this authority, I gather, so far as the royalty-owners are concerned, very large powers?—I would.

20,083. I notice that you say that they should have power to make orders not only with regard to rights of user or working but even ownership?—Yes, subject to fair compensation being paid for real loss which they may sustain by what they might otherwise regard as confiscation.

20,084. But subject to such equitable arrangements you do not shrink from giving to a State authority compulsory powers to interfere with ownership of minerals in those cases in which it may be shown to be required?—When it is proved to be in the national interest in the conservation of mineral resources.

20,085. And in the exercise of those powers you lay stress upon a strong Advisory Council in which representatives of labour will sit?—That is the re-

commendation which we are prepared to accept in principle.

20,086. All that is with regard to royalty-owners?—Yes.

20,087. I wanted to ask you whether you thought anything of that sort was necessary with regard to colliery owners?—I have yet to learn that the colliery owners have been holding up coal which was needed by the nation.

20,088. I do not want to discuss the point, but I gather of course that you are suggesting that the royalty-owners must be controlled even to the point of interfering with their ownership where necessary under proper conditions, but you do not see any necessity for the coalowners being controlled?—I do not, because I believe that the demand for coal which the nation has put forward has always been met by the industry; but in individual cases where the coalowner has required the coal he has not been able to secure it in the most economical way. Therefore I think a case has been made out for compulsory powers being given to a sanctioning authority in connection with royalties.

20,089. It is very natural that we should accept you as a very competent witness with regard, shall I say, to the shortcomings of the royalty-owners, but possibly, might I say, you are not quite so authoritative a witness with regard to the shortcomings of the coalowners?—Well, I have had my attention directed to every shortcoming which can be alleged against them, I think.

20,090. Now may we go to the other end of the industry, the distributive end? I think you are suggesting in your evidence that there might be advantages in interfering with the present organisation of distribution in the cities?—With regard to cities and towns I have less knowledge of distribution than in any other direction, because my experience has been almost always direct with the consumer and with selling in much larger quantities to big industrial consumers than in small lots of hundredweights and tons to consumers in cities and towns.

20,091. But you do occasionally live in London, do you not?—Yes, and I suffer with everyone else from the high price of coal.

20,092. Apart from being a producer, you have knowledge of the difficulties of distribution in London, have you not?—I think they have been magnified at the present time very much.

20,093. But you do suggest that they might be dealt with and especially that possibly (I do not want to take it too far) cost might be reduced by a co-operative or municipal system?—I believe that is possible, and I think it might be an advantage to the community.

20,094. May I draw attention to the fact that if you divide the industry into three parts, royalty-owners, coalowners and the distributive system, you are suggesting the need for rather drastic changes with regard to two of those parts, but not the third? I quite accept it, as probably your view, that the coalowners do not need any reform; but you notice you are suggesting drastic reforms with regard to the other two-thirds of the industry?—I think wherever evils exist you should endeavour to secure reform; but everything in connection with change is a question of balance. If you destroy private enterprise, which I understand is your object, to my mind it is going to kill the whole of the industry, and it will affect not only the royalty-owner and the distributing merchant, but it will destroy the whole industry for the whole country upon which the welfare of a great deal of the industries of the whole country depends.

20,095. It might save time if we left myself out of consideration and kept ourselves to the question. I gather that you suggest if we want evidence as to the shortcomings of the coalowners, it would be natural for us to go to the other two-thirds of the industry: perhaps we might ask the royalty-owners about the coalowners, or the distributors about the coalowners?—I hope you will.

20,096. With regard to the shortcomings, if you may call them so, of the coalowners, you are very strongly against, as I gather, anything in the nature of joint control among the owners themselves?—I

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

have already indicated in my evidence-in-chief that I think a certain amount of co-operative buying of materials might be of advantage. I have also indicated that economy of purchase can be secured by firms if they are purchasing for a group of collieries; but, if you get too many, the advantages no longer exist, and you can get a formation much too big to secure the very best purchasing in the open market.

20,097. At any rate those co-operative arrangements have not hitherto been made?—The tendency has been for the smaller collieries to be purchased to a certain extent by the larger ones.

20,098. There is a tendency to absorption?—To absorption up to a certain point.

20,099. May I point out that there are still fifteen hundred separate colliery concerns and so far as I know there is no joint buying among them or joint sales?—There are a certain number of very small collieries and, of course, there are a certain number of very big collieries owned by one firm; but I am an advocate of the very small concerns being amalgamated so as to co-operate with one another with a view of purchasing upon economic grounds.

20,100. Would you give the Commission your opinion as to whether there exist at the present time any co-operative arrangements for buying or for selling among the fifteen hundred separate concerns?—Not in the true sense of definite organisation to secure that end so far as I am aware.

20,101. And consequently you suggest that economic financial advantage would probably be the result if suitable joint arrangements were made?—Yes. Take the illustration, say, of timber. One timber merchant could purchase timber for a group of comparatively small collieries probably better than six or seven men, even if they went into market one against the other.

20,102. But you do inform the Commission that in your judgment certain economies and financial advantages could be secured if you had co-operative arrangements and joint arrangements among the fifteen hundred colliery concerns or some of them which have not yet been made?—They are comparatively few, but I do not want to exaggerate the importance of that. When I take one item of cost it is quite possible that an economy might be effected; but on the other hand, sometimes an individual firm, although it is isolated, may be able to buy another item at less cost than if grouped with others.

20,103. I think you have some experience of railways, have you not?—Only indirectly. I have never been a railway director, for instance.

20,104. We have practically about 20 or 30 different railway concerns owned by about 200 companies?—Yes.

20,105. Would you be surprised to hear that they all buy separately?—I should not be surprised to hear it at all, and I think if they all bought together the nation would have to pay a good deal more for the commodities they buy than if they bought separately.

20,106. That is your opinion?—Certainly, it is my opinion.

20,107. I wonder if you know what the Government is being advised on that subject?—No, but that is my experience.

20,108. Would you be surprised to learn that there has been very expert advice to the effect that at least 20 per cent. saving on the aggregate purchases of the railways would be secured by unification of buying?—I have no doubt there are a great number of theorists, and some practical men possibly, who would advocate that kind of purchasing, but in actual practice—I have had a great deal of experience of Corporations and County Councils and in connection with large firms—I am quite satisfied when you get the purchasing of commodities placed on too big a scale you do not get an advantage.

20,109. You beg the question when you say "too big" a scale. It is obvious if anything is too big it is bad. What is "too big"?—On a scale such as you suggest in the nationalisation of the railways in this country. I do not believe you would get any economy in purchasing.

20,110. At any rate you have definitely given us your opinion that there are economies to be made in joint purchase by the fifteen hundred collieries?

—In very small concerns in connection with some materials; I do not want to exaggerate those economies, but I think some can be effected.

20,111. And the financial self-interest of the separate concerns has not hitherto led them to make these economies?—No. They have preferred to compete with one another, but there are occasions, no doubt, when they do secure one buyer for two or three in connection with some material.

20,112. At any rate, therefore, that is one point. You will remember that Sir Richard Redmayne definitely said: "In my opinion the present system of individual ownership of collieries is extravagant and wasteful. That is a somewhat daring statement, but I am prepared to stand by it whether viewed from the point of view of the coal-mining industry as a whole or from the national point of view, and I think by thoughtful persons on both sides, both the owners and the workmen, that is pretty generally accepted." Probably you do not agree with that?—No, I do not. I do not think he sustains his proposition.

20,113. Would you help the Commission by taking the various points? You have already said there is some economy—I do not want to exaggerate—by joint buying to a certain extent. That was one of his points. Then he said there would be prevention of waste due to the following fact: the prevention of competition leading to a better selling price for export coal. Is there a good deal of competition between British exporters at the present time?—The controlled price was only removed two days ago—

20,114. Never mind the controlled price, I am speaking of the normal state of things?—Under the normal state there is no doubt competition which secures to the consumer probably the article which suits him best.

20,115. We are speaking of the foreign consumer. Therefore it is suggested that if there were combination among exporters they would secure a better price. You have had experience of combinations, I think, in your industry?—We have tried them, but I do not think they have been a great success. In connection with trying to secure prices and avoiding what is called "cut-throat competition," my experience, taken as a whole, is that there are moments when a demand is so great and the supply for the moment is not equal to the demand that competition appears to run to excess, and perhaps the highest possible price at the moment is not secured owing to competition.

20,116. Surely you would not wish the Commission to understand that that is an exceptional case. I have just sat on a Committee of enquiry into trusts and combinations, and we had evidence from every industry as to the prevalence of combinations and as to their success?—But then I want you to realise that there are also times when exactly the reverse takes place. Taking the average, I do not think that we lose much value, if any, in the aggregate, in connection with the price that we obtain from the foreigner by what is called cut-throat competition.

20,117. May I ask whether your firm does not enter into combinations in any branch of its work?—We confer often with those who are selling.

20,118. You call it "conferring"?—Yes.

20,119. "Conferring" is as good a word as any if it has the effect?—There is no obligation when you confer as to the price at which you will sell.

20,120. But you do confer as to the prices at which you will sell?—We try to get the best we can for our commodities just like any other tradesman.

20,121. And the method you take to get the best price is by conferring?—Sometimes by conferring.

20,122. It is suggested that if the exporters conferred a little more they would get a better price?—I do not think they would over an aggregate period.

20,123. You think you do in your firm by conferring, but you do not think the others do?—When we and they think it is advisable to confer as to the price we should ask from a particular purchaser of our commodity, we confer; but when we think we can do better in our own interest we are under no obligation to continue the conference.

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

20,124. That is what is called a gentleman's agreement?—It is a natural way of conducting an industry for the best interest of the nation.

20,125. But on the whole it pays your firm to confer?—If there are circumstances in the conference which render it advisable, certainly.

20,126. If your firm does, from time to time, enter into these conferences it does so apparently because it pays the firm to do it?—No doubt it does at that particular moment.

20,127. Therefore, with regard to the suggestion of Sir Richard Redmayne, that a conference of this sort would lead to better prices, I think you confirm that?—No, not on the whole. Over a long period or a period of three or four years, you will obtain just as high a value from the foreigner for your produce as you would do under any compulsory obligation with fixed prices.

20,128. But I have not said anything about compulsory obligation with regard to fixed prices?—I thought your questions were directed to that end, but I may be wrong.

20,129. Why do you draw that inference? Let us go back. You have definitely told the Commission that your firm on the whole, I think I may say, found it advantageous to enter into this sort of combination, and that on the whole, in the long run, you get a better price by it?—I do not say "combination."

20,130. Either you do or do not?—"Combination" is a much stronger word than I have used.

20,131. Shall we say "conference"?—Yes, let us adhere to the word "confer."

20,132. By this system of conferring, in the long run, on the whole, your firm finds it gets better prices?—At times.

20,133. Not on the whole? You do not deal with the thing on the basis of one year. Your firm is one of those firms which properly plays for the future in the long run?—We look at it as a whole and there are times when conferences are in the interests of our company.

20,134. Either you will tell the Commission or you will not, whether in the long run your firm gets better prices by entering into these conferences, or do you enter into these conferences for some other reason than because it pays you in the long run?—My answer is that occasionally it may be to the advantage of the firm.

20,135. When you say that it may be to the advantage of the firm you are not answering the question. May I ask with what object you enter into the conference? Are you in business for your health?—We enter into these conferences with a view of securing the best price that we can for our respective commodities. At that moment it is an advantage, but another moment comes when it is not to the advantage of the trade and we do not do it.

20,136. Over a period of years you do enter into conferences with regard to price. Now and again, and taking the period of years as a whole, entering into conferences at those times is an advantage to you? Can you not agree that possibly it would be an equal advantage to the export trade?—But we do it in connection with the export trade now and again.

20,137. Now you do not do it with regard to the inland trade, do you?—Yes.

20,138. You do do it with regard to the inland trade?—Yes.

20,139. Then there is no perfect competition among coal-owners which secures to the consumer the lowest possible price?—There often is.

20,140. I am very glad to learn that there is often competition among the coal-owners for the benefit of the consumer, because that implies that the normal state is not that of competition?—Competition is always operating in the system which is adopted in the industry, and it is through competition that we are able to secure the best results, I believe, in the interests of the nation.

20,141. For the coal-owners?—And for the nation.

20,142. But not for the consumers?—And for the consumers. If you cannot reduce by competition

your costs, you cannot give to the consumer the advantages of reduced costs.

20,143. Apparently it is to the advantage of the consumer that you should reduce your costs, but you do not necessarily give him that advantage in the reduction of price?—As a rule it follows.

20,144. As a rule. Sometimes you do not give him the advantage in the reduction of price?—If you are able to reduce the price owing to the reduced cost, the natural result is to encourage the consumer to buy more largely.

20,145. If you do reduce the price?—Yes, if you do reduce the price.

20,146. But you have just told me that you enter from time to time into combinations to enable you not to reduce the price?—That is exactly how the trade is carried on and I am afraid that—

20,147. I know that. I ask you to explain. The trade is carried on by entering into combinations so as to obviate a reduction in price which would otherwise have to occur if the combination was not made?—Will you allow me to make my point, which is this: that when you are to secure a continuous custom and increasing custom, you have to meet the necessities of the consumers of the country, and there are times when you can, in the interests of your own concern, increase the price against the consumer, and you do not hit his industry; and there are times when you have to help him with a view, either to increasing his consumption, or to enabling him to carry on his concern. Therefore you must have that elasticity in your relations with your customers which is necessary to success.

20,148. You call it "elasticity," but, of course, other people might call it the use of a monopoly. Would that be wrong?—I think it would be wrong as long as you have private enterprise competing in firms for the custom of consumers.

20,149. But you have told me that it is necessary in your interests that those firms should be able to withhold a reduction of price?—No doubt.

20,150. That is what we call monopoly among economists?—I do not see where the monopoly comes in myself.

20,151. You told me the coalowners do not do that any more than other traders?—It is the natural way of conducting a trade. You try and cultivate the custom of your customers.

20,152. But you also try to retain as much of the enhanced price as you can, having regard to what you call their necessities?—Yes.

20,153. When Sir Richard Redmayne pointed out that there might be economy of administration, he said, "There is no doubt about it, I think, that under a system of combination a number of managerial expenses would be less; in fact their administrative expenses would be less." Do you think that there is any possibility of a reduction of the administrative costs of the fifteen hundred separate concerns?—Speaking generally, very little.

20,154. But a little: there would be something?—There are always certain concerns which are not, obviously, at any given moment, carried on so economically as they might be. The world is not perfect. It is like tradespeople in shop-keeping. One shop-keeper does not manage his concern so economically as another, but the competition between him and his neighbours does secure an improvement which would not exist under any other system.

20,155. I think you have forgotten what you just said about the coal distribution trade, because you suggest the stopping of competition there, and its being carried on under a unified co-operative system?—I think if a few people who are buying in hundred-weights can buy at a less price in tons, it is obviously to their interest; but at the same time, I think it is very advisable that there should be no monopoly in the sales so that there should be competition, and so that they can secure the best price which is possible under the circumstances.

20,156. There is the further point as to provision of capital allowing for increase and more extensive development of backward mines. I do not see anything in your proposals which would result in the application of capital to such part of the 1,500 con-

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

cerns as are not able to get the capital?—If the concern can be carried on at a profit there is no difficulty in securing the necessary increased capital for its development. If a concern cannot be worked at a profit, in my judgment it is better that the concern that can be worked at a profit should be developed in the interests of the country rather than maintain an industry which cannot subsist upon its own bottom.

20,157. You are making it very simple for me, putting it down, to divide those concerns into those which can be carried on at a profit and those which cannot; but can we not take into account that some of the collieries could be carried on at less cost if they had better machinery and plant?—I think directly plant becomes antiquated the experience of the past proves that the colliery firm brings that colliery up-to-date so far as it possibly can, having regard to the necessities and circumstances at the colliery.

20,158. That is no doubt what your firm does, I suppose?—We are always devising the best and most economical ways of securing the coal from underground. We may have an old pit, and then we look to see whether it is not possible by driving a drift underground from some neighbouring colliery to secure the coal in the adjacent pit at a less cost than under the more or less antiquated machinery which may have been put up at the colliery several years ago.

20,159. Are you really suggesting to the Commission that all the 1,500 concerns are as well equipped or as much up-to-date as your collieries? Are there not some of the 1,500 which are not quite so ready to come up-to-date, and which have not quite those facilities for getting capital as your collieries?—I have said in my evidence-in-chief that there may be some exceptions in connection with a limited number of collieries, but speaking generally I am satisfied that there is no industry which is carried on in so up-to-date a way and which is superior to it.

20,160. But that is hardly the standard nowadays. I do not see in your suggestions any recommendations for remedying that particular shortcoming of the mines which are not up-to-date and are not able to get the capital. Have you any suggestion?—My suggestion is that the mines which can produce—

20,161. I am not saying the mines which can produce?—But I am.

20,162. Would you apply your mind to this question of the 1,500 concerns, as you have just said, which are not quite as efficient as they might be if they were better equipped. That is a national loss of course. Have you any suggestion by which those less well equipped mines could be brought up to the standard?—My reply is that under the system of private enterprise the tendency is always to bring them up to the standard and very rapidly if it is worth while carrying them on.

20,163. "Jam to-morrow, but not jam to-day," in fact, as the nursery adage says. As I understand, you say there will be a tendency for those badly equipped mines to be better equipped in the future, but at present they are working apparently to our national loss?—If you drive a flock of sheep through a gateway there must be some going last.

20,164. And if we have 1,500 concerns there must be some which are last?—They cannot be always in the same perfect condition with regard to equipment.

20,165. And it is impossible under private enterprise, is it not?—It is impossible in any industry, apart from the colliery industry.

20,166. You do not know of a way in which they could be made more efficient?—No.

20,167. Therefore while you have many suggestions with regard to making the access to the coal better, you have practically no suggestions to make for improving the administration of the coalowners?—I have made all the suggestions in connection with alterations in my evidence-in-chief which I think is in the interests of the trade and the nation at the moment.

20,168. All you have stated in your evidence-in-chief amounts to this, that you do not think it is desirable that there should be any interference with the separate colliery concerns in their organisation or administration of their industry?—Not by legislation other than that which has been indicated.

20,169. Is there any other interference?—I do not know whether there are any regulations which are not quite perfect. I do not exclude the possibility of that.

20,170. You do not suggest that there should be any alteration in the system of there being 1,500 separate concerns?—No; I am not advocating any change.

20,171. I only wanted to be quite clear. Now let me come to the more important point, namely, the relations with the workpeople. You have put forward very authoritatively on behalf of the mineowners a scheme for what I will venture to call collective profit-sharing—I am implying nothing by that. Would you explain a little more about that? You suggest the workmen should forego the present system by which their wages have some relation to the selling price. You suggest that that should be foregone?—No, it will operate, because it influences the margin between the cost of production and the selling price.

20,172. But in its present form?—Yes.

20,173. I suppose there is implied in your suggestion that in the bad years, when margins fall, their standard rate would have to be adjusted as it has been in the past?—Do you mean the standard rate of wages?

20,174. Yes?—Certainly.

20,175. That is to say, in the bad years they would have no security against having to accept a lower standard rate?—It would depend upon the decision of the Industrial Council.

20,176. Do you mean the Industrial Council of the whole Kingdom?—I think that to the Industrial Council will be left the consideration connected with any alteration of the minimum wage.

20,177. Yes, but I am asking about the actual miners' standard rate or county average in Durham, let us say. Do you suggest that the miners' standard wage will be altered by the National Council?—The Joint Committees will fix the local wage in accordance with the scheme of machinery which the men and the masters employ in the district.

20,178. Yes; that is only local, but the question is, what is the basis. I am anxious to learn from you whether you think the basis of the wage under this scheme is to be settled nationally by the National Council?—The minimum wage will be settled—

20,179. Pardon me! By the minimum wage is usually meant a legal minimum below which no employer or workman can descend, but it has no relation to the standard rate which the mass of the workmen have?—I have already explained that the local differences in connection with one district and another will be arranged locally by the Joint Committees in connection with their county organisation.

20,180. Would you leave the local differences out for the moment? That we can deal with afterwards. The question is, what is to be the basic wage upon which these local differences will be adjusted? At present that is settled practically by the Miners' Federation in connection with the Mineowners' Association in one way or another. Are you suggesting that in future that should be settled not by the Miners' Federation but by the National Council of employers and employed representing all industries?—In regard to the first wage payment, it will be settled through the Industrial Council; in regard to any alterations on that, it will be based upon local differences which have to be adjusted as they are to-day. There are no two coal miners, for instance, in a mine receiving exactly the same wages.

20,181. Thank you, but we are quite aware of that?—That is my reply—that these local differences must be adjusted, and then the percentages will come on the top of that based upon the scheme which has been put forward, which will be derived from the margin between the cost of production and the selling price ascertained by accountants.

20,182. We will come to that, but for the moment I cannot get clear from you what you mean by the basis. Let me put it in this way. At the present time the coal miners are getting a wage which is not in proportion to the minimum of some other industries. Now it is suggested that the National Council should lay down a minimum rate, but I never

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEARLHAM.

[Continued.]

understood that the minimum rate was to be the standard rate—that was only to be something below which no one would ever be allowed to go—but the ordinary rate which the ordinary workmen get would nine times out of ten be much above that. Now I gather from you that your suggestion is that the coal miners should normally, and except for supplements out of profits, be on this national minimum rate laid down by the National Council?—Yes.

20,183. That is what you propose?—Yes.

20,184. Of course, that will have to be laid down with reference to the dock labourer and the agricultural labourer, and also, under the equal wages notion, it will have to be laid down with regard to women. Are you suggesting as the basis of your scheme for the future that the miners shall, except for a supplement out of profits, be placed on the national minimum wage fixed by the National Council?—I have already explained in my answers to Sir Adam Nimmo that I regard it as very important in the interests of the nation as a whole that the payment for labour should be correlated in the various industries, and I have regarded the Industrial Council as the organisation which is going to secure that result.

20,185. "Correlated" is, of course, a very nice word, but would it not imply in your view that the higher wage, if it were correlated with that of the agricultural labourer and of the woman, even making allowance for the difference in exertion and danger, would come down?—From the present rate, certainly. I do not think it is likely to be maintained for a very long period at the present high rate.

20,186. Then you contemplate as the basis for your future arrangement a reduction from the present wages of the coal miners?—Well, it would have to be thresholded out by the Industrial Council, with a view to securing justice between the labour in one industry and the labour employed in another.

20,187. That is to say, that the coal miners' wage would depend upon what influence they could bring to bear in the discussions, not with the coalowners, but with all the other trades in the Industrial Council?—That is so.

Sir Adam Nimmo: In respect of the statutory minimum?

20,188. *Mr. Sidney Webb:* No. Sir Adam Nimmo asks me whether you do not mean in respect of the statutory minimum?—Yes.

20,189. But I have been trying to ascertain, and I think you have once or twice said to me, that by that rate you mean the normal standard rate which the hewer would get?—I say those are determined by the Joint Committees. Anything he gets above the normal standard minimum which is arranged by the Industrial Council will be determined by the Joint Committees.

20,190. Yes, but you have pretty well indicated to me that the actual wage of the hewer has got to be correlated (to use your phrase) with that of the agricultural labourer and the dock labourer and the woman?—With regard to the minimum standard.

20,191. Then you do not mean that you would put your percentage of profit on the standard rate, but on the minimum rate. I am sorry to misunderstand you, but you use the words here, "A minimum or standard rate of wages to be paid to each class of workmen in that district." Do you mean minimum, or do you mean standard, because they are vitally different?—Each man would have a different standard rate.

20,192. Each man?—Each class of man—probably fixed by the Joint Committee. If there was, we will say, a margin to be given to the coal hewer, may I assume for the purpose of an illustration that the standard rate of the hewer was 13s. per day, and he got 10 per cent., which would be his proportion of the margin of profit; that would bring his standard rate for the time being to 14s. 3-6d.

20,193. That would bring his earnings up?—Yes.

20,194. I suggest it would not alter the standard rate. You notice you are saying the standard rate would be fixed by the joint arrangements of the district, but in your print you say: "A minimum or standard rate of wages to be paid to each class of workman in that district, and which for the pro-

tection of the consumer should be fixed by machinery to be set up in conformity with the proposals of the National Industrial Council." I do not want to labour this point, but really it is very important to be clear. You are suggesting that a minimum or standard rate of wages should be fixed in conformity with the National Council. That is a very startling innovation in the coal trade, and I am anxious not to misquote you?—I have nothing to add to what I have already said.

20,195. Then it is quite clear the hewer's wages, except for a share of profits which he may be getting, would be fixed on the proposals of the National Industrial Council?—Plus the arrangements which he can get in connection with his wage through his Joint Committee in the district in which he works.

20,196. Then that is not the National Industrial Council at all. It is difficult to understand what you mean. If you mean it is going to be the Joint Committee between the Durham Coal-owners and the Durham miners who are going to settle the standard wage, what has the National Industrial Council to do with it?—It provides that there shall be a minimum standard wage for the—

20,197. A minimum standard wage. A minimum is different from a standard wage?—You may have a difference in your own mind, but I have no difference in my mind in connection with the wage which I regard as having to be determined by the Industrial Council. Whether you like to call it minimum or standard wage, it is based upon his work underground as compared with the work of other labour.

20,198. Let me give you an example and see if we can agree what is meant. I gather the suggestion is that the National Industrial Council should fix a certain wage which should be adequate to supply the necessities of life at a fair standard of living. Supposing we put that for the moment for the sake of argument at 30s. a week, then I understand that is going to be paid to the dock labourer and the agricultural labourer and the woman, but then each grade of worker would have a supplement to that in proportion to the difficulty of his work or the danger or discomfort. Therefore if we started at 30s. for the undifferentiated minimum, the hewer would receive more, and he might receive 50 per cent. more, or something like that, because of the danger and trouble. Is that not so?—Yes, he would receive more.

20,199. It would be assessed on this basic minimum, which would be based on the cost of the necessities of life for the labourer or the woman?—For the country as a whole.

20,200. Therefore, for the lowest grade of labour in the country. Obviously if you were only going to give the necessities of life you cannot give less to the industrial labourer?—That is for the Industrial Councils to determine.

20,201. You start with a base of the actual necessities of life, and the Industrial Council would settle the coefficient of the hewer at something above that?—For his minimum wage, yes.

20,202. I will leave that for the moment. Now I want to go on to this partnership which you suggest between the workmen and the employers in the aggregate in order to give them a direct incentive both to increase the volume and to lower the cost of production. I gather that that is going to be based upon an average percentage of profit to the employers in each district?—Yes.

20,203. That you quite properly say could be got by qualified accountants, who would have no difficulty in ascertaining it. Would the accountants have any authority to do more than accept the facts which were shown in the employers' books? Let me give you a concrete instance: supposing in one particular colliery concern the accountant said, "I notice that your cost of administration is very much higher than the normal, and, therefore, you ought not to be allowed anything more than the normal"; or do you mean that he will accept the actual facts as they are proved to him?—If he had inserted in his books items which ought to be excluded from his cost of production, it is the duty of the accountants to agree upon the elimination of any item of that kind.

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

20,204. The item might be legitimate enough; it might be such a thing as the salary of the Managing Director; but the question is the amount of it. If the accountant found firms extravagantly run, do you mean that the accountants would merely have to take the facts as they are, or should they have any authority?—They would have no authority to interfere with the items if they were properly presented to them and accurate.

20,205. Of course, you have made it clear that the accountants would only publish the average results, but would you mind explaining to me what security the miners would have under this arrangement that the owners were not charging much more—that is to say, were not giving too large salaries, for instance, or were not doing development work and putting it to the profit and loss account?—They would not interfere under the scheme with items of that kind, if they were over-extravagant on the one side or too parsimonious on the other.

20,206. *Chairman:* Assume there was an item, driving a hard heading for instance, which some people said ought to be charged against capital, and others against revenue—who decides that?—The accountants themselves would have to decide the principle as to whether these items should be placed and charged against revenue or against capital, and they would have to agree. I presume there is not any probability of their disagreeing, but in the event of their disagreeing in connection with any item of that kind I should suggest that they should call upon the Board of Trade to appoint an umpire between them, or to have some power of appointing an arbitrator to decide the question between them.

20,207. *Mr. Sidney Webb:* That is only on the point of whether a given item of expense is or is not properly to be included in cost of production?—Yes.

20,208. But my question is with regard to the amount expended. I may remind you that under the Excess Profits Duty arrangements, the Government thought it necessary to prohibit any raising of salaries. Would there be anything to prevent, in your scheme, any raising of salaries?—Not through the accountants. It would be out of their province.

20,209. Would there be any other way?—No, it is not suggested.

20,210. Supposing a colliery concern voted a considerable sum of money to each of its directors. I am not suggesting that your firm would do it, but you can imagine that it might be done. If they were going to divide their profits with the workmen, it would obviously pay them to value their services at a high rate and put that under the cost of production?—Under the system which obtained in this country, directors have no power to remunerate themselves. The remuneration is done through the shareholders in open meeting.

20,211. I am aware of that. It does not matter how it is done. You have heard of companies where there are no shareholders except the directors, have you not?—I believe there are some.

20,212. Apart from those cases, what is there to prevent a company writing up its salaries and allowances of all kinds in order to diminish the profits?—There is the check that the shareholders possess in open meeting.

20,213. But they are shareholders, too?—As a matter of fact this does not obtain in practice. It may be in theory that collieries are run by seven directors who are distributing large sums among themselves, but it is only in theory; it is not in practice; and it is really useless putting any question like that to me.

20,214. May I remind you that at least one-third of the 1,500 concerns are extremely small?—Of course, in theory it is quite possible, I suppose, for 300 shareholders to become directors, and all give themselves enormous salaries and share no profits, but those sort of things do not exist, and it is only in imagination that they occur.

20,215. Thank you. I am glad to hear that testimony to the honour of business men. Now take another point. There is to be a standard rate per ton to be adequate for the minimum return of profit in redemption of owners' capital?—Yes.

20,216. How do you suggest that the rate per cent. should be arrived at?—That should be arrived at by the accountants.

20,217. Pardon me, that is a very important question. Do you suggest that the accountants should decide that the rate of interest should be 5 per cent., or that the rate of interest should be 7 per cent., or that it should be 9 per cent.?—That is the proposal.

20,218. Are you really seriously contending that the whole of the colliery proprietors will leave it to their accountant, in conjunction with the men's accountant, to decide what the rate of interest will be?—I think that is the best way in which you can secure, for the capital which is sunk in a speculative industry of this kind, a fair return, having regard to the whole of the circumstances, because these accountants who would be appointed are men of the highest probity and standing with a very wide experience of all other industries, and they can arrange what is to be a fair percentage at any given period in connection with a return on capital so invested.

20,219. You remember that this percentage on capital plus the share in the margin over and above it will represent the whole of the employers' profits?—That would be so.

20,220. You are proposing, on behalf of the Mineowners' Association, that you are prepared to allow that rate of return for your capital to be determined by this honest accountant?—That is the proposal.

20,221. That the accountant is really authoritatively to settle what profits the mine-owners shall in each district have?—Before he gets his percentage.

20,222. That is an interesting statement. I should like to know whether the mine-owners have quite thought that out, because you do not say that here. I am glad to learn that it is so, that the two accountants, the accountant representing the workmen and the accountant representing the employers, I suppose subject to the arbitration of the Board of Trade, are going to settle what shall be the annual return in the way of profit to the coal-owners of the whole district. Is that the proposition?—That is my interpretation of what the scheme states.

20,223. It is a startling proposal; I am glad to hear it. But now a further difficulty arises: the accountant will settle whether 5 per cent., 6 per cent. or 7 per cent. is a fair rate. On what nominal capital is he going to settle that? How are you going to arrive at his capitalisation of the firm? The accountant will, I suppose, have to take the figures which the firm supplies him with?—The figures of what?

20,224. The capital value. What is the capital value of the concern?—That is, of course, one of the most difficult questions that can be raised, because the accountants themselves cannot undertake to say exactly what is the capital invested in the colliery and compare it accurately with the capital of another concern. The basis of our system is a tonnage basis.

20,225. Pardon me! Let us assume that Pease and Partners raise 10 million tons of coal. You cannot make your tonnage basis till you have two things: one, what rate the accountant will allow your fair profit or interest on, and, secondly, on what annual sum he will calculate that rate. Therefore, if the Mineowners' Association bring forward this scheme the Mineowners' Association must have some idea how the capital value is to be settled?—It will be settled on the basis of tonnage.

20,226. You mean the nominal estimate of 10s. capital per ton raised?—Or some basis which the accountants find satisfactory. The 10s. was to my mind an arbitrary figure fixed some years ago, and my own view is that that 10s. is to-day quite inadequate as representing the capital value of a concern based on a tonnage system.

20,227. You will remember that 20 years ago when Sir George Elliott wished to induce the mineowners to come in he endeavoured to tempt them by offering them 15s. a ton?—I saw the scheme at the time.

20,228. Are you suggesting that some such scheme as that should be put up—that you are going to arrive at an arbitrary figure of capitalisation based on the tonnage raised, and that it is upon that that

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

it will be reckoned?—That seems to me to be the only practical way of doing all-round justice.

20,229. Then you suggest that the two accountants should settle what this annual figure shall be?—Yes, they will determine it.

20,230. Really, this is more and more interesting. The Mineowners' Association are offering to put their whole plant, machinery, and mines in the pot, as it were, district by district, on a valuation to be set upon it district by district by two accountants, and with a return per cent. on that nominal valuation, which these two accountants are to fix. Apart from any facts, they are to arrive at this from their general knowledge of the industry. Is that so?—That is so.

20,231. Do you mean that each separate concern would have a separate valuation, or would it be a common figure for all the concerns?—I suppose the accountants would agree upon a figure for each concern.

20,232. A separate figure?—That it is for them to determine. It is for the district as a whole.

20,233. When you say the district as a whole, does not that imply a common figure for all the firms in the district?—I think there may arise in the development of the scheme differences which may hereafter have to be adjusted. No scheme that I have ever heard of contains provisions to cover every possible criticism, and certainly never secures the filling up of all holes which subsequently in experience actually occur.

20,234. This is the price which you are to be credited with in the books, as it were, for your property?—Quite so—upon which we get a percentage interest, and a redemption of our capital.

20,235. That is the price which you are to be credited with for all your property in the concern, and you are going to leave that to be settled by two accountants on their own view without having settled in your mind whether you propose that it should be a common price in proportion to tonnage for all the concerns in the district or whether it should be a separate price in proportion to the enterprise?—These details, no doubt, would have to be considered jointly with the accountants and possibly with the men.

20,236. You are now suggesting that the men should go into this partnership without having these things settled?—I am proposing that the men should have exactly the same confidence in the substantial firms of accountants that they appoint as the mineowners on their part are prepared to give the accountants whom they appoint on their side.

20,237. You lay stress on that word "confidence"?—Yes, I do.

20,238. I do not want to be derogatory; but you remember what "confidence" means in the Police Courts? It means the confidence trick. I am putting it in your interest?—I have a high opinion of the leading firms of accountants. I am taking firms like Price, Waterhouse & Co., Monkhouse, Goddard & Co., and firms of that standing, whom the Miners' Federation may appoint to deal with their interests just in the same way that we may appoint Messrs. W. B. Peat to deal with it on our side; but to suggest to me that those firms are not going to deal fairly with the men, just as the accountants will deal fairly with us, I think is a reflection which ought not to be cast by a person of your standing, Mr. Webb.

20,239. You misunderstood me altogether?—You suggested the confidence trick.

20,240. It was not the accountants I was referring to. I was referring to the character of the mineowners' offer, that they are inviting the men to forego certain rights, and to come into a new arrangement, and practically it is not yet settled how the capital is to be arrived at, how the percentage of profits is to be arrived at on that capital; and consequently the whole basis of the scheme is nebulous; it means a blind pool?—Not at all. These accountants are the most competent men the country can produce, and to their decision will be left the determination of these matters in our common interest.

20,241. The accountant is a highly expert person, and I have the greatest confidence in him in his sphere, but it is not a question of accountancy that

you are asking him to determine. It is a question of policy—whether you should be allowed 10 per cent. on a million or 5 per cent. on half a million. You are asking the accountant to determine that?—He knows the rate of interest which is obtaining in the financial markets of the world, and it is his business to determine a rate of that kind. I believe—at least we suggest it to you—that no better authority can be secured for determining a matter of this kind.

20,242. Very well; we will leave it at that. Of course, there is an interesting arrangement of this character called the Gas Clause arrangement for Gas Companies' profits. I should like to draw your attention to the fact that if the men's remuneration is partly to depend on the rate of interest, and the nominal amount of capitalisation, as it will under your scheme, it will be very important to them that all new capital shall be raised in the most economical way. You are aware, no doubt, that a gas company is not allowed to issue new capital except on the most advantageous terms?—Yes.

20,243. It would necessarily follow that the same sort of restrictions would have to be put on the colliery concerns?—I do not see that there is any analogy between the two.

20,244. Let me imagine your scheme to be in operation, and imagine that one of the concerns wanted to add new capital?—Obviously for the purposes of development.

20,245. There are two ways of raising that capital, let us say. They might raise it from the existing shareholders on very onerous terms. That is often done. Or they might raise it in the open market—borrow it on debentures, on the most advantageous terms. It would pay them to raise it on the less advantageous terms and share it with the shareholders, but it would not pay the workmen. Do you not think that there ought to be some security in an arrangement of this sort that the capital should be raised on the best possible terms?—It had not occurred to me that there was any abuse crept into the raising of capital in substantial colliery firms in the past.

20,246. Have there not been bonus shares issued? Have there not been shares issued below the market price?—Not to the detriment of the workmen.

20,247. At the present time you are not in partnership with the miners; but the suggestion is that you should be in partnership with the miners and that they should have as much claim and right to profit as yourselves. Clearly the arrangements that you may make when you are not in partnership with anybody cannot be the same as the arrangements which you would be permitted to make if you were in partnership with somebody else?—I do not think the abuse would be likely to arise. If it did arise, it would be time enough to deal with it.

20,248. At present you are asking the miners to come into partnership with you, and you are not offering them any share in the scheme of how the capital should be raised?—That is so.

20,249. When you arrive at the profits, how do you propose to deal with the question of the price of the commodity, of the coal, when it is merely a price between the two departments of the same firm? For instance, as you know, there are the iron and steel concerns which are also colliery companies. Would it not be to the advantage of the concern, if they have to reckon the profits on the coal, to charge a very low price for their coal to the other departments of their concern?—The accountants would have to agree what is the fair value to attach to that.

20,250. The accountants would have to control the price?—No; they would take the price, if it was arbitrarily fixed so as to secure an unjust ascertainment, and they would have to adjust it so that that coal should be charged at the fair market price of the day for the purposes for which it was required and so entered in the books of the company.

20,251. That is to say, the accountants would not be bound to take the fact that such and such a price was charged, but they would have to enquire and put down what they thought the right price?—Yes.

20,252. May I suggest that that applies to other cases too; I mean with regard to all sales. How are the men to know that you are not selling unduly

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

cheap, for ulterior purposes, for instance?—As I have said yesterday, their only check upon the commercial actions of the concern would be through securing a representative on the directorate, if they had not got one already.

20,253. They could not, by having one member on the board of directors, control the operations?—No, they cannot control until they appoint a majority of the directors.

20,254. You do not propose to allow that?—Certainly, if their shareholders elect them.

20,255. For the moment it is not part of this scheme?—It does not preclude there being representatives on the board.

20,256. What I am asking is this: Here is a partnership in which you are asking the workmen to go in; I am only looking at it, so to speak, as a business adviser. I want to know what protection the workmen would have at each one of these points, and you are saying that they have no protection at all?—I am saying that the workman has to accept the scheme as a whole, which we believe is as good a workable scheme as can be put forward.

20,257. When he asks what protection he has against selling at any price which it might suit the directors to sell at for ulterior reasons and thereby give away part of his profits, the answer is, he has no protection?—He must assume that they are going to do their duty properly.

20,258. The directors might conceivably be incompetent?—Quite so, and then the shareholders ought to get rid of them.

20,259. Can the workman get rid of them?—Not except as shareholders.

20,260. You are asking one million workmen to go into partnership with the 100,000 shareholders, and I am asking you what protection you are giving the workmen against either incompetence or malpractices?—The check is not with the workmen.

20,261. Then the workmen are to go into a blind pool?—They get the first plums: they get their wages.

20,262. *Mr. R. H. Tawney*: Is not part of the workmen's income under your scheme to depend on profits?—Yes, and the assumption is that the directors have as much interest in securing a margin of profit as the workman, and they both work together with that object.

20,263. *Mr. Sidney Webb*: Apparently the workmen are not to have any control over the selling price. That you are clear about. Is that so? I am only anxious to know?—Except indirectly through their work in the colliery.

20,264. They are to have no control over the selling price which will be fixed by the directors?—That is the proposal.

20,265. How about depreciation? Before the profits are ascertained, a certain sum would be set aside for depreciation: who is going to settle that?—The accountants.

20,266. That will be left to the accountants to decide how much ought to be set aside?—How much ought to be set aside for redemption?

20,267. I did not mean redemption?—You mean depreciation of machinery.

20,268. Surely that is the sense in which the word is used?—There are so many kinds of depreciation.

20,269. I think I have some acquaintance with this. Let us take the word "depreciation" in the ordinary orthodox sense of the depreciation of the capital invested, the plant and machinery, the enterprise, the lease, the depreciation of the enterprise. If there is any other meaning of the word "depreciation," I am not acquainted with it?—There is a depreciation which is permitted by the income tax authorities in connection with machinery.

20,270. I am talking about that?—That is quite a different depreciation from that on the capital which is sunk in a colliery which has to be redeemed before a certain period.

20,271. That is called redemption?—You may call it redemption.

20,272. No, pardon me, you did?—I called it redemption to make it clear to you; as a matter of fact, we call it depreciation.

20,273. Now may we take depreciation in the ordinary sense. Who is going to settle the amount to be

set aside for depreciation?—Again, these questions in connection with depreciation will all be determined by the accountants.

20,274. You mean that the accountants will have authority, not merely to take the item in the books put down as depreciation, but is to settle how much ought to be there for depreciation?—If he thinks the item is not a fair record.

20,275. Of course it is a fair record of facts, but who is to settle a question of policy?—The two accountants have to settle whether these items are all fair. You cannot leave to one coalowner an arbitrary depreciation unchecked by anybody in a case where an aggregate figure has to be obtained.

20,276. Therefore, the two accountants not only settle the aggregate capital to be credited to the owner for his property: they will not only settle the rate of interest which ought to be allowed upon that, but they will also settle all the items that have come into the profit and loss account, and they will fix in their own knowledge how much ought to be set aside for depreciation. Now we come to reserves, which is not the same as depreciation. There will have to be reserves. Will it be reasonable for an owner to set aside anything for reserve, or will you leave that to the accountants to settle how much should be set aside as reserve?—The reserves which I had in my mind are reserves which are the result of the profit, and come out of the item of profit. Again, if there is any question of diminishing the margin of profit which is to be divided between the men and the owners—

20,277. The whole of the profits have surely to be divided?—The profit between the items of the cost of production—

20,278. The whole of that will have to be deducted?—Yes.

20,279. In arriving at that profit, would you set aside anything for reserve?—Again I should leave that to the accountants.

20,280. Then there is a further item of development, which is a constant item in a colliery, I suppose, and it can go on at a greater or lesser rate. Do you charge any of that development expense to profit and loss?—Again that is an item which will have to be determined by the accountants.

20,281. You leave them to determine the policy?—Yes.

20,282. First of all, you are placing the owner under a great disability, but that is part of the scheme: they are to be placed under the rule of the accountant with regard to all their finances. In return for that, they are to be put in the position, I think I may say, of practically cumulative preference shareholders, because I gather, if in any one year the rate cannot be paid, the deficiency is to be made up in subsequent years from the profit?—That is the proposal.

20,283. That is practically the position of the cumulative preference shareholder—what may be called a cumulative dividend?—Yes.

20,284. That will be done district by district?—Yes. It is proposed that this shall be done by each district separately.

20,285. Each district will stand by itself?—Yes.

20,286. After that, what is left of profit will be divided between the workmen and the employers?—Yes.

20,287. I gather not equally, but in proportions to be agreed?—To be agreed.

20,288. Agreed by whom?—If we can agree among ourselves, so much the better; if not, we shall have to determine how it shall be fixed.

20,289. By an independent chairman?—That is one of the ideas we have. It might be done by the Conciliation Board.

20,290. In the last resort it might have to be done arbitrarily?—It might, if we cannot agree.

20,291. The next question is, the workmen going into this will need a great deal of protective clauses which have not been worked out, but when they do that, they are not protected against a fall in wages. I gather from time to time you have an increase in production out of proportion to the demand. It may be that the demand falls off. Is there to be any restriction on the placing of new capital in the industry?—That has not been suggested.

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

20,292. Let us work that out. After 1900 I think there was a great rush of new capital into the coal industry generally; products went up and prices came down?—There have been great fluctuations, of course.

20,293. Have you known years in which too much capital was put into the coal industry, in fact so much that it became unremunerative?—For a certain period.

20,294. That is my point. Consequently when the workmen and the owners are partners, the workmen will be vitally interested in the rate at which capital is put into their industry?—No doubt.

20,295. When times are good, there will be a rush of capital put into the industry that is permitted by this scheme?—There is no provision to check it.

20,296. Consequently there may be over production?—These things adjust themselves very quickly in the coal trade.

20,297. Pardon me, they do not. We have figures before us showing that you have had 5 or 6 years of bad trade, if you call that "very quickly"?—The production, no doubt, does increase steadily for many years, and the production may be stayed for others, but as a matter of fact there has been a steady increase in the production, meeting national necessities.

20,298. We are aware of those figures?—You have all those figures before you, but I agree with you, there are fluctuations of the enterprise owing to supply and demand, which have a wholesome influence on the trade.

20,299. What influence would it have on the workman's income? He has to get a minimum wage and to rely on his share of the profits?—I am afraid the percentage of the workman under our scheme would fluctuate, as it has done in the past, and we are not proposing that it should not.

20,300. The proposal is that the fluctuation should be at your option, and not at that of the workmen?—It would be at the option of circumstances in the industry.

20,301. Whether Pease and Partners put new capital into the industry is not the circumstances, it is their decision?—Yes.

20,302. Their act will have an influence on the workmen's income. Are the workmen to have any influence in deciding that?—It is not proposed.

20,303. Therefore the workmen will run the risk of suffering a lower income under circumstances over which they have no control?—If the directors are going to mismanage their concern, of course, ultimately there may be no employment for the workmen at all.

20,304. It might suit the employers to play for the future. Cannot you see that it might suit the shareholders to increase the capital value of their concern rather than to divide the profits, and it might suit the workman not to increase the capital value?—I could imagine this in theory, but not in practice.

20,305. You have never experienced this? this is a new proposal?—I know what the theory is, and I know what the practice is.

20,306. Now, going on to the co-operation of the workmen and the owners, you say that machinery should be set up for the purpose of arranging all questions between the owners and the workmen. Did you mean by that that the machinery should enable the owners and the workmen to decide?—We have no difficulty whatever in arranging matters in our various districts. I have already explained to the Commissioners to the best of my ability how we worked in Durham, in reply to some questions that Mr. Cooper put to me, and I believe that that kind of machinery which now obtains will obtain in the future to the best interests of the men as well as ourselves.

20,307. You have altogether a Workmen's Compensation Committee, you have a Disputes Committee and a Joint Committee for the Pit, you have a Joint Committee for wages questions, you have a Local Wages Board under the Minimum Wages Act, you have a Conciliation Board for arriving at the wages, you have a Request Committee—that is about eight separate committees, and, as I understand, on every

one of those committees the workmen have an actual voice with the owners in deciding the questions to which they relate?—Yes, and an arrangement is made as to what is to happen in the event of their failure.

20,308. They are not merely advisory committees, they are executive in their respective spheres?—Yes, according to the rules we have laid down.

20,309. On all these matters you have joint control?—Yes, we have joint control on all these matters.

20,310. When you say that machinery should be set up for the purpose of arranging all questions between the owners and the workmen, you meant by that word "arranging" deciding?—Yes, decisions are arrived at—

20,311. They are arrived at?

20,312. *Mr. Justice Sankey*: I should like to hear the end of your sentence as well as the beginning?—I am interrupted so often.

20,313. *Mr. Sidney Webb*: I asked you what was the meaning of the word "arrangement," and then you referred me to a series of Joint Committees. The series of Joint Committees decide questions within their respective spheres. I want to know whether you meant by the word "arranging" deciding questions?—They come to decisions themselves; if they fail there is other machinery to arrive at a decision, so as to settle any differences which have arisen at these joint conferences.

20,314. Then subject to provision being made for settling differences between the two halves of the joint body, the joint body is entitled to decide the questions which come within its sphere?—Yes.

20,315. You said that machinery of that sort "should be set up for the purpose of arranging all questions between the owners and the workmen?"—Yes.

20,316. That means deciding those questions?—Deciding all those questions.

20,317. Consequently you do allow a very large sphere for what has been called "joint control"?—We allow every possible power under the scheme to the men except in connection with the executive control of the mine, which I alluded to at some length yesterday.

20,318. Then you also go on to say, "Provision for the owners and workmen conferring on all matters of particular or general interest relating to safety," &c. I understand you do not want any interference with the executive, except with regard to safety?—No.

20,319. Are the workers only to confer on those points?—They will have no power in connection with the executive action, but they will have full opportunity of having all their representations fully considered.

20,320. Those eight committees I have referred to, which I have read out to you, have executive power?—If any of the matters to which their welfare relates are matters which come under the rules and regulations in connection with the matters which can be raised, then they will be settled under the machinery which I contemplate.

20,321. I am endeavouring to get at your meaning, and I think I do understand that you believe in the advantages of "joint control" and "executive power" for all those matters which already exist?—Yes.

20,322. But you do not believe in it at all for anything else?—It is a matter of future arrangement in connection with some welfare matter; it is possible it might come within the purview of the regulations which are part of the machinery.

20,323. You here say definitely, "This machinery should consist of the establishment or continuation where already established of Joint Pit Committees or other consultative local committees without executive power?"—"Without executive power."

20,324. As a matter of fact, eight committees have "executive power" now; do you mean to withdraw that?—No.

20,325. Then these words, "without executive power," have reference only to safety? I am trying to understand it?—If you mean that the men should have in connection with their "welfare" a power to

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

compel a certain class of house, we will say, to be built, that would be excluded from the purview of this scheme.

20,326. That is an instance?—That is an instance. "Welfare" is a very wide word.

20,327. I am not asking you about welfare in particular; I am asking you how far you object to joint control?—I say under the limitations which exist in connection with the rules and regulations agreed to, and as regards the various matters which go before each of these tribunals.

20,328. Is not that what I have been putting to you, that you are in favour of joint control where it already exists, but you do not propose to extend it?—Up to the point which has been agreed between us.

20,329. You are not proposing to extend it?—We are not proposing to do so.

20,330. I ask you would it be unfair to say you are asking the workmen to give up their present arrangements for a set of arrangements foregoing the advantages they have got, and entering into a partnership district by district with the owners under which they would have no control over the capitalisation, no control over the rate of interest, no control over the selling price, no control over the policy of the concern, and yet their remuneration would depend on that policy?—We think that is a better system than that which at present prevails, in which the men only have an interest in securing a high price against the consumer by being paid a percentage on the prices realised.

20,331. Regarding it as a partnership, could you as a solicitor, for instance, whom the men came to consult, advise them that their interests would be safe under it?—I should say they would be much safer, and the common interest would work to their mutual benefit.

20,332. Not the men's mutual benefit?—Certainly, the men's mutual benefit, as they would all have an interest in increased production, which they have not at the present moment.

20,333. They have an interest in profit, but the profit does not depend on production. Many of the years in which the production has been greatest have been years in which the profit has not been large?—It depends on whether you are speaking of production per man or the production in the aggregate. Now I am out for production per man, because if you get an increased production per man you will undoubtedly diminish cost, and give the man an incentive to work which he never had before.

20,334. You do not show me how that is necessarily going to be reflected in the net profits?—If you reduce the cost of production you widen the margin between production and cost.

20,335. You have explained to me that that is given away to the consumer?—The price to the consumer, as you know well enough, really depends on demand and supply.

20,336. Pardon me, I do not think that is so?—It has an influence.

20,337. But you have not shown that the miners under this scheme would have any incentive whatever to increased production, because you have not connected the increase in production per man with the increase of the share which they would get in profit. If I had to go to a miners' meeting and had to explain to them that if they put their backs into the work and turned out more per shift they could rely on that being reflected in the actual profit in the district which the miners would share in, I could not explain it to them?—I think you could.

20,338. Perhaps you would explain it to them?—I think they would accept the case that if they are going to share in the benefit that is derived from a reduction of cost—

20,339. They are not?—You might explain it to them in a different way. I think I should be quite fair in explaining it to them, that if they are going to share in the advantages by any diminution of cost, they would be able to understand it with their intelligence.

20,340. All this scheme does is to give them a share in the net profit, which has no necessary con-

nection with the production per shift?—On the other hand, I assert positively that it has as direct an influence as it can positively have on the production.

20,341. And you are asking the men to have confidence?—I have no reason to believe that they have not.

20,342. I say you ask the men in this scheme to have confidence in you?—Certainly.

20,343. Then we will leave it?—Thank you.

20,344. *Sir Arthur Duckham*: You were mentioning in your evidence the question of Government salaries, and you were saying that the salaries paid by Government would not be conducive to ordinary people coming in and working for the Government. The question I want to ask you is whether the Government salaries, some of them, are adequate?—In my opinion, the salaries paid in Government Departments to-day are wholly inadequate.

20,345. Is there not a tendency in Government Departments to get a levelling of salaries?—It has been found in practice practically impossible to devise any scheme except one based upon grading—that is to say, you pay the man for the work which is given to him rather than the work which he necessarily performs. In other words, each man is paid in accordance with the class of work which he does in accordance with the grading in the scheme.

20,346. I presume that the various men would get their increases of salary for that grade by time of service and not by merit?—Yes; under the Civil Service terms, sometimes every year, sometimes after the lapse of a few years.

20,347. He does not get increment by merit?—No, he does not get increment by merit. He gets increment by continuation in the service of the State.

20,348. Have you found in your work in the Government very much difficulty in obtaining special salaries for special men?—I have always found great difficulty in securing increased salaries for special services. I have secured a certain number, but with the utmost difficulty, on account of the Treasury fear of creating a precedent which is going to involve them in very heavy expenditure in other Departments which may press for special service for certain of their officials.

20,349. In your *précis* you speak of the defects in the present system. I would like to ask what, in your opinion, these defects are?—In the present system, I think they are divided into the two chief categories of the remuneration of labour being totally based, as it hitherto has been, on the selling price of the commodity which is produced, and the defects relating to the difficulties which are placed upon the colliery owners of working underground in the most economical manner through provisions inserted in the various leases which he secures from the royalty owners.

20,350. You consider there is trouble from the royalty owners; the colliery owner has trouble?—In isolated cases; I have known an obligation, for instance, for a shaft to be put down, in a royalty, which was obviously, from the mining engineer's point of view, not the best place for the shaft to be sunk for the development of minerals.

20,351. Is the percentage of those cases sufficient to affect the industry as a whole?—No, because the amount of coal which is capable of being worked is so large that in a very short time the necessities of the public are made up by coal which is produced from some neighbouring place in the event of any one place being closed.

20,352. You do not consider then that there are other defects such as the co-operation with regard to working an area? You do not think we have been troubled very much with regard to that?—I think there are cases where some coal has been worked to some shaft under the provisions of one lease which might have been more advantageously worked to another shaft, but which it was impossible really to secure owing to the way-leaves which would be imposed and possible barriers, which, under the lease, might be left between the two different areas.

20,353. What I was asking was the possible defects of collieries not working together for the mutual benefit of the collieries?—I have come across no cases

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

of that kind, unless it be in connection with pumping arrangements. It is quite possible that even in South Durham if all the engineers had met together and arranged for one pumping plant at one particular place some economy might have been secured. There is always a danger of leaving water to find its own resting place by gravitation, and a colliery may be prejudiced by water-bearing stratification and fissures enabling water to pass from the higher seams to the lower, and so on; but there are pumping operations, for instance, in the Rotherham district where colliery owners have joined together in order to unwater a large number of collieries which are working different shafts by common arrangement.

20,354. Would you be in favour of some steps being taken or some measure being passed by which this co-operation between the mines was enforced?—Yes, and I believe a sanctioning committee, such as has been suggested in the scheme, is the tribunal which should be given power to compel the pumping arrangements to be conducted in the most economical way for the production of the coal in a given area.

20,355. Now, just one word with regard to the poorer collieries: Do you see how these poorer collieries could be assisted by their better-conducted brethren or their richer brethren in the neighbourhood in order that they might be brought up to a definite standard for the output of coal?—It is one of those difficult problems which have always engaged one's attention, and which always continue to engage one's attention. To me it seems to be impossible for us to arrange any scheme which is going to support for very long a colliery which is what I regard as below the margin of cultivation, with a view to prejudicing those that are above. As a matter of fact, very few coal seams ever got lost from not being worked, and if a royalty owner or owners of what is regarded as a poor colliery in a given period cannot work the colliery at a profit, the colliery is laid in in such a way as the colliery can be opened if later on the circumstances of the time would enable it to be worked; or another thing occurs, that arrangements are made by which the profitable portions of that coalfield may be developed and worked to some other area which is adjacent thereto.

20,356. How would that work; say you had an area like the Somerset area or the Forest of Dean area, or the North Stafford or North Wales; if all those areas, taken as a whole, are unprofitable, how are you going to meet that case?—Speaking of any given area, you will find a certain number of collieries on the margin of cultivation at any given period, and so it is with the whole country: there are areas which at certain given times, owing to a temporary depression in the trade of the country, where the districts cannot compete with the other districts, and my idea is that those districts will always have a certain natural protection in connection with their own area. They have advantages in connection with transport which enable them to be given a natural protection which will always secure for them some trade, and I do not think any of those districts under any conceivable condition in the industry will be entirely wiped out.

20,357. You have a large number of them which at the present time are being threatened with being wiped out?—They are, because at the present time we are all in the same position, that the cost of production is now exceeding the selling price that we are able to obtain for the aggregate coal that is produced from the collieries.

20,358. *Mr. R. H. Tawney*: May I ask, how long has it been that the cost of production has been exceeding the selling price?—It has been going steadily back this year.

20,359. It was not the case last year, was it?—It was certainly not the case in September of last year; I should say that since September the cost of production has been steadily decreasing while the selling price has been receding, or at any rate has been stationary.

20,360. *Sir Arthur Duckham*: With regard to this scheme for paying the bonus, or the profit-sharing scheme with regard to the workmen, you state here that "These additions to the standard rates of wages in each district would vary in accordance with the variation of the profits shown by each periodical ascer-

tainment in such district." That means to point to a pooling of the district profits as a whole?—Yes.

20,361. Does that not seem to tend to a unification of the interests in that district?—In connection with profit-sharing arrangements between the owners and the men.

20,362. For instance, you have one colliery which is a very well-run colliery, where there is good feeling existing between everybody concerned, and that might be making a very large profit; would not the workers in that colliery have a proper grievance if they had to have their share reduced by a badly managed colliery where there is not that good feeling and there is bad working?—Undoubtedly that is so; but on the other hand, they would obtain the best results from a large colliery where there was very good working.

20,363. Would not those men feel that they were doing their better work for the benefit of other people?—Do you think that would be acceptable to the men; would there not be trouble arising from that?—I think they would have to take the rough with the smooth, under a system of that kind. They must regard the work as a whole for the district.

20,364. I presume that this profit-sharing would go beyond the workpeople. Could you not imagine the workpeople and the others concerned grumbling and being discontented?—I have no doubt they would; and some of that discontent, if it were well founded, would be an element to help to remove the cause of the discontent.

20,365. I do not see any powers here by which they have an opportunity of removing the discontent?—No, they are not given a control in the mining operations.

20,366. Would you consider that any unification in districts would assist this scheme, I mean of the private interests of a district?—I am afraid you would get rid of the competition between individuals in a district, which in my judgment is the greatest incentive to economy and to up-to-date work in the collieries.

20,367. Would you not get your competition between districts?—No, because each district, to a very large extent, has its natural production in connection with its supply area.

20,368. Let me put this to you: Take the gas coal supplied to London. There is a distinct competition in the London area between Durham and Yorkshire in order to secure custom for the coal?—Yes.

20,369. My friend, Mr. Cooper, says, No, no; but I have been in the position of buying, and I know the competition that there is existing?—I am not very well up in the gas trade, because my firm has never sold, or has practically sold very little, coal ever for gas producing to the gas companies.

20,370. There is competition between the districts?—I think there is competition between districts, and natural competition.

20,371. But you do not advocate the unification in districts of the private interests?—No, I do not: I am rather afraid that the disadvantages are greater than the advantages.

20,372. With regard to these proposed colliery joint advisory committees: it seems to me that some of the subjects you have here for discussion are rather bigger subjects than should be dealt with by a pit committee; I mean, for instance, the question of safety lamps: surely that is a big subject?—It is a subject which certainly can be dealt with, in my judgment, by pit committees. The ultimate decision, however, as to which lamp should be accepted must, I think, rest with the management.

20,373. That is the point: do you think a pit committee could properly discuss these larger questions? They might express an opinion, but what I want to ask you is, whether you do not contemplate a committee of this type in a bigger area outside the pit committees for similar subjects?—No. I think the differences in the mining conditions between one colliery and another are so great that each case ought to be considered, such as you have described, by the pit committee of the colliery.

20,374. Then you would not consider that a larger committee in similar areas or districts should be appointed?—I cannot call to mind any particular

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

case where an advantage would accrue by joint pit committees. I am not averse to the idea if you can show me that there is really any advantage in it; but the men who are employed in any one colliery are so cognisant of all the conditions of that colliery, and are not aware of the conditions in another colliery, that I do not see that there is very much advantage in the joint committees being amalgamated between two or three different collieries.

20,375. The collieries are not similar enough in the same area?—No, they vary enormously.

20,376. With regard to this committee, I see this committee reports to a colliery joint committee. Is that the existing colliery joint committee?—We hope it will be in our neighbourhood. We want a little latitude in connection with the arrangements in accordance with the wishes of the men and ourselves.

20,377. There is an appeal committee at the head of it?—Yes.

20,378. Suppose there was a proposed new work, and that the men's representative on the committee proposed a piece of work to be done in a certain way and the manager disagreed, they would have the right of reference to the colliery joint committee, and then to the county appeal committee?—I think they must agree as to the matters which may be referred to these various committees. In connection with the development of a colliery and as to the way in which the colliery should be developed, I think that ought to be decided by the management, and not by the joint committee. I am all in favour of anything that the workmen may think being fully stated and considered by the management, and that the management should have an opportunity of hearing the men's views on anything of that kind.

20,379. Conversely, should the management put before the workmen their views?—The more confidence there is between the management and the men, I think the smoother would be the operations.

20,380. Then your diagram here is not quite correct, because you would not agree for such subjects to go to the county or the appeal committee for decision?—In connection with the development of a colliery—

20,381. Or proposed new works?—or proposed new works which required expenditure of heavy capital, I think the decision must be taken by the management.

20,382. Then this diagram is not correct on that point?—This diagram is based on the practice which obtains in the county of Durham, and we have rules and regulations agreed between us as to the subjects which can be brought up to the committees.

20,383. So that in forming a committee you would have to lay down a schedule of what can be considered and what cannot be considered by the management?—That is so.

20,384. *Mr. R. H. Tawney*: I think you make proposals under three main headings: first, in the body of your report as to the distribution of coal, and then at the end with regard to the control of the owners of minerals, and lastly with regard to the relations between the employers and the employed. Am I right in thinking that you are in favour of the distribution of coal co-operatively to the consumer?—I have explained that I have no knowledge of the reason why there is so much difference between the pithead prices and the prices which some of our consumers in some of our towns have to pay. All I have said is, assuming there is an evil, I think the evil can be cured by co-operation; but I want to be satisfied that there is an evil. I have not sufficient data to say whether that evil does exist.

20,385. You leave it to us to find whether or not there is an evil; but if there is, you advise co-operation?—I think co-operation between small consumers is the way to prevent them being treated unfairly by any middlemen who come in between the coalowners and the consumers.

20,386. With regard to the proposals at the end of your report, what you recommend, as I understand, as the solution of the industrial difficulty is, I think it is fair to call it, a scheme of profit-sharing?—Yes, it is a scheme of sharing profits.

20,387. You are familiar, of course, with the very long history of these schemes of profit-sharing, and with the very many experiments that have been made?—Yes. I think my own firm's scheme has worked admirably with our workmen.

20,388. You know that these schemes have been investigated very elaborately by the Labour Department of the Board of Trade?—Yes, I know there have been investigations.

20,389. And you know that on the whole more than three-fourths of them have been a complete failure?—Most of them have.

20,390. I do not think you are a lover of theories?—I am a lover of the success which attends practice rather than the anticipated success which may attend theory.

20,391. What you are recommending to us is something quite inconsistent with the considerable body of practical experience which has already been obtained?—I do not think so. I think this scheme is calculated to obtain good results, better results than are obtained at the present time.

20,392. But perhaps, after all, I should not be rude in describing that as a "theory." As far as we know and as far as practical experience has gone, profit-sharing, which has now been tried for 50 years, has not produced, in the vast majority of cases, the results anticipated or the results which are anticipated by you here. That is a fact, is it not?—It is correct that there has been a failure from one cause and another.

20,393. Do you think that, in view of that experience, the miners can be expected to throw themselves into this scheme with any great enthusiasm?—I think when the miners realise, as I hope they may, that instead of being dependent on the selling price of coal for the percentage of profits added to their wages, they can secure a further increase in connection with the economy which can be secured in the cost of production, that will be an inducement to them to accept the scheme.

20,394. I put it to you that that is a prospectus which nearly every profit-sharing scheme has put forward, but that the results have nearly always failed to realise the prospectus?—In other industries it has not always been the selling price which has been utilised as an indication of the percentage which should be added to wages. In the coal trade it has been the one factor.

20,395. That is the factor that you are proposing to abandon, is it not?—No. In addition to paying rates of wages on the selling price, we propose for the first time to give to the men an added inducement, not merely to secure an increased price for the commodity which he hopes to obtain, but also an inducement to secure economy in production, and it is an added inducement while not changing the factor on which his wages have been partly based.

20,396. That is to say, it is the ordinary profit-sharing scheme?—It is based, of course, upon production and prices realised.

20,397. I suggest to you that it would have been desirable to consider the past experience on the subject. One cannot feel very optimistic about the schemes in the lights of what we know has happened?—I do not think the experience in shipyards and other places where it has been in operation is of any value whatsoever in considering what ought to actuate one in the mining industry.

20,398. Still experience, such as it is, is of more value than no experience at all. However, I will not pursue that. I understand from your proof that you think the proposal of the chairman and some other members of the Commission, which they have made in their last report, that the owners should receive a profit of 1s. 2d. a ton, too low?—I think that profit has not taken into account any questions which ought to have been under the purview of the Commission.

20,399. We used to be told by witnesses at the last enquiry that 1s. a ton represented 10 per cent.: is that correct as a rough calculation?—I cannot verify that.

20,400. If 1s. 2d. a ton is too low, you want the profit which is put as the basis of your scheme to be more than 1s. 2d. a ton?—One of the reasons is that

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

if there is only a profit of that amount, it stops all development. As coal has to be worked from deeper areas and deeper seams, it requires much more capital in the future to work coal than has hitherto been secured for it, otherwise you get no interest on the money, and you stop all enterprise and all development.

20,401. We have been told by a considerable number of witnesses that the average profit in the coal trade in the last 20 years has not been more than 9d. a ton. Do you, therefore, propose to start as a basis with an increase of 5d.?—I do not want there to be any limitation of profits arbitrarily arranged by the State. I want the enterprise and the development of the industry to be encouraged by leaving the industry quite free.

20,402. I put it to you that your scheme implies the establishment of a standard rate of profit. What I want to get at is what you think that ought to be. We know that you think it should be more than 1s. 2d.?—I think it should vary, and in the future I anticipate that anything like 1s. 2d. will not be an adequate remuneration for the capital which should be invested in the industry.

20,403. That is to say, you propose to begin, as the foundation of your scheme, with a great increase in the standard rate of profit. Is that so?—No. I think if there is to be any standard rate of profit it is most objectionable.

20,404. Is not the phrase "standard rate" your phrase and not mine? I understood there was to be a rate of profit which was to be the basis or the datum line. It is on page 28, paragraph 3, I think. However, I do not want to bether about precise words so long as we understand the scheme; and the scheme is to be that there is to be roughly a standard or basis or datum line of profit?—Yes.

20,405. Your proof suggests to me that you want that basis to be considerably more than 1s. 2d. a ton. What I am trying to do is to reconcile that with the fact that previous witnesses with experience in the coal trade have told us that the average rate of profit is not more than 9d. over a period of years?—There may have been periods where that accurately describes what was secured in the industry; but there are a great number of new factors which ought to come into the consideration of any body of individuals who have to decide questions of this kind in the future. First of all, there is a general increase in the percentage rate which money secures in any investment for the public in the financial world. There is also the case that more capital is required than has ever been the case before in order to secure the same results, and there is also the important point that I have tried already to make that more capital is required in the future in development than has ever been necessary in the past in order to secure the same output.

20,406. I am not disputing your explanation. Clearly, this may or may not be justified. I merely want to get at what you propose. I understand that the first item in your scheme for agreement with the miners and improvement of the relations with the general community is a large increase in the normal rate of profit?—I should leave that to the accountants to decide according to the position and situation of the industry and having regard to the times.

20,407. I put it to you that is what you propose here. With regard to this rate of profit, do I understand that supposing a firm does not earn the standard fixed in any one year it is to make up its profit in the subsequent year or years to that standard before it divides profits?—It is an average of the whole district.

20,408. Does that mean really a guaranteed profit?—It would mean a return on the capital before the profit is ascertained for the purpose of division between the men and the owners.

20,409. That is to say, there is to be guaranteed a profit per cent, or per ton, or whatever it is, over a period of years, and apart from that you propose that there should be no limit to the upward level of profit. Anything above that is to be shared with the miners?—That is the proposal.

20,410. Do you think really the proposal that in the first place there should be a guaranteed minimum; secondly, that there should be no guaranteed limit to protect the community—do you think that is satisfactory from the point of view of the public? Is it not a case of saying to the public, "Heads I win, tails you lose"?—Not any more than has hitherto obtained.

20,411. I am not disputing that; but I say whether it has obtained in the past or not, it is not a scheme which a public body like this Commission can lend its support to. Do you think we can support a scheme like that—that we should guarantee you a minimum, but that we should have no guarantee whatever against an unreasonable increase in profits?—My reply is so long as you have competition between districts and between the firms in any district the consumers will be able to obtain the commodity on terms satisfactory to the community as a whole, and the industry knows that it does not pay the coal-owner to ask a price for the coal which the industry in which the customers are engaged cannot afford to give.

Mr. Arthur Balfour: I should like to be clear; is it a guaranteed minimum whether the colliery earns it or not?

20,412. Mr. R. H. Tawney: It is to be a first charge on the district, to be made up in subsequent years?—The wages will be a first charge upon the whole district. The next charge will be the rate to be agreed upon on the capital, based on tonnage, which is to be given as a return upon the capital invested in the industry.

20,413. Mr. Arthur Balfour: May I interrupt you there? Supposing there is not enough money to pay that, nobody guarantees it?—Then the capitalist will go without any return on his capital.

Mr. R. H. Tawney: For that year. But before he shares profits with the workmen in the next year he has the right to make up the standard if he was below it in previous years.

Sir Adam Nimmo: The minimum wage being retained.

20,414. Mr. R. H. Tawney: Before the Miners' Federation have a right to press for any share in the surplus profits of a good year the firm has the right to repay itself anything it may have lost in bad years?—That is so.

Sir Adam Nimmo: The district?

20,415. Mr. R. H. Tawney: The district—that is to say all the firms. I do not want to press the word "guarantee," but it is in one sense a guarantee. It is a guarantee against this surplus being used to raise wages till the profit which was not made in the previous year is made up?—In other words, it is a provision to enable capital to be maintained sufficiently in the industry to give employment and carry on.

20,416. That is to say you are going to secure a living wage to capital over a given time?—You are going to give a return if the industry will afford it.

20,417. And above that you are going to give them a share in any profits which the trade may make, so that the community loses both ways?—The community, except through the shareholders, which will benefit by a division of profits, will have to accept the prevailing price of coal as they hitherto have done.

20,418. Now may I give a practical instance to see if we can understand exactly what this is? We had some figures put in some days ago with regard to the profits made in the September quarter of last year in the County of Durham. I think they relate to 42 mines. Of those, 19 were making a profit of between 3s. and 6s. 6d. a ton, 8 were making a profit of 6s. 6d. a ton, which were reasonably good profits, were they not?—They were under the control system by which the State secured the whole of those aggregate profits, and the profits did not go into the pockets of those who were making them.

20,419. I am not concerned with that?—But I am.

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

20,420. I suggest that you should follow my argument, and you can state your own views afterwards. Do you propose to maintain that system under which the State takes excess profits?—I think it is very demoralising to everybody.

20,421. That is to say you propose to abolish it. Supposing it had been abolished and you had your standard rate of profit fixed, say, at 1s. 6d., do you propose that in the case of collieries which were earning 6s. 6d. a ton the 5s., the surplus, should be divided 2s. 6d. a ton to the men and 2s. 6d. a ton to the colliery owners in the district?—I am not proposing any particular percentage of division of the profits. The profits would be divided between the men concerned in the production of the coal in the district and the capital which has enabled the industry to be carried on.

20,422. I am indifferent for the moment to the question of percentage, though it is a very important one. I want to get at this: supposing you found the profits to be 1s. 6d., and you had in 1918 collieries making 6s. 6d. a ton—that is a difference of 5s. Do you propose that that 5s. be divided in some proportion between the owners and the men, supposing your scheme had been in operation?—Yes; but it is a very big assumption, because in the circumstances which prevailed in September, which were quite abnormal, we were able to secure from the Neutral Powers an export price which varied from the consumer's price by many shillings. In normal periods of time, such as occur, the difference between the export price and the consumer's price at home can only be gauged in pennies. But under the assumption you make you are accurate in your suggestion.

20,423. There were collieries making as much as 12s. a ton. I do not accept—and perhaps you would not accept—that the profit made, abnormal as it has been, is quite unparalleled. Turn your mind back to the South African war. We were told by an eminent coalowner, sitting where you are, that the profits made then were larger. What you propose then is that any surplus should be shared?—That is the proposal.

20,424. Where does the community come in?—The community comes in by the natural competition which always exists.

20,425. Is that not really "theory"?—No: in practice it works out absolutely as I have indicated. Undue demands are not made on the consumer, because the different districts compete with one another for custom, and the different owners also compete with one another.

20,426. You are anxious to protect the consumer against the demands of the miners. You say, "In the interests of the country the coal industry must continue to be carried on under private ownership so as (1) to maintain personal initiative and enterprise and (2) to safeguard the interests of the consumer." You propose to do that by fixing the miner's wage?—Yes, and in many other ways, I believe the consumer is protected under our system that he cannot be under nationalisation.

20,427. You propose to protect the consumer by fixing the wages; do you propose to fix profits?—No;

by the higgling of the market and by mutual arrangement with the men we shall be able to arrange these matters.

20,428. I suggest that the consumer, if he wants protection against the workmen, also wants protection against the owners. You have made proposals for the former, but you have not suggested anything for the second?—He has the same protection that he has always had against the coal owner, and, considering the average interests that have to be considered over a term of years, I think he will see that the prices have not been unfairly raised against him in the past, and he will see that they are not in the future.

20,429. What figures have you in your mind?—I have in my mind all the concerns with which I have been closely associated.

20,430. You are speaking of the industry as a whole?—Speaking of the industry as a whole, I do not think the percentage which has been secured to the capital which has been invested is as good as that which has been secured in very much less speculative enterprises in the country.

20,431. That is why you want to begin by fixing a standard rate of profit?—The idea of fixing a standard rate of interest was to provide an essential advantage in the first instance for the industry and the men; they should be given a good living wage.

20,432. Do I understand that the object of fixing the standard rates of profits is, in the first instance, out of consideration for the men?—It is to make any scheme, as a whole, attractive to the men that they are guaranteed a substantial living wage.

20,433. Do I understand that, in order to attract workmen into the industry, it is necessary to raise the rate of profit?—I think that is always an inducement to good work.

20,434. Do you really mean that the larger the dividend you pay, the more attractive you make the industry to the workmen?—If he is going to secure a division of the profits.

20,435. Has it not occurred to you that if you make the workmen anxious to increase the profits and share in the profits with the owners, that the workmen may combine with the owners to exploit the general public?—I think the general public who consumes the coal will take very good care that they do not pay more for the coal than the industry in which they are engaged can afford to pay.

20,436. How do you suggest to secure that? You have suggested no protection whatever?—Because the consumer, as soon as you raise the price against him, declines to become a purchaser.

20,437. The ordinary household may go without a fire in winter, but is that a very satisfactory way of bringing the men and the coalowners to a sense of their duty?—It brings them very much up against the proposition that the whole of their livelihood depends on the output of coal and they will take care to supply at a price which the consumer is ready to pay.

20,438. Then the only remedy you propose is that there should be a consumer's strike?—That is it.

(Adjourned for a short time.)

20,439. *Mr. R. H. Tawney*: I need not trouble you much more, Lord Gainford. The practical possibility of introducing this plan rests upon its being accepted by the miners?—Yes. I think that unless it is also supported by public opinion generally—I base much more importance upon the public as a whole than upon one of the interests in connection with a matter of this gigantic importance.

20,440. The scheme is a scheme of profit-sharing. Supposing the miners do not want to join in the profits, you cannot very well compel them to?—The miners need not give us their labour unless they have some arrangement for their remuneration.

20,441. I see you say that if any scheme of joint control is introduced the owners will simply stand out of it. You will not play, so to speak, if you do

not have the scheme you like?—I do not think it will be possible to carry on the collieries for the reasons I have given.

20,442. Supposing the miners will not play if they do not have the scheme they like; have you anything to offer?—I always think in each district we are capable of making our arrangements with our own men for the benefit of the industry in the locality and have always succeeded heretofore in being able to do so, and in the event of no nationalisation arrangement being arrived at I should hope it would be possible for owners and men to agree upon the method of remuneration and employment in their respective districts.

20,443. This Commission has arisen out of the fact that you and the men failed to agree in this par-

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

ticular. Have you any suggestion as to what the basis of agreement should be supposing they do not accept your profit-sharing scheme?—We are not unreasonable individuals, if they have suggestions to put forward to us which we can entertain. We thought that this scheme was a real advantage in the interests of the men because it is based not only on the selling price but the cost of production.

20,444. Do you think so still?—I am quite sure of it.

20,445. Now there are one or two questions about the ownership of minerals. You are in favour of setting up a central authority to intervene in the case of mineral owners unreasonably withholding a right to work or obstructing the development?—Yes.

20,446. Are you in favour of leaving the private ownership of minerals as it is as distinct from mines?—Are you speaking in my own individual capacity, or as representing, more or less, the Mining Association of the United Kingdom?

20,477. Let us have your own individual opinion?—I have never been opposed necessarily in principle to the purchase of royalties by the State if a case could be made out, but, speaking from experience, I am satisfied that the trade is not suffering owing to the fact that we do negotiate our leases direct with royalty owners, just as it is being conducted at the present time. I make the stipulation that if that system is to continue we ought to have compulsory powers through a sanctioning authority in the way suggested.

20,448. You mean the present system of private ownership of minerals is not very inconvenient to you as a coalowner?—No.

20,449. What service does the owner of the royalties render to the community?—It is under the customs and laws of the country; it is his property just as much as the surface, which is still his.

20,450. That I quite understand. What I want to know is, if this is a good arrangement or not. Does he render any economic service to the mining industry?—You have had evidence from the royalty owners on that point. I do not think I have anything to add to it.

20,451. Have you not any opinion on the subject?—I think some royalty owners, because they derive money from their royalties, take a keener interest in the welfare of the men who are working, extracting the coal from the ground than they otherwise might do. Apart from that voluntary effort and interest which they take, they are perhaps influenced by the fact that they obtain a certain amount of income. I do not say they are doing any direct service to the country in respect of that property more than any other property they happen to possess.

20,452. The service they render is that some royalty owners take some interest in the welfare of the men. We pay some royalty owners £20,000 a year, and others £30,000 a year, and one £58,000 a year. Are not these rather expensive luxuries to maintain? I suppose if they were purchased by the State we should have to maintain the interest upon the purchase money, and, from that point of view, unless you are going to confiscate property without paying compensation from the nationalisation point of view, we are not losing anything by working under this system.

20,453. I understand the object of your profit-sharing scheme, or one object, is to increase the output?—Yes.

20,454. To offer the miners an incentive to produce more coal?—Yes.

20,455. Do you think he will have an incentive to produce more coal so long as on every ton he gets by strenuous labour anything from 6d. to 1s. is paid to the person who does no labour at all?—I do not think it has an influence, direct or indirect, on the amount of physical effort made by the miners when at work.

20,456. If a certain number of persons make large incomes without working at all, is not that a bad moral for other persons who are working? Might they not say: "Why should we work hard"?—It is exactly the same thing if a miner receives from some relative a large fortune and he has not to do any more work. It is very likely the miners alongside

of him may feel that it is rather hard they have to work, and, with regard to their more fortunate brother, there is no longer any necessity for him to work. It does not affect the amount of physical effort they put forward to secure a living for themselves.

20,457. It depends largely upon the state of mind of the miners. They are not merely machines. It depends upon how they think they are treated?—They are influenced by all sorts of emotions as everybody else.

20,458. As long as you pay a considerable sum to anybody who does not work you can pay more to somebody who does work?—It does not retard production.

20,459. It does not obstruct the colliery owner?—The colliery workmen.

20,460. Do you think it reasonable?—No miner I have ever come across who goes down the shaft is going to say: "I am going this day to work 2 tons 13 cwt. rather than 3 tons, because if I work the other 7 cwt. I am going to give a little more, a fractional proportion, into the hands of the royalty owners." He does not think of that when at the face.

20,461. I do not suggest he does. You have told us already the royalty owners render no service at all, except in some cases they take some interest in the well being of the workmen?—They contribute very largely to the revenue and to local taxation in many districts.

20,462. They contribute to the revenue; that is to say, we pay somebody £30,000 a year in the shape of royalties and we take back possibly half, possibly two-thirds in the shape of revenue. Why should we not take it all, if he does nothing?—Because it would be confiscatory.

Sir Allan Smith: Before dealing with the Witness I should like to draw your attention, Sir, to Section 2 of the Act, and particularly clause (d) of the first sub-section.

Chairman: With regard to punishing persons guilty of contempt?

Sir Allan Smith: Yes. My application is with reference to an article appearing in the "Daily News" of to-day, and I wish to ask whether you will be prepared to say to the Press that, although we show no desire as a Commission to restrict their activities or their privileges, still there are some things that it is undesirable they should do, and whether you will give a ruling as to the effect of Section 2 of the Act in the direction I have indicated. The article which is in the morning's "Daily News" and which appears in the form of a leading article or special reference, and which directly bears upon the evidence we have just been receiving, is this: "Lord Gainford put the owners' position in very definite form before the Coal Commission. They do not believe in nationalisation. They contend that it would be costly to the consumer, disastrous to export, and ruinous to certain industries dependent upon an economic coal supply. But, although they argue this, they are not opposed to nationalisation as a policy. On the contrary, they are for it." Then further down it says: "But the mine owners must recognise that it is their policy and tradition that have made the event inevitable"—that is to say, the nationalisation of mines. It may be the mines are going to be nationalised; it may be the royalty owners have to give up their royalty holdings, but our task as a Commission at the moment is quite sufficiently difficult, first, to arrive at a conclusion and, secondly, to convince the general public that it is well founded. It is sufficiently difficult without comments of this description, which I submit are unfounded in fact, and perfectly unjustifiable. If these are going to appear from day to day presumably educating the public as against the report this Commission may finally bring forward, it will be intolerable. I suggest it is only reasonable the privileges which this extraordinarily constituted Commission enjoys should be safeguarded. The only result I can think of which would follow any further proceedings such as these is that neither the public nor the Press shall be permitted to hear our proceed-

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

ings upon this Commission, I therefore suggest that it is wise at this stage that some notice should be taken of this article and some construction given with regard to the proper effect of Section 2 of the Act.

Sir Leo Chiozza Money: May I address you upon that?

Chairman: Sir Allan Smith is only drawing our attention to it. I have not seen the article. We have received very great assistance from the Press, because through the Press our proceedings have gone forth to the world. If I may say so, I think the Press are to be congratulated upon the very accurate reports they have hitherto given. I am sure they will take notice of what Sir Allan Smith says, and I do not think for a moment there will be further trouble at all.

Mr. Robert Smillie: I agree we should try and prevent this sort of thing prejudicing our judgment. Here is a circular which has been sent all over the country. I have had one sent to me in Scotland. It says: "State-owned Industry. This problem affects you. There is grave danger that the principle of nationalisation may be established by the Report of the Royal Commission on the Coal Industry, which is due on June 20th, before your views have been made known. Coal first, then ———? The industrial world must be heard on the issue. The coal consumer is entitled to ask: Will the State give the same individual service as the private owner? Will coal cost more? The industrial world can see that no snap decision is made. By writing to the Press. By appealing to their representatives in Parliament. By pointing out the danger on all occasions. Please send your views, or apply for information to: Mr. Philip Gee, General Buildings, Aldwych, London, W.C. 2. From the evidence of the Duke of Northumberland, they (the Miners' Federation) are only in for this scheme as a step to something far worse, something far more revolutionary. The confiscation of all land. It is only an expression of opinion, but I think they want to control the sources of production of all industries. I think they want the complete control of the coal industry for themselves." Sir Allan is justified in calling attention to the newspaper article, but surely this sent out by private individuals is far worse. One wants to guard one's self against such things.

Chairman: I am very much obliged both to Sir Allan Smith and Mr. Smillie for drawing attention to this. We must recollect the public are very interested in this scheme which concerns the whole of them. Personally I find some of them helpful. Perhaps it is good at times to see yourself as others see you. I am sure the Press will do all they can to assist us and not embarrass us. I am much obliged to those two gentlemen for bringing this forward.

Sir L. Chiozza Money: I did want to say, as Sir Allan has raised this matter, that I am inclined to agree somewhat with what Sir Allan says. On the other hand a very large number of articles on the other side have occurred in a great many papers, and in addition to that there is evidently a great deal of money being spent by some person or persons unknown in circulating pamphlets. This was given me at the door and one was given to each person approaching the King's Robing Room.

Chairman: You are lucky. I have had none.

Sir L. Chiozza Money: They obviously come from a certain source.

Chairman: I should like them to go to a certain source.

Sir L. Chiozza Money: As the subject is raised I state what I have stated. I should not have mentioned it only the *Daily News* article has been referred to. This is a greater offence.

Chairman: The moral seems to be to stick to the paper you are used to.

20,463. *Sir Allan Smith:* (*To the Witness.*) I will quote from this article: "But although they"—that is the coalowners—"argue thus"—that is to say that they are against nationalisation—"they are not opposed to nationalisation as a policy. On the contrary they are for it." Is that a fair criticism

of the evidence you have given?—It is absolutely inaccurate. I should rather like to have said something stronger, because if there is one thing upon which the coalowners of this country are unanimous, it is that nationalisation of the industry is disastrous to the nation and as all patriotic citizens they are doing their best to oppose it.

20,464. On page 20 you have a statement in your *précis* which is quoted in this article to this effect: "I am authorised to say, on behalf of the Mining Association, that if owners are not to be left complete executive control, they will decline to accept the responsibility of carrying on the industry, and though they regard nationalisation as disastrous to the country, they feel they would, in such event, be driven to the only alternative—nationalisation in fair terms." Would you tell me what you mean by "executive control"?—I mean if a mines manager is not allowed to decide for himself subject to, of course, the direction he may receive from his directors or the owner of the colliery as to what he should do underground in regard to working and developing the coal and to take precautions for the safety of the men for whom he is responsible, that under these circumstances the coalowner would not accept the responsibility or possibly the conduct of these mines. They also feel that if these powers were interfered with by legislation the property for which they are trustees would be rapidly destroyed and under those circumstances they could not undertake to carry on a policy which is going to destroy the property for which they are trustees.

20,465. Is that the sense in which the paragraph in your *précis* was framed and on which you have given the evidence you have?—That is so.

20,466. Coming to this next question of the proposals you make for the future organisation of the coal industry, do you accept this scheme as it is framed or are you putting it forward on behalf of the Mining Association?—I am putting it forward on behalf of the Mining Association as a contribution to the effort which we think is due to meet a situation which has arisen.

20,467. Is this your opinion as well as the opinion of the Mining Association?—It is my opinion that this scheme would work well if it was given a fair trial.

20,468. Do you ask the Commission to consider reporting in favour of such a Council as you give here?—That is what I am asked to do on behalf of the Mining Association, and I also commend it for whatever it is worth on my own humble personal recommendation.

20,469. You appreciate the result of your cross-examination this morning indicates there are many difficulties in the way of the application of the Scheme, which have not been considered?—I do. I cannot undertake to say this scheme is necessarily a perfect scheme in connection with all its details. It is the general principle in connection with improved powers for securing the economic production of the coal that I think will commend it in the first instance, and in the second instance I commend it generally on the broad principle that it extends to the men an interest in their work which they previously have not been given when wages have been influenced by the prices which have been obtained for the commodity which they secure from the minerals in the earth.

20,470. Of course, you appreciate that if you ask us as a Commission to report in favour of the scheme that you give it would be unreasonable to allow the Commission to fill in the details, the details should appear in the words of the scheme?—It is quite possible there are a good number of loop-holes left in a scheme which has not been admittedly very thoroughly considered, and it has only been considered, of course, from one side. If the miners' representatives were prepared to consider a question of this kind which is put forward with a view of trying to arrive at some arrangement on a mutual footing it seems to me it is quite possible that modifications might be made in the scheme so as to make it mutually acceptable.

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

20,471. Do not you think the time has arrived when you ought to be very specific in the provisions of your scheme in order that the Commission may realise what you intend to suggest?—I intend to suggest these proposals. I admit they have not been under the careful scrutiny of either the general public or of the men.

20,472. Have they been under the careful scrutiny of the Mining Association?—It has been under the careful consideration of a committee which was appointed by the executive of the Mining Association, which was given full powers to deal with this subject.

20,473. Would that committee with the powers it has to deal with the subject revise this scheme and give a little more of the details of its administration for the information of this Commission?—I am sure they would be only too glad to do anything of that kind that is in their power.

20,474. *Chairman*: By when can you let us have it?—I was going to point that out if I might. Our organisation has, I submit, been good in many districts. Our organisation as a coal industry for the United Kingdom has never been perhaps fully developed. When matters connected with the coal trade such as legislative proposals which are going to affect the whole trade are brought forward, then the Mining Association is called together to consider proposals of that nature and to confer with the Government from time to time, but the organisation has always been in districts in connection with all wage questions up to the present time, and we have settled all wage questions and all local differences in the locality concerned. Now if we are to go back to the Mining Association, the Mining Association would say at once: "We cannot as an executive of the Mining Association deal with the subject unless our respective representatives on the Mining Association go back to their respective districts and consult them. That takes time and then differences of views occur between district and district. Our representatives will have a difficulty in any short period of time in coming to any decision which I think would be helpful to this Commission."

20,475. *Sir Allan Smith*: Of course that is all very well, if I may say so. We are not subjected to the same amount of latitude with regard to the matter of time as your Association has been and we have to report by June 20th. If we have to make up our minds on a scheme such as this and fill in the details, we may do you a very grievous harm because we have not your advice as to how you think your scheme would work. Is it not for consideration whether, having regard to the fact this Commission has been sitting since the beginning of March, a special effort should be made by the colliery proprietors to work out this scheme a little more in detail so that the Commission might be in a position to test its value?—All I see that would be possible in the time would be for the various districts to be called together and to be asked whether they would authorise a Committee to deal with this subject, each one expressing, so far as they felt inclined at the moment, their view. You see where we are to-day, being the 21st May.

20,476. I understood you to say a Committee had received full power to present this scheme, and, accordingly, has presented it on behalf of the Mining Association, and you have expressed it. Surely that Committee having full power to present the scheme has equally full power to work out the details so that one can understand this scheme?—We have had the opportunity of conferring with our respective districts on the scheme which has been so far presented; and, taking the country as a whole, we have been pleased to proceed with it upon these lines. I feel that we have some limitation in our powers in dealing further with it unless we consulted our various districts.

20,477. It comes to this. The Commission has to apply its mind to this scheme and come to a conclusion whether or not it is feasible?—That is so in principle.

20,478. Let us have the scheme: "The wages of the workers in each district, instead of varying with the selling price of coal, should be regulated with

reference to the profits resulting from the industry in that district." What do you mean by "wages"? Do you mean the standard rate or earnings?—Are you referring to the scheme as drafted on page 28?

20,479. Yes. I wish at the moment an interpretation of the word "wages"?—You are asking me in regard to the first paragraph on the top of page 28?

20,480. Yes?—"The wages of the workers in each district, instead of varying with the selling price of coal, should be regulated with reference to the profits resulting from the industry in that district." What is your question?

20,481. My question is the interpretation of the word "wages." Does that mean the standard rate or earnings?—The total aggregate wages should vary—the wages would be the total money the miners will receive under the scheme.

20,482. *Sir L. Chiozza Money*: Earnings?—The total earnings.

20,483. *Sir Allan Smith*: The earnings. How does that compare with the standard rate of wages referred to in sub-section 1 and in paragraph 2?—They are guaranteed under this scheme which proposes that they shall vary; a minimum standard rate of wages which is to be fixed by machinery in conformity with the proposals of the National Industrial Council. That is guaranteed to them, the next step before the miners can secure anything more is for items of cost to be ascertained with a view of securing what will be the amount of profit which is to be distributed subsequent to the payment which will be the return upon capital and for redemption.

20,484. May I suggest that you follow me instead of asking me to follow you, and we shall get through much quicker?—I beg your pardon.

20,485. The position is this. The wages are to be regulated from profits arising from the industry in the district. You say there are the various earnings of the workpeople, and these are to be regulated by profits. You refer to a standard rate of wage, and you say it is to be regulated according to the price?—The standard rate of wage will be fixed by the Industrial Council.

20,486. According to prices?—According to the value which they attach to the labour in each district.

20,487. Is it not the case in the past these wages have varied with the selling price of coal?—Yes.

20,488. In the future they will vary in the same way; the standard rates will vary according to the selling price of coal?—The standard to be fixed by the Industrial Council will have regard to the facts of labour throughout the whole country, irrespective of the price of coal. That is the first proposal.

20,489. May I take that point? The Durham rates of wages are going to be fixed by certain elements, and one is the state of labour throughout the whole country, not Durham?—It will have some relation to it. I apprehend the Industrial Council would, in fixing the standard rate of wages for the colliery district, have regard to the different conditions they would have regard to the different conditions which may prevail in each district. If you take the County of Northumberland or Durham; at any rate, I am speaking for Durham more especially, houses, or rent equivalent, is given to all the married men.

20,490. In Durham?—In Durham; and, in addition to that, they all get their coal free. That custom does not exist in other parts of the country. It is obvious if a standard wage is going to be fixed by the Industrial Council they should have regard to local circumstances in fixing the standard rate of wages which is to be the guaranteed wages of all men who work above or underground.

20,491. That is referring to a minimum or standard rate?—Yes.

20,492. You say: "A minimum or standard rate of wages to be paid to each class of workman in that district, and which, for the protection of the consumer, should be fixed by machinery to be set up in conformity with the proposals of the National Industrial Council." I understood you to interpret that in this way. The National Industrial Council would settle the minimum rates?—At the present time it is settled

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

by Statute. It seems to me there is no reason why the minimum wage throughout the whole country should not be settled by the Industrial Council in the same way, and may settle the standard rate of wages in other industries as well.

20,493. I suppose you are aware the National Industrial Council is not going to do anything of the kind?—I have not heard what the particular proposals are.

20,494. Have you read the Report of the National Industrial Conference?—Yes.

20,495. Have you not seen that the Government is going to present a Bill especially with regard to minimum wages, and a Committee is to be set up to see what the wages are to be?—I do not appreciate the point.

20,496. It is not a question for the National Industrial Council?—The minimum wages?

20,497. Where are the profits made in a company; in the work or in the office?—They are made in such a variety of directions and in a variety of ways, because you cannot carry on a colliery without attaching to it a great number of interests, and it is the aggregate interests, not merely the difference between the cost of selling coal and the price realised, but it is also the margin of profit which may be secured by other interests which attach to the colliery operations.

20,498. That does not enter the question, but let us leave it at that. What other interests do you refer to? Do you refer to where the colliery company owns ships?—Yes.

20,499. Or indulges in other activities?—Yes.

20,500. Do you suggest the percentage to be added to the miners' standard rate should vary according to the profits of the concern as a whole?—I think it ought to vary as far as possible in accordance with the profit obtained in connection with coal. It is one of those difficulties which brings in complications.

20,501. I suppose you can suggest a case where the actual coal getting might be carried on at a loss and the ship owning carried on at a profit, giving a substantial profit to the shareholders of the company?—I have a case in point in my mind.

20,502. In that case, do you suggest there should be no bonus given to the miners, or do you suggest the profits made in the concern wholly unconnected with mining should provide a bonus for the mining?—I think the fair way is the profit connected with an industry so diverse as shipping should be separated from the question of what is a profit secured upon the coal produced.

20,503. You cannot draw a hard and fast line as to whether the profits to be the subject of division are to be purely the profits or losses applicable to the coal mining as an industry in itself in a composite form, or should be the profits of the composite activities of the firm?—I am in favour of an attempt being made in accordance with the profits realisable on the coal produced.

20,504. The profit on the miners' work would be referable to the Coal Department and not to any other department?—That, I think, is the best and least complicated arrangement that could be entered into.

20,505. I suppose you say the same thing with regard to investments in the company which are not referable to the coal produced?—I think that would follow unless those interests were really closely associated possibly with similar colliery enterprise.

20,506. You carry on this equalising idea from one period to another. You maintain the standard rate of wages during the period of no profits, and then subsequently you pay to the shareholders the profits they have lost before any division took place to the miners. Is that your idea?—If an industry in one quarter does not earn sufficient to secure a return on the capital or an insufficient return on the capital, then the subsequent quarter would make that up before a declaration of profit by the accountants which was divisible to the shareholders and the miners.

20,507. If that were to continue for several quarters, would that not result in this, that there would be such a drag or debit against the possibility of such division in favour of the miners that they would

have to be working at their piece-work speed increased by 100 per cent. output without the slightest possibility of getting a division?—On that assumption, yes.

20,508. Do you think any such provision will induce any set of workmen to put forth efforts?—Yes; because under the scheme I feel positive there will be a margin always to be divided.

20,509. You have not given us, and we cannot therefore ascertain, the value of your scheme. Supposing you give us the particular details which would realise what you mean upon that. We cannot fill in these details, because there is no data to fill them in by?—One can always illustrate the operations by figures.

20,510. To illustrate the operation you say here, and perhaps it is the bedrock of the whole question, that the proportion divisible between the shareholders and the miners should be in certain quantities. Of course, if the proportion is anything like equal that would be one set of circumstances. Supposing the proportion payable to the miners was 1 per cent. of what was to go to the shareholders, that would be another proposition altogether. If 99 per cent. goes to the shareholders and 1 per cent. to the miners, that is one proposition; if 50 per cent. goes to each, that is another proposition. Which proposition had you in mind?—If the output of a colliery produced, say, £100,000 during the course of a year for wages and profits, I assume that £60,000 might go to the men in wages, and that would be guaranteed to them. There would then be 15 per cent. distributed to the colliery interest to secure a return on the capital and the redemption of the capital. That would absorb £75,000 out of the £100,000. There would then be left £25,000 to be distributed on a percentage to the men who had earned the £60,000, and be added in the form of a percentage on this basis, and the balance which would be left of that £25,000 would be distributed to the shareholders, the capitalists, to induce them also to take an interest in the productive efficiency of the colliery.

20,511. That is exactly leaving out what I want to get at. You say 25 per cent. will be left, or any other percentage?—It is merely an illustrative figure.

20,512. The figure I want is the sub-division of the 25 per cent. How much of that is to go to the miners and how much do you think should go to the shareholders?—I think the idea would be a division. Whether an arrangement could be come to on the basis—

20,513. What is the division?—12½ per cent. each.

20,514. That is 50 per cent. of the available three revenues which go to the miners and 50 per cent. to the shareholders?—If that 12½ per cent. appeared to be going to give capital an undue proportion having regard to the interests of labour and the interests of capital, then I think that proportion ought to be changed so that the relative distribution should be fair between the interests of labour and the interests of capital.

20,515. Capital in your scheme has already 15 per cent.?—No, it has depreciation included in that, and that might work out to be 7 per cent. or 8 per cent. itself.

20,516. Capital for a variety of reasons has 15 per cent. You suggest further that capital might get 12½ per cent. which is 50 per cent. of the available balance and the other 50 per cent. should go to the miners. Then you say that might not work, and you might have to suggest a scheme where you give 40 per cent. to the shareholders and 60 per cent. to the miners?—The proposal under the scheme is the division of the proportions should be a matter of arrangement in the district.

20,517. The scheme does not say that?—That is certainly our idea.

20,518. Let us have it that way. You are not going to give a certain percentage to the capital firms?—It is an average for a district.

20,519. The division will be a district division?—Yes.

20,520. That district division would apply to all firms equally?—On a certain basis—tonnage probably.

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEARLAM.

[Continued.]

20,521. You cannot say whether you could fix a figure, or a figure once fixed would be maintained?—No.

20,522. You ask us to accept your scheme without any knowledge or data what is really the bedrock of the whole scheme, namely, the division between the shareholders and the miners?—The proportion of the division payable in our scheme is to be a matter of arrangement in the various districts.

20,523. Supposing you have small and unprofitable collieries in the district and several large and profitable collieries, or suppose there was a large combination that was very unprofitable and several small profitable collieries, do you think it reasonable the district average should apply to the small collieries that could not pay?—It is the custom of the district at the present time. We base all matters in connection with the payment of wages upon the average of the whole county area, and I think on the whole it has worked well and would work well in the future.

20,524. You have indicated certain cases where collieries have gone on working coal and made no return to the shareholders. In these cases would these collieries be subject to the average increase of the district from the point of view of profits?—From the point of view of profits so long as they continued to pay men wages they would benefit in the margin of profit of the whole district.

20,525. Even although the company was actually making a loss?—Even although the company was actually making a loss.

20,526. Would you tell me why it is you have at this stage suggested you should turn over the question of fixing wages from prices to profits?—Because we have been in the County of Durham in communication with the men with a view of securing a system by which the men would have a direct interest in increased production.

20,527. Was that prior to this year or since the Commission was appointed?—It was towards the end of last year when we were realising in connection with all the increase of wages they were receiving, that diminished production was being secured. That diminished production, unfortunately, has been going on, and has been going on ever since the Interim Report. For instance, my own firm have, I think, the same number of men who were at work before the issue of that Interim Report and they then were securing about 800 tons more a week than now with the same number of men which we have employed at the present time. Comparing those men with the work which they did in 1914 in similar places we are satisfied that there has been a diminished production of about 20 per cent. It is in the interests of the country that the production per man should be raised and it was with that view we commenced negotiations with the men to try and give them a direct interest in increasing their output per man. There was a scheme devised by Durham and we entered into negotiations with the men and we thought we were going to enter into satisfactory arrangements with the men. The scheme was not so complete in form as the one here. We indicated to the men that they would receive a percentage of the profit which would be ascertained by our mutual accountants from the books of all the owners in the county of Durham. That was as far as we got in connection with the men when the trouble at the commencement of the year occurred in the whole trade.

20,528. You identify this increased work with the profits of the company? You ask from the men an increased output? If they gave an increased output should they not get an increased profit, whether the company was making a profit or not?—There must be a fund from which they get their profit.

20,529. If the district is not making a profit they do not get their balance?—They do not get a percentage at all.

20,530. You desire at the same time they should increase the output whether a profit is made or not?—Certainly.

20,531. The profit being made by the company and not the men?—They get their wages guaranteed; then you only get a certain return on the capital invested.

20,532. My point is you wish them to produce the increased output whether the company is able to make a profit on the increased output or not?—Certainly, because the increased output will help the cost of production at once.

20,533. You must realise with regard to production and consumption if you produce more than you can sell, the probability is the value of the article will go down?—Yes.

20,534. Would you not agree that if you got the men to produce too much they are doing the best thing to reduce the profits?—No, because the output of a colliery is always measured really by the demand.

20,535. Who measures it?—It is the economic law.

20,536. Who measures the output?—Those who receive the demand from the public have to secure the output from the mines with a view to meeting that demand.

20,537. The output depends upon the number of orders you receive?—Yes.

20,538. How do you reconcile that position with the position that you wish the increased output from the mines?—Because you help to secure a profitable industry and help all other industries if you can secure a profitable industry. If you do not secure a profitable industry your men do not do their best when at work.

20,539. You restrict the production of the colliery according to the orders you receive?—That is the way you always have to meet a supply and demand which occurs and which is always varying to a slight extent.

20,540. Do you not think it would be better if you could give to the miners some inducement to increase their output without reference to profits at all and that you increase wages to the miners directly according to the amount they increase their output?—I should always be prepared to entertain any scheme that would secure that.

20,541. Would it not be more simple than going into a complicated arrangement of distribution?—The difficulty is to find the fund out of which to pay the increased wages.

20,542. You have the fund out of which to pay the wages?—Yes.

20,543. You say you are prepared to pay extra if you get an extra output, therefore, presumably, on the extra output you have the fund out of which to pay for the extra output?—You have a certain amount of capital before you go into the concern which has to provide the wages fund with which to start your establishment.

20,544. Do not you think it would be better to give the working miner at the end of each week according to output some sufficient rate of wages to justify him putting his best into the work?—It would be, I admit, a more direct appeal than is suggested under the scheme, but it would be a greater tax upon the capitalist and, after all, you have to induce capital to enter into the concern with a view to securing success.

20,545. If you have a system which would give you satisfactory output, would your difficulties with regard to capitalists disappear?—If you can provide a fund out of which such moneys could be paid it would be an added incentive to each individual.

20,546. Do you think that a scheme that gives to each miner at the end of each week an added sum for output is preferable to one under which he has to wait for a month, six months or a year?—Yes.

20,547. *Chairman:* Have you in mind, Lord Gainford, the number of districts there would be? You are putting forward a scheme to which we have given very great attention, naturally, and in that scheme you say, "The wages of the miners in each district, instead of varying with the selling price of coal, should be regulated with reference to the profits resulting from the industry in that district." Will you tell me how many districts you had in your mind?—I am speaking off book. My impression is 15 to 20. I think Mr. Cooper could say exactly what the districts are which we have suggested. In our scheme we are suggesting they should be those established under the Minimum Wage Act.

20,548. I know that. One of your ideas is rather to repeal part of the Minimum Wage Act?—Yes. That paragraph is intended to refer to the existing Minimum Wage Act.

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

20,549. I thought the Industrial Council was to settle the minimum wage, that is to say, going by the districts?—I have admitted to the last Commissioner the Industrial Council does not propose to establish the minimum wage. I myself saw no reason why they should not, but I was told the Industrial Council suggested that that should be done quite separately from any other work which has been imposed upon them. If that is so, the Industrial Council would not settle the minimum wage but settle the standard wage.

20,550. You mean the same number of districts as there are in the Minimum Wage Act?—That was the intention of those who discussed the scheme with me. Those districts named in the Minimum Wage Act would be calculated to meet the situation.

20,551. *Sir L. Chiozza Money*: May I direct your attention to the second paragraph at the bottom of page 6 under the heading: "Illustration of Profits." I think you argue there as though it were in favour of the private ownership of mines that the profits have in the first place been uncertain, and, in the second place, remarkably low. Is that so?—I wish to correct an impression which has been conveyed to the general public that profits in the coal industry over a term of years have been high and excessive. I also wish to state for the benefit of the Commission and the general public that it is desirable that private enterprise should be left unfettered if capital is to be attracted into the industry, because it is a speculative character of industry.

20,552. The facts are as I stated them, that the profits are uncertain and that on the whole they are low. Is that so?—They are speculative, and having regard to the risk which is run they are not high.

20,553. You also said you thought the 1s. 2d. profit per ton which was provided by the Chairman's Report, and which is accepted by the Government, is, in your opinion, insufficient—inadequate?—I think it is, if you are going to secure any future development.

20,554. Is it more or less, this 1s. 2d. you were getting—I do not mean your firm—but the industry was getting before the war?—The 1s. 2d. judged by an average, I think, of five years, according to such figures as have been available before the war, is rather more.

20,555. It is more?—I believe it is.

20,556. You could answer this question simply by saying it is more?—I believe it is; but having regard to the value of capital to-day it is quite insufficient to meet the situation.

20,557. I know. My question is, is it more or less. It is more?—It is more.

20,558. Would you look at your scheme in relation to workmen's wages in paragraph 3 on page 28. (1) The workmen are to get a minimum or standard rate of wage. (2) The accountants are to come to an agreement as to what wages are; and (3) There is to be a minimum reduction on profits to the mine owner. You think 1s. 2d. is not enough?—If you want to see the industry progress it is not enough.

20,559. That is to say, you anticipate that whoever fixes this, these qualified accountants will be asked by your side to put up a case for more than 1s. 2d.?—They will put up—

20,560. According to your opinion they will do so?—They will fix what apparently—

20,561. I ask for your opinion. I thought you said in your opinion 1s. 2d. was inadequate. Therefore I take it, so far as you had any action, would ask for more than 1s. 2d.?—Certainly.

20,562. If the coalowners were to get more than 1s. 2d. what balance is to be left for the wage earner and where is it to come from?—From a reduction in the cost of production, which to-day is very excessive.

20,563. You anticipate a fall in the cost of production. Is there any other source from which you think the workmen will get anything after you have got more than your 1s. 2d.?—I think that will be the main source for the increase of wages; there will be a reduction in the cost.

20,564. Do you really anticipate that an excess profit over 1s. 2d. will be equivalent to a fall in

the cost of material, or something of that kind?—I am quite sure there is plenty of scope for it.

20,565. You do anticipate a very considerable fall in the cost of material to the mine owner?—In the cost of production.

20,566. Through an increased output?—Through an increased output, which will have a very considerable effect.

20,567. You anticipate that increased output will result from this incentive given to this scheme?—It ought to.

20,568. If you think 1s. 2d. is not enough, and you want a much more considerable incentive for the mine owner, what margin is to be left as an incentive for the workmen under the scheme of division of profits?—Under the illustration which I have just given another Commissioner, if you had £25,000 to divide that would be a considerable inducement for the workman to do his best with a view of securing as high a percentage on his wages as possible.

20,569. I refer you again to page 6?—Each workman under the scheme would practically become a policeman watching his neighbour with a view of trying to help the economic production of the colliery.

20,570. You do not anticipate by what you describe on page 6 as the speculative character of the industry, there will not be losses in the future?—There are certain to be losses in individual collieries, and certain to be periods when the workman will have to forego any very large percentage. I think taking the coal trade over a period of years the workman will get a very substantial percentage on the standard rate of wage fixed by the Industrial Council.

20,571. You express that opinion?—Certainly.

20,572. Will you contemplate the result of a good year following a bad year? Supposing in a bad year or a moderately bad year of trading in a certain district the amount of profit was such that you gave the workman his minimum or standard rate, but the shareholder does not get quite the whole of his minimum allowance. That bad year is followed by a revival in trade in the next year, and substantial profits are made. You suggest that that profit must in the first place go to make up to the shareholder what he did not get in the previous years?—I do. May I answer your question fully?

20,573. I should have thought a short answer would answer that?—No. I do not think you appreciate one fact, and that is in the wages which the men receive a very much larger sum is involved than in the percentage given to the shareholders which is comparatively small now. The wages must always, I think, be about eight times the amount of any dividend that is contributed to the shareholders.

20,574. Does not that accentuate my point? Does it not mean really that in all probability in the succeeding good year the workman would get nothing out of the profits, and the whole would be required to make up the arrears on the previous year?—No, it means a very small balance in this one year would quickly refund any profit due to the shareholders, whilst there would be a very substantial sum left to be divided amongst the workmen.

20,575. Would that occur where you say you made a profit of 1.6 per cent. per annum in your own firm?—That was the amount divided amongst the shareholders, but there were provisions made for development with a view to securing future profits out of which the workmen get the benefit.

20,576. I am afraid your own paragraph has rather misled me. Your profit is only 1.6 per cent. If you mean you did make a higher profit, but you applied it to development that is another matter?—A certain amount of money is always spent in development before you distribute anything to the shareholders. I want to point out the shareholders as such in this period only received that rate of dividend.

20,577. I put it in a good period following a bad period there would be no incentive to the miner to work as he would be working for a dividend for the shareholders?—No, he would not. It would want a very little sum to make up money showing any

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

interest on capital whereas he runs the chance of getting a considerable advance in percentage in his wages.

20,578. You are going to divide the whole of the profit in future—it is to be pooled?—Yes.

20,579. In this district there are good mines and bad mines. You know in that succeeding year of good trade the profit will not only make up the cumulative preference dividend to the capital to the man but it will make up the cumulative preference dividend to the bad workman or badly managed mine?—I still assert the amount would be really insignificant in the whole county in paying the interest due on the capital whilst the amount would have been very substantial with regard to the distribution of profit to the men.

20,580. I suggest in small collieries the offer would not be attractive to the worker, but destroy the initiative of the individual mine manager or worker. He would know he was working not to give a dividend to himself but to distribute profits for badly managed companies?—I am quite sure under this scheme private enterprise would continue and the initiative which a mine manager has under that system to-day would be maintained.

20,581. If there were 100 mines in the district 20 or 30 of which were much below the standard and those working the better mines knew they were working to make up the losses of past years on the badly managed mines, what then?—I do mean to say that the men would continue to put forward their best under a scheme of this kind.

20,582. The mine manager would put forward his best, knowing he was working for the pool in his district without any advantage to himself and his own company?—He has many other things to influence him to put forward his best.

20,583. It is the argument of a private enterprise; the thing that tells is the profit of the enterprise?—I have said in my *précis* that it is not gain that influences men to do their best. A man has in mind the success and achievements he will secure.

20,584. We have been arguing that all along. May I take you to another part of your scheme. You say, speaking for the Mining Association, that you agree with the Report of the Acquisition and Valuation of Land Committee. You also say you agree to the principle laid down in the Report of the Coal Conservation Committee. You do not expand that. Do you agree with what the Government has done in pursuance of the principle of the Report laid down by the Coal Conservation Committee?—To what are you referring?

20,585. The Government has introduced a Bill to carry out those principles. Do you agree?—Except so far as they may be modified by Mr. Leslie Scott's Commission Report.

20,586. It has nothing to do with Mr. Leslie Scott's Report. The Government has introduced into Parliament a Bill for the nationalisation of electric power?—I think that Bill will have to be carefully considered. I am not at all satisfied that the creation of these enormous stations is always going to be to the advantage of industry.

20,587. Are you aware that Parliament passed the Bill with one opponent?—Are you speaking of the third reading?

20,588. The second reading?—I am speaking of the details.

20,589. Do you agree with the principle?—Yes.

20,590. You agree with the principle that electric power should be nationalised in this country?—I agree electric power should be so arranged and developed as to secure the best economic results. I am not personally in favour of nationalisation of even electric power. I think it ought to be placed under considerable Government control.

20,591. Are you against the Bill?—I am not necessarily against the Bill.

20,592. You know it nationalises electricity?—I know it takes that form. I am still of opinion there ought to be the best provision for the distribution of electricity.

20,593. Would you have voted for it or against it if you had been in the House of Commons?—I should

like to have the Bill before me before I give an answer.

20,594. You say the coal-owners accept the principle. It is upon those principles the Government acted in framing their Bill?—I am in favour of Government control of the distribution and management of electricity.

20,595. That is an experimental industry and in its infancy, and coal mining has been going on for a long time?—It is very useful to the industry with which I am associated.

20,596. It is in a very rapidly progressive and experimental condition according to one of the witnesses?—I know a great number of people who have utilised this power.

20,597. You are in favour of national control of electricity, but not in favour of the nationalisation of coal?—I am certainly not in favour of the nationalisation of the mining industry of coal.

20,598. But you are with regard to electricity?—Under certain prescribed conditions.

20,599. With regard to Mr. Leslie Scott's report—have you read it?—Yes.

20,600. Do you agree with the creation of a sanctioning authority?—Yes.

20,601. Do you know the composition of that sanctioning authority?—It suggested that there should be Members of Parliament from both Houses and there should be experts added to it.

20,602. It is a joint committee of both Houses?—With other additions.

20,603. It is a joint committee of both Houses?—Yes.

20,604. Do you think the present state of Parliamentary business and with the present Grand Committees that are sitting in the House it is practicable that a Joint Committee of both Houses should undertake so important a duty as what is suggested with regard to the coal in this country?—I do.

20,605. Do you know of many occasions lately owing to the pressure of Parliamentary business that is increasing it is found you cannot get a quorum for the Grand Committees?—I do.

20,606. Do you think a Committee constituted in this way is a businesslike way to deal with this question of the coal industry of this country?—Yes.

20,607. Why?—I know that when you approach Members of Parliament and place duties upon them, there is no difficulty in securing competent men from the House of Commons to undertake the work.

20,608. Can you tell me any similar Committee which has been appointed to carry out the duties that are specified on page 5 of Mr. Leslie Scott's Report?—I cannot recollect one at the moment. I am still quite convinced that men sent to Parliament are prepared to help an industry of this kind, such as suggested. It is a different duty which is suggested than when the members are casually called upon to go to a Committee Room upstairs where the proceedings are taken very little notice of by the Press.

20,609. You say that although they have to have in hand a mining department, and the department has to go to them constantly under different heads under which they may be consulting the mining department, including the establishment of an insurance fund with regard to the letting down of the surface?—It is because of the serious character and definite work to be given them that they would respond to the call of duty and attend to their duties.

20,610. I have as high an opinion of Members of Parliament as you have, but that is not the point. The point is that you think it a business-like suggestion that an authority so constituted should have the Government control of coal in this country?—Yes.

20,611. You think it is?—I am sure of it.

20,612. Now with regard to the Mining Department. Do you think this Mining Department should, as is recommended in this Report, have centralised under it all the departmental duties in connection with mining?—I do.

20,613. It should be a separate Ministry?—I think the suggestion in the Report is a very practical suggestion. I have no better one to make.

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

20,614. May I take you to the Post Office. You comment on the Post Office. May I ask you whether you consider the Post Office is efficient or not?—It is a very relative term.

20,615. It is well understood?—I think with more money at its disposal it could supply better facilities to the public; but, having regard to the limitations under which it acts, I regard it as a very efficient service. I am speaking of the personnel as a whole. I am very satisfied with the work and with the performances of Civil Servants.

20,616. In short it is an efficient organisation?—It is as efficient as it can be under the limitations which I have named.

20,617. Is it efficient or not? It is possible to answer a plain question with "Yes" or "No"?—Efficiency is a relative term. If you want to have twelve deliveries of letters in London every day, and you call that efficiency, and if the Post Office is only giving you two and you call that inefficiency, my feeling is that two deliveries in London are quite sufficient even although the Post Office might be delivering more frequently. It depends on the services which you are asking to be rendered by the Post Office.

20,618. In your *précis* you say that the telephones are worked at a loss. Is that true?—That is true.

20,619. Do you mean they were worked at a loss when the war broke out?—I am under the impression that they were.

20,620. Are you aware that your information is inaccurate?—No, I am not, but it may be. I know for a certain period they were worked at a profit, but that period finished very quickly after the acquisition of the National Telephone Company, and recently they have been carried on at a loss.

20,621. I am surprised that you, as an ex-Postmaster-General, do not know that down to the outbreak of war the telephone system did not work at a loss?—I accept it from you. I know they worked at a profit, but I cannot say down to what date.

20,622. But you are a late Postmaster-General. Is it not unfair to reflect upon the work of the Post Office and to state that it worked at a loss when it did nothing of the sort?—I say in recent years it has been, and I cannot tell you the exact date upon which the profits diminished and the loss commenced.

20,623. These are the words you used: the National Telephone Company gave a better service than the Post Office, on which the Post Office has lost. Is that true?—Yes.

20,624. Well, I suggest it is not true. May I point out to you the facts. The commercial account made up in a commercial way for the year 1913-14 showed a dividend of 4.29 per cent. These are the official figures of the Department of which you had the honour of being the head?—No doubt I had the figures at the time, but I did not carry them in my mind after leaving office.

20,625. Are you aware that that is after raising the pensions of the persons taken over from the National Telephone Company and providing £158,000 for increased pay, £243,000 for improved pensions, and that if you take these things into consideration—the increase in pay and pensions—the dividend is equal to 7.29 per cent. on the capital involved for the year 1913-14?—The whole of my case for private enterprise is that those costs do not exist under a system of private enterprise, whereas they do under nationalisation, and it is because of the increased cost which is necessary to the system of nationalisation that I am opposed to it on economic grounds.

20,626. Are you opposed to pensions?—Not under a system of public service; I think pensions are perfectly right, and I have done my best to secure them.

20,627. Do you not think it right that a worker should have a pension?—I do.

20,628. Why in your *précis* do you put it as a point against nationalisation that people would have to have pensions?—Because you stop all reproduction or

a profitable basis, upon which alone the nation can live. If you are going to nationalise the industries, you destroy investments of people in the industry and all possibility of raising revenue to enable your country to be carried on.

20,629. And you say that, although the Department over which you had the honour to preside, namely, the Post Office, after paying pensions and raising wages paid 4.29 per cent. on the capital?—It secured a very profitable monopoly from the National Telephone Company, and, of course, for a period it was able to carry on that industry at a profit; but gradually the Government system, which always means increased cost, came into play, and that profit gradually was reduced, until now we find ourselves in the position of working the Post Office at a loss.

20,630. But you know that is only due to war conditions. You would not compare war conditions with peace conditions?—I think if better salaries even were paid to the Post Office than are paid to-day—and I think there are a great number of officials who might be paid higher—there would be greater losses.

20,631. Do you think the postmasters in towns ought to be paid like the mine managers?—I think they have to be paid in accordance with the duties they are expected to perform.

20,632. Do you know we have a return from nearly one-half of the mine managers? These are not selected returns, but merely those that happened to be first examined, and they are, as every statistician knows, a very fair sample of the whole. They relate to 1,700 mine managers, and are you aware of these 1,700 mine managers, leaving out of account some who get a free house and coal, and taking what they are paid—they are employed by over 600 colliery companies—73 per cent. get salaries of not over £400 a year?—I take it from you that those are the facts.

20,633. Do you think that is a scale of payment which is likely to obtain from a man the best sort of effort? I am speaking of the salaries of 1919?—I presume that is the scale of salary which represents in the market of the country the responsibilities and the services which are rendered by these men. Most of them of course begin young, and they receive increments in accordance with their capacity and increased responsibilities which are placed upon them.

20,634. I thought you said that when you were at the Post Office you wanted to put up salaries?—I think some of those in the highest positions get inadequate pay.

20,635. I put it to you that the mine managers are obviously inadequately paid, because although the cost of living is high, we have 1,251 mine managers getting £400 a year or less?—They have had very large increments during the last year.

20,636. This is including increments, and this is 1919. If I gave you 1913 the figures are far worse. Do you not think that that is very unsatisfactory?—As long as they are satisfied, I do not think it is for you to raise the point.

20,637. Do you know that they are very dissatisfied?—If there is dissatisfaction, I am quite sure justice will be done.

20,638. You have been the head of a public service and you have reproached the public service with paying bad salaries. Now I put to you the mine managers' salaries. You say the salaries must be right, and I have no right to mention them to you, because the managers must be satisfied. Do you think that is a reasonable way to put it?—You have to arrange salaries according to certain considerations, and I am neither here to condemn or to commend any particular salary paid to any particular mine manager. I think as a rule they are paid in accordance with their capacities and their responsibilities.

20,639. And you think that it is a sufficient reward for the man who takes the great responsibility of managing the mine. You think it is sufficient?—If you give me individual cases, I may be able to judge, but I say I should want to know the circumstances of each case to show whether a man was in my judgment overpaid or underpaid.

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

20,640. But here are 1,700 colliery managers of which 1,251 do not get more than £400 a year. I put it to you again: Do you think that is satisfactory?—I have no reason to believe it is unsatisfactory. No facts have been given to me to show those men are underpaid.

20,641. But you know they are agitating, do you not?—I have not received any notice of agitation with regard to any managers with whom I am concerned.

20,642. No doubt yours are well paid, but I refer you to more than one half of the whole industry?—I do not know of that.

20,643. It has not been brought to your notice?—No.

20,644. You would agree, would you not, that such salaries are not sufficient reward for such a responsible occupation?—I have not made that assumption.

20,645. If those facts are true, do you condemn them?—I do not condemn them as they are stated by you.

20,646. Do you believe they are satisfactory?—I have no reason to believe they are satisfactory or unsatisfactory. I take them as they stand, and I have no reason either to condemn or to commend them.

20,647. Do you know what £400 is worth at the value of money before the war? Do you know what it is worth now?—It can be calculated out in various ways.

20,648. It is not worth more than £250, if it is worth that?—With regard to buying some commodities, I do not suppose it is.

20,649. Does not that appear to you to be a very unsatisfactory rate of remuneration?—It depends upon the services which an individual is called upon to render.

20,650. Do you not think it is very likely that the State would pay worse salaries than this?—I think to attempt to standardise under classification, which is the system for all Civil Servants, would be really disastrous in the industry.

20,651. That is the answer to another question which I did not ask?—That would be the result of nationalisation. It would be the standardising of these classes with definite wages and definite salaries rising by increments and not according to capacity, which is the principle which exists at the present time.

20,652. Now if you were the Minister of Mines, would you arrange a standard which would pay men worse than this? Can you imagine a Minister of Mines who would arrange a standard worse than this?—I was always in favour of paying well for good services.

20,653. If you were a Minister of Mines, is it not certain that you would not tolerate this?—I think I should be loyal to the people I employ and do the best for them; but at the same time I do not condemn the rate of pay without knowing what are the services which individuals are called upon to render.

20,654. Do you not think it is probable that if the mines were nationalised a greater proportion of these men would get a rise?—I cannot say that.

20,655. Do you not think it is very probable?—I cannot say that.

20,656. Now to come to the coal control: In answer to Sir Adam Nimmo, I think you said, very fairly, that on the whole you thought coal control had been an advantage to the country?—I thought under the circumstances which existed it was necessary there should be some coal control.

20,657. I think you said it would be unfair to compare the conditions of the war with regard to coal in peace time with the conditions of the war as to railways in war time?—Yes.

20,658. Now I come to the question of the coke ovens. In that connection I think you are chairman of the Coke Ovens Proprietors' Association?—Yes. I have been only recently appointed to the position.

20,659. Are you aware that very considerable additions have been made to the by-product coke ovens during the war?—Yes.

20,660. Do you know that that was due to Government stimulation?—Certainly a great number of

plants were erected under the influence of the Government, and a desire to produce, from patriotic reasons, that which was required for the Government.

20,661. Do you know that nearly 3,000 coke ovens were added between 1914-19?—Yes, but a great many were arranged for before the war.

20,662. Do you know 3,000 were arranged for in that time?—After the war broke out?

20,663. Not arranged for, but constructed?—My information is that in my own district a large number of these were in process of being erected, or plants were being prepared, when war broke out. I suggest to you that all those 3,000 are not attributable to the war.

20,664. Obviously not all could be, but I suggest the greater number were?—It may be so.

20,665. And you are aware that special arrangements were made in connection with the Excess Profits Duty to enable construction to go on?—Yes, but on a different scale to that of the collieries.

20,666. And you know the production of crude benzol rose from 19,000,000 gallons to 34,000,000 gallons?—I take it it is so.

20,667. Do you not think that it is a very great tribute to Government enterprise during the war?—I think it is a great tribute to the individuals who patriotically did their utmost to help the Government in their difficulties, but I am not in accordance with you that it should be attributed to the capacity of the Government as a Government.

20,668. What else is it to be attributed to? When war broke out were we not exceedingly short of these by-products owing to the lack of private enterprise in this country?—For the purpose of such a war as we had, we were, but it was through private enterprise that these enormous quantities of materials were secured which were required by the Government, and procured with the help of the Government. For instance, my own firm produced nearly one million gallons of benzol for the Government from our coke ovens which we had erected before the war.

20,669. I am not reflecting upon Pease and Partners?—No. I give that as an illustration. It was private enterprise which secured these results for the Government which helped them through the war.

20,670. Exceptional illustrations are apt to be deceptive. I speak of the country as a whole when I say that these industries were very much behind in respect of German intervention?—For the purpose of supplying materials required in connection with explosives we had made no provision for such a war as we entered into.

20,671. And that also applied to other industries such as dyes, chemicals and so on, which were allied materials?—There were a certain number of materials which we supplied, and some firms secured their requirements from abroad, but the demand was very small then.

20,672. But in regard to all these industries private enterprise has done very little, has it not?—I think private enterprise has been far ahead of any national effort.

20,673. Is it not the fact that these things were pointed out by writer after writer, scientist after scientist and economist after economist, and private enterprise took no notice and did not establish these industries?—On the other hand private enterprise has experimented. Scientists and theorists had theories which they carried out in the laboratories, but it was impracticable to carry them out in practice. You have to make practical experiments to carry a thing to success and that has been done under private enterprise. I know of no nation which makes the same effort in trying to secure success as we do under private enterprise.

20,674. You have sneered at the scientists, but was it not through sneering at the scientists that we were left behind?—I do not sneer at the scientists. I want to encourage them in every possible way.

20,675. I thought you referred in rather a slighting way to the theorists and scientists who worked things out on paper?—You were condemning practical firms in this country because they had not

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

produced things which scientists had suggested and which were things capable of production according to theory.

20,676. But they had worked them out?—They had worked them out on paper and in the laboratories, but it is for practical men to put them into operation, and with regard to all these paper proposals of scientists and theorists, when you put them into practical operation and experiment with them, you find all sorts of difficulties which it takes time to cure. It is under private enterprise that you are able to meet the situation and the difficulties and overcome your difficulties.

20,677. Are you unaware that all these things were worked out on paper, and that great factories in Germany and elsewhere were turning these things out at a great rate while we were not turning them out?—I am aware that the Otto Hilgenstock Company had ovens in Germany, and that they produced a certain number of by-products and more, for instance, than the Simon Carvé had done in France; but we were experimenting with our ovens and materials in this country, and the moment the Germans did show that the Hilgenstock system was a better system than the Simon Carvé we at once went into it, and we have developed it in the way you have described, and so successfully as to meet the situation created by the war.

20,678. Were you not aware our coking coals were imported into Germany which coked them and got the by-products, and we bought the by-products sometimes from them which we might have made ourselves?—Yes. They applied the patent to the production of our coke in the retort ovens. They had superior bricks to us. We had a good deal to learn with regard to the manufacture of these bricks themselves, but we are now able to manufacture the bricks ourselves and able to erect these ovens, and all over the country by-product ovens are being successfully carried on.

20,679. Is it not the fact that the Ministry of Munitions employed a number of men of theory, of whom you have not a very high opinion, and under their guidance we did this?—Of course, Lord Moulton was of the utmost assistance to us.

20,680. Therefore, after this long series of interchanges it may be true that these industries were neglected before the war, and under Government auspices they were magnified out of all knowledge during the war?—It is not true to say they were neglected.

20,681. They were largely neglected?—No. The inducement to secure these retort ovens is the price obtained for the by-products. For a long period before the war the by-products obtained such a poor price in the market that it was not a commercial proposition, and no nation would have thought of entertaining the idea of putting up by-product plant with a view to securing these results. Not only at one time was tar an absolute drug in the market, but the price of sulphate of ammonia fell down to £7, and at such prices it is quite impossible to regard coke ovens of the retort character as a commercial proposition. They are extraordinarily expensive to put up, costing between £2,000 and £3,000 apiece. It is for those reasons and for the quality of coke, which is not equal in the view of most furnace managers to that which is produced by the other kind of oven, that any delay has occurred in their completion and erection.

20,682. Are you aware the Government not only stimulated the erection of coke ovens and stimulated and secured a larger production of these things, but it induced the farmers to depart from their conservatism, which was like the conservatism of the colliery owner, and induced them to use sulphate of ammonia, and so made a market?—I am glad the Board of Agriculture did something in that direction.

20,683. Does that not give you a higher opinion of a Government Department than the opinion you expressed some time ago?—No.

20,684. On page 23 you say my friend Mr. Sidney Webb and myself are in favour of central control. May I ask from what part of the proposals we put

before the Commission you derive that opinion?—I am afraid it is a general assumption from the character of the questions which you ask.

20,685. Is it not entirely contrary to our proposals?—If it is contrary, I accept your view and withdraw that suggestion.

20,686. You have made a great deal, as I think we all do, of the importance of retaining individual responsibility in the mine manager. Do you know that nothing has been suggested here to interfere with clause 2 of the Coal Mines Act as to the direct personal responsibility of the manager for the safety of the mine? Do you know that that is left intact by every proposal which has been made?—I think there have been several proposals, if I mistake not, by which the appointment of the managers would rest very largely with the men, and I think that is subversive of discipline and of executive authority.

20,687. I do not admit that that has been proposed, but if it had, do you think that would be more subversive of discipline than what Sir Malcolm Delevingne told us when he spoke of the not infrequent interference of the directors with the mine manager?—I know of no cases where directors have interfered unduly with their mine manager in the matters which appertain to his department.

20,688. But you are aware that he gave evidence on general knowledge which even you do not possess, as to the mining conditions of the whole country?—I am not a Government inspector.

20,689. If you heard of such things you would condemn them, would you not?—I should think that that is an improper course for directors to take.

20,690. With regard to the proposal you put before the Commission of keeping intact the whole of the economic organisation of the industry and keeping intact, for example, 1,500 boards of directors, do you think that that is a good thing and that they really perform a useful function?—Yes, I do.

20,691. Do you think the expense of maintaining them gives you a sufficient return in the economies of the industry?—I think it is a better system than State control.

20,692. I think you would agree so far at any rate with those who had given evidence like Sir Richard Redmayne, that our mines are very unevenly managed from cases of very good management to cases of very bad management?—I can only repeat my illustration of this morning. If you have a lot of sheep going through a gateway, some must be lost. You cannot have exactly the same position in regard to managing one colliery and another.

20,693. Do you not think if you took one of our large mining districts and if you had one of those districts organised under a capable board of directors, in which you functioned the very best brains of the mining industry of that district, that you would raise the technical level in the district?—No, I think you would lose that personal touch between the directors and the management of the concern which is vital to the economic production of coal in the national interest.

20,694. But why?—Because the moment you get large groups under one directorate you lose that personal influence and that personal touch which in this world, I believe, are essential to successful enterprise.

20,695. I thought you yourself described (I was attracted by what you said) the value of really capable men earning large salaries—I think you instanced a case of £2,000 a year and more—who instead of managing one mine had a number of mines to manage?—Yes.

20,696. Is that a good or bad thing?—I think it is a good plan within limitations.

20,697. Are there not cases where there is a very considerable group of mines under a very capable man?—I do not call one to mind. There may be in South Wales, but I do not think there are in my district.

20,698. If you had a capable man who is paid a really adequate salary, and if that man is responsible to a capable board of directors—the best experience of the district—do you not think you would get better results than now?—No, because even the best of men

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

cannot have a personal insight and oversight over a very large number of collieries. His capacity is limited like everyone else's, and it is essential that he should be able to keep in touch with everything that is going on at all the places under his charge, and he should be in constant touch with the managers of those collieries if the country is to secure the best they can from him.

20,699. I have only one other thing to trouble you with. You have read, I take it, the Report which the Chairman and three members of this Commission (one of whom has had unhappily to retire, Sir Thomas Royden) presented to the Government and also the Majority Report of those members in favour of the principle of nationalisation?—Yes.

20,700. Do you know while the six members recommended nationalisation in principle without going into detail, the Chairman and three other members in paragraph 9 made this recommendation: "Even upon the evidence already given, the present system of ownership and working in the coal industry stands condemned and some other system must be substituted for it—either nationalisation or a method of unification by national purchase and/or by joint control," which means the method of unification by actual purchase or joint control?—Yes.

20,701. You have read that, and you realise that 10 out of 13 members of this Commission as originally constituted have recommended a change of system?—I think these words which I have quoted somewhere occur in that Report of the Chairman's that it is on the evidence given. I think other evidence has been given, and I hope evidence will be produced which may show that, having regard to all the circumstances of the case, with a certain effective voice and certain directions being given to the men, the present system of enterprise still is the best system and in the interests of the country.

20,702. And it was in spite of that paragraph, and in spite of these Reports, that you wrote on behalf of the Mining Association that "if owners are not to be left complete executive control, they will decline to accept the responsibility of carrying on the industry, and though they regard nationalisation as disastrous to the country, they feel they would, in such event, be driven to the only alternative—nationalisation on fair terms." You wrote that in spite of these recommendations?—Yes, for the reasons I have already explained.

20,703. What do you mean by "complete executive control" in this paragraph on page 20 of your *précis*? Do you refer to the technical management of the mine, or do you refer to the joint management of the industry when you say complete executive control?—What I mean by complete executive control is that the directors and their managers should direct the underground operations and also direct the arrangements for the commercial transactions in connection with carrying on the industry.

20,704. There is no doubt about it that your paragraph refers not solely to the managerial responsibility in the technical sense but also to the conduct of the industry in its commercial sense?—Yes, in connection with expenditure and all matters really involving discipline.

20,705. So that the Mining Association, after ample consideration, has come to the conclusion that unless it is left in effective commercial management of the mines, it is driven to the only alternative of nationalisation. Is that the true interpretation of this paragraph?—I think so.

20,706. You do not, therefore, accept the fact that the Government has accepted this Clause 9 and the other parts of what is called the Sankey Report, and you hope in giving evidence to change the mind of this Commission and His Majesty's Government on the subject?—I am sanguine enough to hope that anything I may have said may have made some impression. I do not know whether it has or not. At any rate, really to be perfectly frank with this Commission, I rely much more on the feeling of the country as a whole in connection with a matter of such gigantic importance as this as reflected by their

representatives in the House of Commons than I do upon the action of the Government in a situation such as it was placed in a few weeks ago.

20,707. At any rate, unless you can retain this complete executive control of the industry, which refers not only to technical control but commercial control, you would rather have nationalisation?—I think it would be quite impossible and impracticable to carry out the working of the collieries under any such system as has been suggested by those who advocate nationalisation.

20,708. That is to say, you have made up your mind—the mind of the Association—that the million men who work in this industry are not over, so far as you are concerned, to have any real or effective voice in the commercial control of the industry they work in?—I have told you and I have told the Commission that my view is that if they want more control than they can secure under the various provisions connected with the Joint Committees and Conciliation Boards and organisations which can be and have been set up, the only way I see for them to secure it is by getting direct representation on the managing authorities of these companies.

20,709. As shareholders?—They must come in with their financial interest just in the same way as every other director must possess a financial interest, so as to work for the success of the concern.

20,710. So that unless men become shareholders they are not to have a voice in the management, commercially, of the industry for ever?—That is my view. The industry would collapse at once otherwise.

20,711. You think that in a gigantic industry of this kind the people are to be divorced for ever from the management of it?—No, I do not say they should be divorced. I want to bring the management into as close a touch as possible with the workers, and I believe it exists now.

20,712. Would you doubt whether dissatisfaction exists?—I doubt very much that it exists in the form in which it is suggested by some people.

20,713. That is to say, you believe the miners are satisfied with their position?—No man is ever satisfied with his position. They want to advance their position in every direction and that is quite legitimate.

20,714. But in the long run is it not the fact that you cannot carry on an industry of this kind which requires the hard work and risk of a million men of the country, unless the men have some voice in the control of the industry?—Unless you have their goodwill and you have their confidence and they have yours, you cannot carry on this industry under a system of private enterprise.

20,715. But if you have not got that confidence and goodwill, what would you say? If you could be satisfied that there is really an honest desire on their part to have a real voice in the control of the industry, would you then concede it?—I do not believe the men in their heart of hearts desire to have that executive control which is suggested by your question.

20,716. I should be inclined to agree with you if you really believed that, but I am only putting this: If you were satisfied that there was an honest desire—and Mr. Smillie and other representatives of the miners express that honest desire—do you not think that is a very serious human factor which you have to take into consideration without which you cannot proceed in the name of common sense?—I do not think I have anything to add to what I have already said.

20,717. Even then you would not concede it?—The men themselves know well enough that they could not carry on the collieries if they were to possess any executive control. They are intelligent men and they work perfectly well and reasonably with the mine managers under the rules and regulations which now obtain in the various localities. When I have said that I have practically said all I can, because I am quite sure the men are sufficiently content to deal with the situation as it arises in mutual confidence with the mine managers on all questions that really affect their welfare.

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

20,718. Then it comes to this that they are too sensible to desire nationalisation?—I believe most of them are if they are only informed of the true facts of the position.

20,719. And if they did want nationalisation, I suppose it would be a proof of their lack of sense?—It would not be a proof of lack of sense, but I think it would be proof of lack of their having had full opportunity of ascertaining the true facts of the position.

20,720. *Mr. Arthur Balfour*: I think you agree that it is very important that the consumers should be protected?—Yes. I want the consumer to feel that no injustice is done to him.

20,721. And if at any time there were such large groups of private ownership in this country that that was a menace to the consumer, it would be necessary for the Government to take some steps to meet that?—It is exactly that which I am afraid of in any proposals of unification. You will then secure by amalgamation of large concerns an opportunity of squeezing unfairly the consumers of fuel in the country upon which the industrial welfare of this country depends.

20,722. But at the present time no charge of that kind can be brought against the private owners?—No, the private owners I think have kept within reasonable limits and there is sufficient competition so as to secure for the consumers a fair market as between a willing seller and a willing buyer.

20,723. I suppose the miners' trade union has a very powerful influence?—Yes, the most powerful influence which has been ever seen, I should think.

20,724. And particularly so when combined with the Transport and Railway workers?—Yes. It becomes almost a danger to the State when it is endeavouring to secure its own wish against the interest of the nation as a whole, and under a force of that character.

20,725. Therefore do you think it is necessary that the State should have some controlling influence in that direction to protect the consumers of this country?—That is one of the reasons why we suggest the Industrial Council should correlate the wages of those engaged in industry, so that no undue pressure should be placed upon the Government by any powerful organisation beyond what can be legitimately secured.

20,726. Collieries do fall into natural groups, do they not, in the coalfield?—They do, but there are often very great differences between adjacent collieries owing to underground conditions sometimes. It is attributable to great faults which run through stratifications which entirely alters the character of the coal in adjacent areas.

20,727. I take it you do not think, under private ownership, there is a possibility of further advantageous grouping?—I think further grouping would become dangerous to the State, at any rate having regard to the firms with which I am best acquainted.

20,728. But you would not consider that, owing to the fact that there are certain poor collieries, that is a sufficient argument to nationalise the whole of the collieries of the country?—No. I think if a colliery is not being successfully managed, because it has inadequate capital or the individuals connected with it have not the necessary capacity as compared with some of its neighbours, in a very short time such a colliery like that may be absorbed, and perhaps to the general interest of the community, by one of its neighbours.

20,729. I rather gather from listening to your evidence that you think if the mines were nationalised, you would reduce the efficiency of the whole merely to help a few poorer collieries?—I think one of the ideas is that you should carry on a certain number of collieries which are what I may call below the margin of cultivation and prejudice other collieries which can be conducted economically and to the general advantage.

20,730. You are aware that ballots are taken from time to time as to whether strikes should take place or whether the Sankoy Report should be accepted. Do you not think it is a very serious question with regard to ballots of that kind which are taken that

some third party should take the ballot and not the parties interested?—It has never been the duty, I think, of the coalowners to interfere with the method which the men adopt in arriving at their decisions. They take their own ballots in their own way. I have often thought the questions put to them were put in a somewhat leading way which does not secure exactly the free and independent view of those who cast their votes under the system of ballot as it is generally taken, but at any rate I think whatever the process of taking the ballot may be, that the process ought to be known to the general public, so that they can form a conclusion in regard to the value which ought to be attached to such a ballot.

20,731. Do you not think that we are reaching the time when the State, in the interests of the consumer, should take a ballot of that kind?—I think it would be resented very much by trades unions if they might not take a ballot in their own way, but I can imagine in the interests of the State that the result might be detrimental to the State.

20,732. Do you think it is reasonable that in grave questions of the kind that we have had before us recently boys of 16, 17 or 18 should vote?—It does seem rather absurd that, with no experience, their voice should frequently prevail against those of experienced men who have worked for many years underground, and have had much greater experience; but under the system of democracy which we have at present reached, with equal voting power, or very nearly equal voting power, it is very difficult to refuse men who go underground the same privileges as their neighbours, and I do not suggest myself that there should be any legislation to prevent men and boys recording their votes, although I think it is important that perhaps less weight should be attached to their views to that which may be attached to the views of experienced miners.

Mr. Frank Hodges: Are you referring to ballots in the abstract or any particular ballot?

Mr. Arthur Balfour: Any ballot on any important matter.

Mr. Frank Hodges: Thank you.

20,733. *Mr. Arthur Balfour*: With regard to the interference with wage questions by the Government, do not you think very often a strike takes place owing to the delay which occurs in obtaining the decision in a Government Department, whereas if the matter were left to the owners and men, it would be settled much more quickly?—If you have the machinery ready to your hand so that a grievance is at once attended to, I think that prevents dislocation of trade. Whenever there is delay in arriving at a decision, you have strikes and dislocation of the industry threatened. I do not think under any State system you are likely to have so rapid a system as you have under the arrangements that have been mutually suggested between the owners and the men.

20,734. Is it not the fact that there are a great number of collieries where the men and owners are in close touch and agreement?—That is so, and I think there is no industry where the owners and the men are in more friendly relations than they are in most collieries of the country.

20,735. In that case, would it not be a fatal thing to jump from that to a completely different set of conditions under nationalisation?—I think absolutely fatal.

Mr. Herbert Smith: Would that not be for us to reckon up without asking the witness whether it is wise or not?

Mr. Arthur Balfour: I have asked him the question. Before such a thing is done, and seeing that every human being in the country is interested in the whole question, do you think that a referendum should be taken of the whole country?

Mr. Frank Hodges: I think that this is a matter for the Commission.

Mr. Arthur Balfour: I must have the opinion of the Chairman.

Mr. Frank Hodges: I thought this Commission was the body to come to a decision on that.

Witness: If I may be allowed to answer that question, I should say I believe there are more objections to taking a referendum than there are in its favour. I believe the proper system is, through

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

parliamentary representation, ascertaining the views of the people in connection with questions, as they arise, which need the interference of the State.

20,736. *Mr. Arthur Balfour*: Would you be prepared to accept the finding of a referendum if it were taken?—I should sooner prefer to leave the parliamentary system to operate than to have referendums in connection with matters of this kind.

20,737. Without the question of nationalisation of mines being a matter of considerable moment in a general election?—I do not think on a question of this kind, without the matter having been considered by the constituencies, it is the duty of Parliament to deal with any question of so gigantic a character as the nationalisation of the country's industries.

20,738. You have had great political experience. Is it possible to divorce politics from the collieries of this country if they are once nationalised and managed by the nation?—I think not.

20,739. On page 28 of your proof, when you are dealing with this scheme, you deal with the question of the proportion of the amount of profit between the owners and the workers. What do you propose, with regard to that profit, as regards Income Tax? Is Income Tax to be deducted first?—I am afraid that the State would be certain to desire to deduct from the profits ascertained, just as they do at the present moment before the distribution of wages; but if the State would forego its call of Income Tax upon the men's wages and leave them only to pay Income Tax in the event of their wages reaching an Income Tax limit, I should not object.

20,740. It has been suggested to us that a good deal of coal that is exported from this country might be usefully used here. Do you think that an export duty of 1s. is detrimental to the country?—I object to the imposition of an export duty on coal for two reasons: one is that it prejudices certain areas unduly in the coal industry and assists others, but it also does this—it limits the area of the Continent which we can reach in competition with the foreign competitors, and to that extent it diminishes the trade which we are able to secure, and consequently reflects upon the other industries which depend on transport service overseas.

20,741. To come back to the wage question, do you think that sooner or later the wages that are paid to the miners, or indeed to any class of the community, ought not to come out of the taxpayers of the country, but that it should come out of the industry?—It should come out of the industry.

20,742. At the present time you are aware that it must come out of the taxpayer to some extent?—Yes, I understand there is a deficit anticipated by the Chancellor of the Exchequer which is to come out of the taxpayer at the present time. The Government has received numerous protests with regard to that.

20,743. *Mr. Arthur Balfour*: The fact remains that the Government is paying a large portion of it?—The Treasury inform me that they have received over £7,100,000, and a great deal of that would be lost in nationalisation.

20,744. Do you think that it is a dangerous practice to commence paying wages to any worker in this country out of the taxation of the whole population?—Yes, I object to all these subsidies, because I think they are most demoralising to the industry itself and on financial grounds; I am quite sure that the State cannot stand it.

20,745. With regard to baths and drying arrangements, would you approve that they should be made compulsory?—My experience in connection with baths is very limited; but so far as I have been able to look into the matter there has been no demand by the men for baths at the pit-head. Where baths have been erected in connection with new cottages most of these baths have been abused, and utilised for other purposes than for washing. There have been suggestions made that baths should be put up at central positions—sometimes at the pit-head. In some districts I think it would work well, but where men are exposed to all kinds of inclement weather they would much sooner go home than they would walk long distances in their dry clothes, which they have had put on at

the pit-head, and then walk home in rain and sleet and snow, and reach home in their ordinary clothes, and leave their pit clothes behind them. They would much prefer to reach home in their pit clothes. But that something more ought to be done in securing adequate washing arrangements for the miners, and that they should be induced to wash more freely, I think would be admirable, and ought to be supported by some steps being taken of some kind or another. The Hordeu Colliery, for example, are proposing to erect immediately central laundries and central baths for their workmen. If they will utilise them, I think this sort of experiment ought to be followed by other firms very rapidly.

20,746. Do you not think, in view of the French and Dutch experience in bathing arrangements, we ought to educate, not only the miners, but all the workers of this country into having a bath at their works and going home in dry clothes?—I would not necessarily say at their works. I think you ought to try and educate them in the system of washing at their own homes and having a proper hot and cold water supply in their houses; but, of course, the expense is considerable; and as the cost of building houses is equivalent to about one shilling and sixpence per ton of coal raised to add to that cost by hot water arrangements would add very materially to the imposition on the trade if it were made compulsory. I think these facts ought to be before the Commission, because it is an item of expense which is really connected with the whole of the housing question, which must be dealt with on its own basis and dealt with separately.

20,747. That would not be a recurring expense for ever. It might happen once or twice?—I think that the cost of housing is so considerable now that the expense would probably be permanent.

20,748. If it were decided that they must have baths and must have drying arrangements, would you approve of the Income Tax Authorities allowing the expenditure to be put against revenue spread over, say, five years?—I should like to see anything done which would encourage the creation of public opinion in favour of baths, but at the same time I always hesitate to commit myself in connection with special advantages being secured in connection with revenue, because when you get one special advantage for one purpose there are so many others, and the Revenue suffers.

20,749. If it were made compulsory that baths must be taken, do not you think it would be reasonable to limit it to men of 25 and under or even 20 and under?—I think that is very difficult. I am quite sure that the young men are keener about swimming baths than the older men, and would be much more likely to use any baths that are put into houses or placed at the pit head.

20,750. Do you realise that if the mines were nationalised the penalties under the Mines Act would disappear, because one Government Department would not be inclined to sue another Government Department?—I think arrangements ought to be made that the penalties should exist, no matter what the system is.

20,751. Another important question is the question of distribution of coal through City Corporations or District Councils. A witness suggested to us that that was a perfectly feasible scheme and would reduce the cost of distribution. Do you agree in that?—I am not very sanguine that a large Department created of Corporation employers with very good horses and very good lorries, such as Corporations always feel it essential that they should possess, would deliver coal any more cheaply than is done in the present competitive system of merchants.

20,752. Regarding the question that Mr. Webb asked you with reference to the arrangements about new capital, and so on, surely all those questions could easily be provided for by a competent accountant like Sir William Plender?—That is my impression.

20,753. There is no difficulty in arriving at an agreement with the mine workers on those questions?—I think not.

20,754. We have been every day in various agreements in our businesses?—Yes.

21 May, 1919.]

THE RT. HON. BARON GAINFORD OF HEADLAM.

[Continued.]

20,755. Are you aware that the Requests Committee, to which some reference was made by Mr. Tawney, does not decide any question unless it is unanimous?—Mainly these Committees do not decide matters; they consider. But, of course, all questions which under the rules are under appeal to the Conciliation Board are decided ultimately; but there are a certain number of questions upon which only conferences take place, but that is an agreement with the men under the rules which they and the owners have agreed to.

20,756. With regard to the workmen's compensation committees, they also do not decide. If they disagree, the person has to go to the County Court?—They are an executive body only when they are unanimous.

20,757. With regard to the national councils, I take it that you do not mind who fixes the standard wages or the minimum wages so long as somebody fixes them. You are not tied to an industrial council?—I am not tied to the industrial council or any other tribunal, but it did seem to me that when an organisation of that kind was put forward, it should be sufficiently representative of the nation to deal with the problem.

20,758. With regard to the 1s. 2d. profit, is it not fair, when you consider the capital that has gone into the industry since 1914?—There are two considerations which I think are always lost sight of in connection with this matter: One is that the 1s. 2d. is based upon profits. Now, there are a large number of concerns in which there had been nothing but losses. Those losses are never taken into the total account before the ascertainment of the profits. It is the profits only which come into the calculation and not the losses, and then there is also this point, which I think is very seldom sufficiently realised, that there is always lying in connection with the working of the colliery a large amount of capital which is dormant. Take, for instance, my own firm: We calculate that we have generally something like £600,000 which at the moment is not earning money. It is money being spent for future developments, and while those developments are going on, it is yielding no profit, and if you take any particular period you will find there is a large amount of money being spent upon which, up to a given date, there has been no return whatsoever, and the 1s. 2d. does not provide interest; we should regard it as capital with a deferred yielding capacity.

20,759. Regarding the minimum wage scheme under your proposal, does it not appear to you fair that, whereas the mine-worker would be paid his wage whether the trade is good or bad, that under those circumstances the owners should have their, what I call, minimum interest on their capital made up?—That seems to us to be a fair proposition, because the standard wage is guaranteed to the men, and therefore, if you are going to carry on the industry profitably, you must have some kind of return on capital, or otherwise there is no inducement for any development work or progress to take place.

Mr. R. H. Tawney: Would you ask him if the standard wage is guaranteed against production?

20,760. *Mr. Arthur Balfour:* I am asked to ask you if the standard wage is guaranteed against production?—It would be left entirely to the industrial committee to decide whether, having once fixed a standard wage, circumstances justify its alteration subsequently. I can imagine that it would be fixed for a considerable period at a time.

20,761. In the Industrial Council or some other authority?—Yes.

20,762. It is suggested to you that, because the electric light undertakings of this country can be nationalised, it is a reasonable thing that the coal mines shall be nationalised. Surely the production of electricity is a much more simple affair than

mining coal?—Of course it is, because in connection with electricity everybody wants to be treated alike and to secure a supply on similar terms. That is one of the advantages which can be put to the national side of an industry.

20,763. With regard to the post office, it is suggested that it made a profit?—That is the telephones in one year.

20,764. Taking the whole undertaking—post office, telephones and telegraphs—and really finding out what is the capital employed in the post office, which does not seem to be at all clear, is there any profit?—There has hitherto been always a loss—not always, but for a considerable period in the working of the telegraphs. The telephones I have already dealt with. They were carried on for a short period after the absorption of the National Telephone Company at a profit; they are now losing money. The postal services up to the time of the war were always carried on at a profit, and under the system of the penny post. With regard to the penny being increased to 1½d., the advantage in that has been more than met by the increased cost of labour which has now to be paid to the employees of the post office, and the profit has vanished.

20,765. Again, have you any information as to the extent to which houses have been erected by the owners?—I have been given a return.

Chairman: I am afraid we must go into this in the morning, because a number of the gentlemen here have an important interview with the Coal Controller at 5 o'clock, and it is already past the hour.

Witness: If I may say so, the figure that I should like to give is that during the 10 years from the 1st January, 1904, to the 1st January, 1914, there has been spent on building or purchasing new houses in Durham £1,711,000; in restoring and substantially improving old houses, without including outside current repairs, £339,000; or an aggregate of £2,050,000. In Northumberland similarly the figures are £377,000 on building or purchasing new houses. In restoring and substantially improving old houses £139,000; or a total of £517,000; making a total for the two counties of £2,567,000.

Chairman: Now Mr. Smillie wants to ask one question.

20,766. *Mr. Robert Smillie:* I am sure we want to come to a unanimity on the question of nationalisation, and I want to put a proposal to you. Would you be willing that the mineowners and the miners should take a joint ballot of the miners, the shareholders in the mines or the official staff in the mines and the Directors on the question of nationalisation? We will abide by the result. Will the owners?—My reply is that whilst I am not authorised to speak on behalf of the Mining Association in connection with an important proposition of that kind, yet I think that the question is so vital to the nation as a whole that the decision in a matter of this kind ought to be left to Parliament and not to local interests.

20,767. You have said that it is not the miners, but certain interests. I want to put it on behalf of the miners that I believe that they would abide by the result of the ballot. We would take the vote generally between the mineowners and ourselves?—I do not think that a decision arrived at by the mineowners and shareholders in one industry which affects the whole industries of the country ought to be taken, because I think it would exercise an unfair influence upon the interests of the nation as a whole, and I think these questions ought to be left to the nation as a whole, and not to the industries concerned.

Chairman: There are certain questions in regard to the distance which I understand one of the subsequent witnesses will deal with. Therefore I will not trouble you about it. I am much obliged to you for the assistance you have given to the Commission.

SECOND STAGE—SEVENTEENTH DAY.

THURSDAY, 22ND MAY, 1919.

PRESENT :

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. ROBERT SMILLIE.

MR. R. W. COOPER.

SIR ALLAN M. SMITH.

SIR ARTHUR DUCKHAM.

MR. HERBERT SMITH.

MR. FRANK HODGES.

MR. R. H. TAWNEY.

SIR LEO CHIOZZA MONEY.

MR. SIDNEY WEBB.

SIR ADAM NIMMO.

MR. EVAN WILLIAMS.

SIR ARTHUR LOWES DICKINSON, }
 SIR RICHARD A. S. REDMAYNE, } *Assessors.*

MR. ARNOLD D. McNAIR (*Secretary*).MR. GILBERT STONE (*Assistant Secretary*).

Chairman: Gentlemen, I have had a letter from the Ministry of Labour written by the Secretary, under date 21st May, 1919, to the following effect: "I am directed by the Minister of Labour to request you to be good enough to inform the Chairman of the Coal Industry Commission that the name of Sir Arthur Lowes Dickinson, Senior Adviser to the Financial Control of Coal Mines, has been added to the list of officials to assist the Commission as assessors." I am sure we are very glad to have Sir Arthur Lowes Dickinson's assistance.

Gentlemen, the next witness that we are going to call is Mr. F. P. Rhodes, who I think comes from

Yorkshire. Now we had the masters' case presented to us very fully by Lord Gainford, and the Commission considered it necessary to administer to him, in the course of the proceedings, 1,093 questions. I think that, as Lord Gainford has been so thoroughly examined by over one thousand questions upon the matter on that issue, when we come to the other witnesses for the masters we might perhaps exercise a little discrimination in the length of our cross-examination. I therefore propose, when Mr. F. P. Rhodes has given his evidence, to ask Mr. Herbert Smith, the Yorkshire Miners' Association Agent, and a member of the Commission to cross-examine him on the one side, and Mr. R. W. Cooper upon the other.

MR. FREDERICK PARKER RHODES, Sworn and Examined.

20,768. *Chairman:* Your proof, which is headed "The Mining Association of Great Britain (Coal Industry Commission)," says in the first paragraph: "I am a member of the Executive Council of the Mining Association of Great Britain, chairman of the Dalton Main Collieries, Ltd., and also at the head of two large manufacturing concerns. I was a member of the Royal Commission which reported on the subject of mining royalties in 1893, and for over thirty years was the secretary of the South Yorkshire Coal Owners, and managed their affairs. I retired from that position some time ago, and have simply been requested to attend here to-day on behalf of South Yorkshire and also on behalf of the Mining Association of Great Britain, because I happen to have known the coal trade in that district for a longer period than the other gentlemen who are now connected with it. I have been more or less connected with the trade for over fifty years, and am generally conversant with the mining industry throughout South Yorkshire and also, to a considerable extent, in the adjoining districts." Those are your qualifications and the circumstances under which you give your evidence?—Yes.

20,769. I will ask you now to be good enough to read the remainder of your proof.

"The Effect of Nationalisation upon Individual Effort and Enterprise.

It is difficult to answer this question without referring to individual effort and enterprise in the past, as without looking to the past it is not easy to enter upon predictions with regard to the future. So far as South Yorkshire is concerned I think that the

statement 'the present system of ownership and working stands condemned' is incorrect. I believe the development that has taken place has been greater and more rapid than would have been the case under any Government Department, or, in fact, under any system in which the whole of the mines had been vested in one hand, whether national or private. I remember the district in the sixties when there was a very limited output from a comparatively small number of pits mostly clustered round the town of Barnsley and working a limited area mostly adjoining the outcrop. That state of things has been altered under private enterprise until in the last pre-war year the district produced over twenty-eight million tons, and within the last fifteen years even, an area of coal greater than the old portion of the district has been developed.

It has been suggested that coalowners have lagged behind, firstly, in the adoption and use of better methods for the purpose of ensuring safety, and secondly, in the adoption of better methods for cheapening production and increasing output. I submit that that stricture, even if it contains an element of truth in some respects, cannot justly be applied to South Yorkshire in respect of measures for securing safety, which have generally been in front of and not behind the Home Office authorities, but it must always be remembered that it is experience that brings knowledge, and that knowledge and progress must therefore be gradual to be safe.

In a large proportion of the pits gunpowder was abolished and safety explosives used in its place before there was any compulsion to take to that course.

22 May, 1919.]

MR. FREDERICK PARKER RHODES.

[Continued.]

The exhaustive experiments carried on by my brother, Mr. Charles Rhodes, at Aldwarke Main, which commenced in 1882, demonstrated the dangers of the old type of safety lamp; the reasons for them, and the methods to be adopted to obviate them, and as a result the right and improved type of lamp was adopted long before there was any compulsion to do so, and an important step taken for securing safety.

Furnaces were abolished as a means of ventilation and the fan substituted in advance of statutory requirements, and so far as I know, everything has been done to keep the industry abreast of the times.

In the newly-developed portion of the district, the owners have been faced with the difficulty which presented itself owing either to some slight change in the character of the seam worked or from the heat experienced as working depths increased, or possibly from both. Gob fires made their appearance and caused trouble as the depth increased and presented a problem that was urgent. I do not believe that any central body could have dealt with this trouble more rapidly or better than private ownership dealt with it. The best brains in the district collaborated and worked together. The services of Professor Haldane were called in, there was no restriction on the spending of money, and every effort was made to secure safety.

A laboratory with staff was set up and worked under Professor Haldane's direction for the purpose of investigation and research, and for exhaustive experiments to endeavour to discover the best type of rescue apparatus.

So far as water is concerned, South Yorkshire affords an apt illustration of the benefits of private enterprise and initiative. For a long time past the South Yorkshire owners have known that the water question in the future would become serious unless grappled with, and the best brains at their command have been brought to bear on the solution of what is undoubtedly a difficult problem, and I believe they have moved faster and to better effect than any Government department could have done. After mature consideration the question was brought to a head by a report from Mr. C. E. Rhodes, together with one from myself. Those reports dealt, firstly, with the engineering questions involved, and, secondly, with the best method of attaining the objects in view. Authority was at once given to act on them. The result was that sixteen or seventeen large collieries combined themselves for the purpose, purchased the whole of Earl Fitzwilliam's system of water levels and pumping plant, which at the present moment safeguard the whole of the district lying to the deep of a line drawn roughly from south to north from a point near the town of Rotherham for a distance several miles away to the north. I prepared the scheme for raising the necessary funds and apportioning cost and for operating the scheme for the benefit, not only of existing collieries, but also of those to the deep in the future, and prepared a plan for obtaining from Parliament the necessary powers for extending operations to the extreme northern and southern edges of the coalfield, and protecting the whole district once and for all. It is only right to say that Earl Fitzwilliam dealt most fairly and liberally in the matter.

It was proposed to promote a Bill in the next session of Parliament for this purpose, and I am sure that private initiative would carry that scheme through far more successfully in the hands of men who know the district, and know what they want, than would be the case if it was directed and controlled by some central authority, or, as a matter of fact, by any Government official. The present proceedings have stopped that.

I should have liked to have seen it carried through and to have made it my last work for the benefit of the district.

Private initiative and enterprise has also gone a step further in the direction of co-ordinating sales and purchases of stores by collective action on the part of some of the larger pits instead of by individual purchase as at present, and under my direction the necessary scheme was prepared and is being acted

upon. It must not, however, be taken to be assumed that the creation of an authority for controlling sales, if it proceeded far enough to amount to a monopoly, would in the long run be beneficial either to owners or to the community.

It has been suggested again that if the mines were all in one hand something would be done in the way of great central power stations to generate power and so avoid waste of fuel consumption. There is undoubtedly truth in the suggestions that have for some time past been made as to the desirability of establishing great central stations for power generation, providing local conditions are suitable and the methods adopted are prudently conceived and wisely carried out. It is clear that to obtain the full advantage of any such system the generating station should be in a convenient situation in so far as the pits are concerned which supply the fuel. That assumes that you decide to generate electricity by the consumption of fuel at one point of generation, but a great deal can be done by utilising available sources of power without that course being adopted, and for some time past a number of the principal companies have been engaged in formulating a scheme by which all heat produced at coke ovens or blast furnaces, and not already required, should be utilised on the spot in addition to utilising any steam power which may be lost at present, by capturing it and using it by means of mixed pressure turbines. By this method no power produced at any of the collieries can be wasted or allowed to escape.

Each of the collieries and works are to be connected by cable, so that they may be able to give and take power and supply the surplus to others. The necessary cables were ordered some time ago and are now in course of erection, and if it had not been for the war the system would have been in full operation to-day. At the Staveley Coal and Iron Company's works they are at the present moment able to supply the neighbouring town of Chesterfield with electricity. Clay Cross is lighted by gas from the Clay Cross Company's ovens. The Grassmoor Company supply gas to Chesterfield.

While, therefore, gentlemen have been indicating to the Commission what collective ownership would bring about, private ownership and initiative have in fact been anticipating, as far as possible under the circumstances, the suggestions thrown out where they were practicable at the moment from the point of view of the ordinary business man, and a further and greater scheme for central generation has been under careful consideration.

Several municipal bodies are also at the present time supplied with waste gas from South Yorkshire collieries direct for lighting, thus reducing their fuel consumption at their gas works.

I certainly do not like, as one who has taken some part in the development of the district, to sit down under the suggestion that has been thrown out in the course of this enquiry, that I and my associates are either ignorant or incompetent, or have neglected any duty that should have been performed or allowed profits to come before safety.

I believe that nationalisation, which I assume means State purchase by or on behalf of the State, will not cheapen production, if by that expression is meant the production of the total amount of the coal supply of the nation in return for a lessened total expenditure. It may, of course, lessen the cost of fuel to some individuals if you supply some at less than cost and others at more than cost, or it may lessen the apparent cost by supplying everybody at less than cost and falling back on what is called 'the State,' which here means simply the other industries not nationalised, and the general body of consumers, to make up the deficiency, though I fail to see where, under that system, any benefit would be derived by the community at large. Nationalisation means simply the creation of a monopoly vested in the State, and a monopoly operated by the State is a disadvantage to the community, for all monopolies have a tendency to eliminate or discourage individual effort. All monopolies possess the power, of covering up mistakes and loss by increasing prices, and the possession of power always constitutes a temptation

22 May, 1919.]

MR. FREDERICK PARKER RHODES.

[Continued.]

for its exercise in an emergency. Objections of that kind, however, would apply with far greater force to a private monopoly, and from the point of view of the community at large it is immaterial whether such a monopoly would be controlled by owners or workmen or both.

I am bound to say that from the point of view of one interested in the consumption of coal, apart from its production, I view the prospect of the loss of reasonable competition and private enterprise, and the submergence of the industry in one hand, with very considerable apprehension, for unless the trade of the country can be carried on, and the goods that the country produces are produced at a price to enable them to be sold abroad, then the nation as a whole must eventually starve. If production is reduced, exports must be reduced, and if that occurs what is to take its place—something must be exported to pay our way, and how can other industries do it if strangled for want of the fuel on which they depend, or if unable to obtain it at a figure which will enable them to sell their goods?

Consequence of the Removal or Decrease of the Reward Earned by Private Capital.

One very important point in connection with this should be borne in mind. The Commission has laid down suggested limitations which would regulate or restrict the remuneration that private capital invested in coal mining might receive. I do not propose to discuss or argue about the figures that have been put before the Commission. The members of it have no doubt had enough of those, but I would like to draw attention to one thing, and that is the assumption that the capital of collieries is represented by a sum of 10s. per ton of annual output. I have always had doubts as to the accuracy of that figure, but it is extremely difficult to arrive at a true total figure and therefore, so far as existing pits are concerned I will make no further comment beyond the expression of that doubt. But, assuming that capital funds for the development of the industry are to be provided by private enterprise in future, then it should be pointed out at once that any remuneration based on the assumption that the capital of a colliery undertaking is 10s. a ton is absolutely erroneous and without foundation.

It may be that the alteration in value of the monetary unit accounts for many changes, and probably that alteration in value is largely, or, at any rate, partly accountable for the increase in values generally—but if you take a pit sunk and equipped in the years immediately preceding the war, and contemplate putting a similar pit now on the next adjoining coalfield, then the capital that was sufficient before the war will be utterly inadequate, and the capital you will have to raise and expend now must be more than double the pre-war figure.

If, for instance, you consider the cost of coke ovens and bye-product plant, it is impossible to put down one to-day equipped with the necessary accessories, without more than doubling the cost. It is suggested, and one hopes, that the cost of material will fall, but in so far as this depends on the wages of labour, or the price of the articles into the production of which the consumption of fuel largely enters, I do not see how any articles in which that is the case can be expected to be lower. If, however, it is assumed that the cost of a fully equipped colliery in the future will be £1 a ton—and I am sure it must be more—it is obvious that any remuneration which might theoretically be considered sufficient to justify the retention of existing capital is totally insufficient as an inducement to attract additional capital. Remember that for four years development has been stopped—remember the years that it takes to sink and equip a great modern pit—already a serious situation has arisen, and we are in that way alone ensuring a coal famine in the immediate future, and the present threat to the industry is accentuating that position.

It is known now that the average profit derived from the coal mines in the past, spread over a period of years, has not been extravagant, and certainly not more than profit derived from other trades, less

speculative in character, but the additional capital has come in as required, first because in periods of prosperity people are led to embark in what they then believe to be a profitable industry, and second, because everyone imagines or hopes, and generally believes, that the particular adventure he is embarking upon will be one of the plums of the industry and not one of the poorer type.

If, therefore, private capital is intended to be utilised in future, the remuneration to which it is suggested present capital should be restricted is absolutely inadequate to attract it, and remember it must in some shape keep coming in to the old concern as well as to establish new ones.

Larger Units of Working.

Speaking generally I can see no advantage in larger units of working, except in those cases where collieries send their produce into one common market or work coal that might be more advantageously worked by one concern rather than by two, and where it is in their common interest to amalgamate.

It is a mistake to suppose that because small pits exist in some districts, it would be an economic gain to replace them by bigger ones. Where they do exist, and the subject is enquired into, it will generally be found that they represent the best method of working the particular area in which they are situated.

I cannot see where or how Nationalisation can actually affect the working conditions of the small collieries one way or another or how it could lessen cost in production or increase output of coal.

Waste of Coal.

In dealing with this subject I cannot see any gain that could be derived either from Nationalisation or from any form of Unification, and I am desired to say at the outset, on behalf of the district I particularly represent, that we desire to dissociate ourselves from the statement made by Sir Richard Redmayne that private ownership in the past has been either wasteful or extravagant. It is perfectly true that coal has been left in the pit, and it is equally true that some coal will always be left in the pit. Mr. C. E. Rhodes gave the reason in his evidence. Small coal at one time was undoubtedly left in the pit; if, however, it had been brought out of the pit it could not have been sold, but there was a demand for the other classes of coal and by taking that course the pits were kept working and the men employed.

In our main seam, namely the Barnsley bed, in most pits some portion of the upper part of the seam must be left in to ensure the safety of the roof in the working faces, and the extent to which this occurs does not depend upon considerations of profit or loss. The whole of this coal, however, is not lost, as part of it is recovered."

I have read that as part of the proof, but really my brother dealt with it in his evidence.

"I have never been able to see that the allegation that coal has been wasted in barriers is altogether correct, if it is assumed that all those barriers represent coal needlessly left.

It is true that barriers have been left in many cases and it is difficult to see how they can be dispensed with entirely. In some cases they must exist for the mere purpose of ventilation, in other cases they may be dispensed with by adopting other methods of providing air-tight boundaries, but I do not believe that it would make any material difference, as far as barriers are concerned, whether the mines belonged to private individuals or whether they belonged to some central authority operating them for the nation. I know of none left as mere boundaries.

Effect of State Employment as against Private Ownership.

I do not believe that this would make the slightest difference. I have never observed in my limited experience that the mere fact that a person was an employee in a Government office increased his activity or induced an abnormal desire to work, and I believe the true incentive to work in the past has been found,

22 May, 1919.]

MR. FREDERICK PARKER RHODES.

[Continued.]

and in the future will be found, in the need of the individual to earn money for subsistence, or to earn more money for the desire of gain or for the provision of the various things that tend to ameliorate life and benefit either a man or his family.

Dual Control.

I agree generally with the view that has been expressed by Lord Gainford in the *précis* of his evidence, which is in the hands of the Commission, on this part of the subject. There is no doubt that advantage could be derived both by the workmen and the mineowners from co-operation in the industry on which both depend.

Every thinking man for a long time past must have had in his mind what methods could be adopted so to carry on the various industries as to benefit all those actually engaged in them; and I have always thought that in the long run the only sane and true method of equitable participation in the benefits derivable from any industry between all concerned in it would be found in some system of co-operation or, if you like, co-partnership. But in such system, like any system which in the long run is to succeed, one must ensure, or at any rate assume, that the article produced by the industry is to be sold at a higher price than its cost, and that those concerned in the industry reap the benefit of the difference; and any such system can only be established and operated with success with the consent and goodwill of all engaged in it. I, as an individual, have never seen much objection to some of the suggestions that have been put forward by the miners. I have never personally thought that in the long run it would be any disadvantage that some of them should be fully acquainted with the working of the concern, and it has always been my view that if they decided really to co-operate and improve, and not to obstruct, benefit could be derived, though I believe that they exaggerate that benefit to some extent. For instance, it may be they could not tell those of us engaged in the industry anything we do not know at the present time, but at any rate it would be an advantage that they should be sure that all parties did know all the facts that were available and present to their minds as well as to ours.

I have always believed that they would rapidly appreciate the difficulties inherent in carrying on a complicated commercial undertaking such as coal mining, and I am sure that any suggestions they could make with regard to safety, with regard to the state of things underground or the like, could never do any harm, and very likely would be of value. As an instance of this I have always supported the examination of pits by representatives of the men, appointed under the Act, by the men themselves, and never could see any objection to the proposal, but it must be borne in mind that eventually, whether in a colliery or any other concern, and particularly in a colliery, there must be one authority and one person who, as manager, should in the last resort be supreme. You could not carry on a colliery successfully if the authority of the responsible manager on the spot was lessened or interfered with any more than you could expect a colonel effectively to command a regiment unless he had the necessary power to see that his orders were carried out. I think Lord Gainford in his *précis* has indicated the outlines of a scheme which would be workable and could be carried out. But either that or any other scheme depends on willing co-operation for its success—without it then it is useless."

20,770. I have been requested to ask you, when you got to that point in your proof, about the districts which are referred to in his Lordship's scheme. I do not know whether you are the gentleman who is going to tell us that, or whether it is one of the later witnesses who will do so?—If I might be allowed to make a suggestion, I am perfectly ready to answer any question to the best of my ability, but I have not taken part in the preparation of the scheme. I have neither had the time nor the opportunity for doing it.

20,771. Could you tell us who has taken part in it?—Yes—Mr. Hugh Bramwell, who follows me, and also, I think, Mr. Thornycroft.

20,772. One of the gentlemen associated with you passed me a note with regard to asking one of the witnesses questions about the district?—I would suggest that you ask Mr. Hugh Bramwell as to that. I ought to say also that the scheme has not originated recently, but it has been under consideration since October, 1916, and the Committee have been working at it all the time, and have had to deal with all the various points which have occurred, and he will know the reason why they have not been adopted.

20,773. We are obliged to you. Will you please continue the reading of your proof?

"Conclusions to be Drawn from Experience of Other Countries.

I do not think, from such knowledge as I possess, any definite conclusions can be arrived at from the experience gained in other countries or in the Dominions as far as nationalisation of mines is concerned; for the reason that no country that I know of has applied nationalisation either to the whole or even to the majority if its mines.

Germany apparently has gone as far as any nation, but the facts there do not help much. In Germany you have had in the past two great monopolies or trusts working side by side—one monopoly under which a considerable number of the mines were vested in the State, and the other monopoly in which the remainder of the mines were controlled by a huge combination or cartel. I believe that that cartel operated in the direction of an artificial price for home consumption above the figure that ordinary demand would have justified, and I also believe that the effect of the State monopoly was possibly to some extent to check or counteract the effect of the private monopoly. But it is impossible from the state of things that existed in Germany to draw any accurate conclusion and apply it to any position in the future where either this or any other country may elect to operate the whole of the mines for the benefit of the nation. There does not appear therefore to be any reliable precedent or guide, and nationalisation here must therefore be an experiment or leap in the dark, taken in reliance on theories alone, and will be a dangerous venture. Its sponsors appear certain it will succeed. I believe it will not. But I am sure of this—that if it fails it will be the greatest calamity to the community, and will entail disaster that unfortunately will fall first on the industries outside it, and lastly on its authors."

With regard to the increase in output by use of machinery, if I may, I will read this because it is in the proof, but really my brother dealt with it in his evidence.

20,774. If you please?—

"Increase in Output by Use of Machinery.

I think the suggested increase in output by the use of machinery is doubtful, and should not be relied on in any estimate of probable output.

There are always difficulties in getting coal cutters in as the question of price arises; but assuming that difficulty is cleared away, their use to advantage is limited by local conditions. Where they are of real use is in seams where the character of seam and floor are suitable for their use, and particularly in thin seams. In some cases they give excellent results, and are used—they have one drawback, as they often limit the direction in which the faces must travel.

In some cases conveyors are of benefit, but under South Yorkshire conditions in our principal seam, I cannot see how their use can be much extended with any advantage in output.

In South Yorkshire, and particularly in the newer pits in the Barnsley seam, I agree that a good deal can be done, and is being done, to replace ponies by machinery—although I doubt if it will increase output—but it by no means follows that while you can lay out new pits to adopt particular methods you can do the same in all old pits which have been developed under entirely different conditions.

22 May, 1919.]

MR. FREDERICK PARKER RHODES.

[Continued.]

Neglect of By-Products.

It has been suggested that this part of the industry has been neglected in the past. It has not—its extension depends on the demand for coke and it cannot be developed to advantage unless coke can be made and sold at a profit, and in the past the demand for coke has been fluctuating and uncertain. Before the war the supply was rather in front of the demand.

All trades want coal; but it is not so with coke, which is more limited in its use, and by-products really are by-products—they can only follow coke which is itself produced at a profit, or, at any rate, not at a loss.

Germany developed her bye-product industry on the cartel system. There the cartel fixed and maintained the price of coke to the home consumer at a profitable figure and then developed the by-products on that basis. In other words, the German users of coke paid for it.

You could not have done that in England, for several reasons, not the least being the fact that the German law facilitates combinations and enables them to be maintained, while English law does not.

And it must be remembered that only some of the seams that are worked produce coal that will coke.

Distribution and Transport.

I can see no great saving here and do not agree with the evidence given as to saving already effected during the war by reorganisation of areas of supply. Railway economy, there, so far as it may have been achieved, has been obtained at the expense of the consumer. I have always been convinced that so-called pooling of wagons will never fulfil the expectations of its advocates.

You cannot eliminate the middleman entirely—he will be there under State or private ownership either in his present capacity or another, but there is no reason why local distribution should not be undertaken by municipal or co-operative bodies, and that is the direction in which improvement can and should take place.

Compensation in Event of Nationalisation.

Some suggestions I have seen put forward as to compensation for collieries or minerals if acquired by the State are unsound and unfair.

They have often been based on so many years' purchase of income. That might do as a somewhat doubtful basis for a guess as to possible value of the whole, but is absolutely wrong as to the value of the different units.

If adopted it would result in a dying pit or diminishing mineral area being dealt with at a substantial figure, while the developing colliery or mineral area of far greater prospective value would be treated as of little value though worth far more if sold to someone else to-day. There is only one fair value, and that is the price that a willing purchaser would pay to a willing seller, both taking all circumstances into account.

The past annual return is clearly an element in value, but it is only one, and the probable future return is in many cases of equal value and in many cases of far greater value.

Effect of Royalties on the Industry.

I cannot see where any saving to the industry can arise here. If the State became the owner of the minerals it must (in justice to the taxpayers) charge a fair rent for them. If it acquired them at a fair price from the present owners the incidence on the industry should be the same. If it acquired them at less than value or confiscated them, that is a different matter; but up to now no English Government has contemplated that action, and if ever it did, the consequence to national credit would be so far-reaching it would not pay.

The acquisition of minerals from present owners is, however, by no means the simple and easy subject that many seem to think. I and others devoted a great deal of time to the subject in 1892 and 1893 on

the Royal Commission which then enquired into the matter, and neither time nor pains were spared to get to the bottom of it; but the more it is examined the more complicated it becomes, and we were all eventually (although there was divergence of opinion at the commencement) driven to the conclusion that it was useless to consider it as a practical proposition if dealt with by itself alone.

Severance of surface and mineral ownerships have caused all sorts of variations in rights of ownership, of support and the like. In many cases some seams are owned by one owner, others by another, and the surface by a third. Large sums have been advanced on security of minerals, exchanges effected of lands reserving minerals, of land for minerals, and in other ways—sales have been made at one price with right of support at another price without it, or with a qualified right—settlements have been made, and in many ways you cannot touch the present ownership without the certainty that you must injure a number of people who would not be confined to the owners, and the uncertainty as to where the mischief may extend.

In many cases the right of support for surface is of little value except as a means of obstruction. In other cases the loss of it may mean the absolute destruction of the surface. As an instance, I do not see how the development of a great part of the new South Yorkshire coalfield can proceed much further without restoring valuable agricultural land to marsh and fen from which it was reclaimed. Some 60,000 acres in the level of Hatfield Chase of coal containing lands nearly all owned by different freeholders depend on a drainage system based on a fall of about 10 inches to a mile and will be lowered at the intake end. Many of those freeholders own both surface and minerals, but many do not. There the right of support is a very real and serious matter, and the title of these freeholders to their coal is neither better or worse than that of the largest royalty owners. It is a small owner's question just as much as a large owner's question, and in some of our collieries many small freeholders are lessors and have held on to their land through bad times with the object of eventually letting their coal. I have, however, always been in favour of doing away with the unqualified right to obtain an injunction to prevent letting down and for powers to obtain the right of wayleave where required on fair terms, and to make it impossible for anyone to hold up minerals to the detriment of the nation.

But all these can be attained without depriving the owner of the possession of his minerals. In South Yorkshire and the adjoining districts there has been little cause for complaint against lessors. The rents are moderate and have not increased, but the reverse. The terms of modern leases are as fair as can be, and I would either let or take coal on them without hesitation, and am glad that I have been able to take a leading part in their evolution. In any large body of men there must always arise some individual cause for complaint, but in South Yorkshire that does not affect the truth of what has been said. The Duke of Norfolk, Earl Fitzwilliam, Col. Foljambe, and others, and their predecessors have been fair and equitable in their dealings, and in Earl Fitzwilliam's case, his conduct in letting coal to other collieries for developing the district, instead of keeping it for his own collieries and working it himself for his own private benefit is commendable.

I would add to prevent any misconception, and sailing under false colours, that I and my family do own royalties.

20,775. *Mr. Herbert Smith:* Will you tell me how many collieries besides those you mention here you are interested in?—I am Chairman of Dalton and a director of Monk Bretton.

20,776. Have you anything to do with Carlton and Frickley?—No.

20,777. Not at all?—No.

20,778. Have you anything to do with the Doncaster Coal Fields Yorkshire Main?—No. My only connection with the Doncaster collieries is as a lessor. The coal under my estate where I live is let to the Markham Main Colliery Company.

22 May, 1919.]

MR. FREDERICK PARKER RHODES.

[Continued.]

20,779. Do we take it from your evidence that you agree with all your brother said as to the method of working?—Yes, I do; except in one respect. I think, if you look, you will find that there is either a printer's error or an error in one question and answer in his evidence. I should like his attention to be drawn to it. If you remember you put a number of questions to him as to working out to the boundary. The Chairman interpolated a question and asked him—I forget the exact words—was there any pecuniary reason why long-wall should not be worked. My brother answered, you have to wait so much longer before your workings get back to the pit bottom. It is obvious what he was referring to was not long-wall working, but working back from the boundary. All workings are long-wall in South Yorkshire; some are long-wall out and some long-wall home.

Sir L. Chiozza Money: We quite understand that.

20,780. *Mr. Herbert Smith:* Your brother went further than that. He admitted they did not have long-wall retreating, because they had so long to wait for some profits?—He said that was one disadvantage. In considering that you have to bear in mind, and I am not at all sure that the gain at the end does not outweigh the disadvantage at the beginning. It is perfectly true you have longer to wait for your return, but when you do come back home your return increases. To my mind, the real objection to working out to the boundary is it fixes your boundary for all time. You never know in a colliery where your exact boundary is, because it may be that whereas your take extends over a particular area, and the adjoining colliery take extends over an adjoining area, some natural division may come which neither of you know of, a fault or something of that kind which makes a piece there impossible to work from that colliery that would work from there. (*Illustrating.*) If you go to the boundary and come home you can never rectify a thing of that kind.

20,781. That is an exception and not the rule?—I do not know that.

20,782. You and I have had experience, Mr. Rhodes?—Yes.

20,783. Can you tell me a colliery in Yorkshire where what you speak of has happened?—In my experience in most of the collieries the original boundaries have been changed.

20,784. Tell us one?—To begin with, the boundary between Monk Bretton and the Carlton was varied by agreement to enable it to be worked with advantage to the two pits. That was long after they started.

20,785. As far as Monk Bretton and Carlton were concerned, owing to Carlton stopping, Monk Bretton was not opened out and Carlton got it?—I am not speaking of the old Carlton Company, but the new one.

20,786. I suggest that the pit you have some slight interest in has already run out to its boundary?—I hope we are not trespassing; which is that?

20,787. Hickleton. Why did it go out?—I am not interested in Hickleton.

20,788. You are the Secretary of the Association?—Yes; but I should not like to say I know the private concerns of every individual member of the Association, although they do trust me with a lot of information.

20,789. What did you do; you went to the boundary to prevent the other people stepping in?—No.

20,790. Yes; it is admitted. Your brother admitted it was owing to expense that you did not go to boundary and bring this coal back?—I could not say that myself entirely.

20,791. You do not agree with your brother?—In some cases you must go out to the boundary. I think that is the case where you work the thick coal seam. In Staffordshire, the Baggridge Pit of Lord Dudley's, it was necessary to drive right to the boundary and bring the coal back.

20,792. Turning to page 2 of your evidence you say: "I submit that that stricture, even if it contains an element of truth in some respects, cannot justly be applied to South Yorkshire in respect of measures for securing safety." I want to submit to you it can?—Very well,

20,793. First is it not a fact that the Doncaster coal field is a danger zone?—I should say the Doncaster coalfield is one which from its local conditions and character requires continual and incessant watch to ensure safety, and I think it gets it as far as it is humanly possible.

20,794. Is that an answer to my question?—I think so.

20,795. Would you not look upon it as a danger zone?—I say unless there is careful watchfulness you are continually running risks.

20,796. Let us see if there is continual watching. I suggest to you that watching does not remove danger that ought to be removed by one or two methods. You know there have been any amount of gob fires, and they are still going on?—I know there are gob fires. I know they have been reduced, and they are a source of continual anxiety to those concerned.

20,797. Although there are gob fires there, if a man takes a match down in his pocket he would be fined for taking that match down?—Quite right.

20,798. I suggest if a man should be fined for taking a match down it ought to be compulsory upon owners to adopt a method to prevent gob fires that are more dangerous than matches?—If you can point out a method by which gob fires can be obviated you will be a benefactor to the community and your suggestions would receive consideration immediately. I do not know how one can prevent the forces of nature from initiating spontaneous combustion.

20,799. There has been one thing suggested, and your brother and other eminent men said it was too expensive; that is to say, retreating. There has been another method suggested. We want to claim to see the hydraulic stowing. Your people said that was expensive, as it would cost 10d. a ton?—With regard to retreating from the boundary, so far as gob fires are concerned, you have advantages and you have disadvantages. I would not pretend for one moment to be an authority capable of giving an authoritative opinion as to the best of those two, but I know what the advantages and disadvantages are. The advantage of going out to the boundary, so far as gob fires are concerned, is this. Your waste is behind you and you leave the fire behind you, if one breaks out. The disadvantage is you cannot get at it in the same way. The system adopted in the Doncaster coalfield at present is this. They have a continual analysis of the air going on, and the moment that that analysis shows that there is any slight development of heat taking place anywhere above the normal, then they immediately take steps to get at it before it develops into a fire. That is the method they adopt.

20,800. *Chairman:* Mr. Herbert Smith's question is this: He suggests to you there are two methods by which this difficulty could be overcome, and that the reason why neither of those methods have been adopted is that both of them were too expensive. Is that true or not?—It is not true. I would say this with regard to hydraulic stowing. I am not sufficient of an expert to be able to give an opinion one way or another. It has never come under my own personal notice, and I would rather not deal with it from hearsay. It has come in since my pit days were over.

20,801. *Mr. Herbert Smith:* Is there any necessity to get to a fire behind you; is it not necessary to stow it away?—You must be able to get at it to do that.

20,802. You must not; that is what I submit. I submit that with stowing if the air is kept from it there is no continuation of the fire?—If you make sure air will not get to it, if you can do that, you have solved a great problem.

20,803. I submit what we do is to stow it up and keep air from it?—That is right; we try to do it as far as we can.

20,804. Air is percolating through packs?—Air will try to get back to the point from where it started, if it can. That is the secret of ventilation.

20,805. That is the point. Air will take the shortest circuit for home again?—Yes.

20,806. And the men would not be working in 110 degrees of heat like they are in some cases?—That is not hardly correct. The object that is in view at the present moment is to cut up the pits into what you

22 May, 1919.]

MR. FREDERICK PARKER RHODES.

[Continued.]

and I would call panels, and it is done in two ways, if you have coal on the side of the panel, in that case that side of the coal is not merely packed but stowed tight to keep the air from the coal. The air goes up the centro gate, splits, comes along the face, comes down the side, the object being to throw the waste dead behind as far as possible in that panel. The other method adopted which Mr. Chambers at Denaby adopts and prefers is to carry out the same system but creates his panels by means of tight packs. I am not prepared to say which system is the best. One able engineer prefers one, another equally able engineer prefers the other. They are both the same thing and both after the same point.

20,807. When you say not hardly correct, do you mean they ought to work in an atmosphere like that?—I did not go on to say what I ought to have done. The effect of drawing the air up the centro gate and along the faces is to cool the face. When you draw all the air on to that and cool the face you increase the heat in the gates; therefore, the atmosphere in the gates I daresay in some cases was approaching to what you say. I believe they have got them down to something like 80, or less.

20,808. It is still proving owing to the cost there is only one remedy, and that is to retreat?—I am not sure. It is a very moot point. After all, I am only an amateur, although I have lived with them so long. I know something about it. I would rather take a more competent opinion to decide it.

20,809. I do not look upon you as an amateur?—Possibly not an amateur altogether; still I would not set up my opinion against an engineer.

20,810. Now, going forward with regard to research, &c., and rescue operations. Do you think Yorkshire is equipped for that?—I think so.

20,811. Do you say when there was that disaster Cadeby was well equipped?—There was a great doubt as to the right thing to do.

20,812. That is not many years since?—No.

20,813. That was in 1912-13?—Are you speaking of the accident when Mr. Pickering lost his life?

20,814. Yes?—It is further back than that.

20,815. It was in 1912-13. I know it because I had to come away from Amsterdam to get down the pit. The King and Queen visited the place at the time?—I suffer from the defects of old age. I remember things a long time back better than things close to. I thought it was further back.

20,816. With regard to safety, you tell us certain things happened and experiments were made and your brother was improving the old type of safety lamp. Ever since I remember we have been gradually trying to improve it, but we are a long way behind yet?—I do not think myself we shall ever be satisfied with the safety lamp. We shall keep on trying to improve it. The lamp I would like to see myself if it could be brought about is an ideal electric lamp; but you cannot rely on the electric lamp alone. You must have the other in combination with it.

20,817. What I would like to see is more ventilation and more naked lights down the pit?—In that case if that pit has to be inspected I should let you do it and stop at the top.

20,818. You know what Professor Haldane and Sir John Cadman said that they would go down Bentley with a naked light?—I remember that statement. I had my own opinion about it at the time.

20,819. It was a statement made on oath?—I thought I should not be the man to carry the light.

20,820. With regard to electric lights, we are always bound to have a safety lamp?—You must; you cannot help it.

20,821. Has there been a desire and intention in Yorkshire to introduce electric light?—I think my brother has experimented with hundreds of different types of electric lamps. I know perfectly well that if we were only satisfied about it there would not be very much objection to the introduction of electric lamps, and for this reason. You may think that the mere question of expense in introducing the lamp is a factor against doing it. I do not think it is. If, for the sake of argument, you could light the coal face in the same way as you light this room with electricity the amount of work you would get done

would be so much more. It would be better done. The better the light the easier the men can work and the better work they will give, but they are all limited by the consideration of safety.

20,822. That sounds well in here. Let us get to practice about what happens in the pit. I suggest to you that you fix your price for a man to get coal by a contract, and it does not trouble you much with regard to the light you give him. It is a question of cost because the electric lamps have not been put in more systematic?—If you give him better light you get a better return from your bank and you immediately reduce your cost.

20,823. Then why have they not put them in? There have been plenty of requests as far as we are concerned?—There is a great divergence of opinion about it. I should not like to express an opinion as to which is right.

20,824. You say you would not like to express an opinion as to which is right, then why do you want to express an opinion and say it is not a matter of cost? Why differ with that? I know it is a question of cost?—I do not think it is a question of cost. I do know that in the early types of electric lamps, how laid down I cannot say, the great doubt was as to whether in the event of a breakage the extinguishing of the spark would act immediately so as to prevent any possibility of igniting gas.

20,825. Now with regard to these pumping stations. Tell us what collieries that includes. It has been on the carpet, as we say in Yorkshire, and pits are waterlogged now?—I have had that in my mind for a great number of years. The late Inspector of Mines, Mr. Wardell, and I took it up and we endeavoured to see if it were possible then to create a scheme for dealing with the water at the level at which it then existed—I am speaking now of the water on the Barnsley side of the district—we found that we could not at that time get all interests together. There were very divergent opinions as to what was the right course to take and what was not. Eventually the work was allowed to stop; Mr. Mitchell put down pumps at the Mitchell Main Colliery to prevent it getting further to the deep of Mitchell Main. Now as time has passed on and you have this great Doncaster coalfield and all the new developments of coal lying to the east of the Midland Railway Company, again the subject was taken up and a number of us met and discussed it. As the result, my brother and I were asked to report upon it, and we did. I will give you the names of the collieries that combined, as far as I can, trusting to memory. They were John Brown and Company; Dalton Main; Manvers Main; Denaby and Cadeby; Wath Main; Cortonwood; Mitchell Main; Houghton Main; Hickleton; Brodsworth; Bentley; Bullcroft, and the Yorkshire Main. I think that is all. I am trying to remember them in my head as they stand on the map. There were 16 or 17 altogether.

20,826. They practically do not touch the area that is affected at the present time?—No; we were all agreed upon this, that what we did was sufficient for the present. If we left it there we should be simply doing work ourselves for the benefit of the others, who in their turn would not pay any proportion of the cost.

20,827. So that private enterprise stopped its progress?—It is impossible to deal with the Barnsley side of the district in the way we deal with that. On that side of the district we had already a system of water levels extending right across. By acquiring that we were placed in possession of the necessary means for intercepting the water. On the Barnsley side there is no system of that sort, and it was necessary to create machinery for the purpose. To do that we wanted Parliamentary powers, not to do the work, but when we had done the work that anybody who was benefited by the work, the other mines, or in the future, should pay a fair contribution towards the cost. If not, the colliery not yet born would come in for nothing.

20,828. Would I be right in saying that the collieries you have named are practically the plums in the district?—I should not say all of them.

22 May, 1919.]

MR. FREDERICK PARKER RHODES.

[Continued.]

20,829. Would you not practically? I will take one out; but I will not take more than one out?—I am afraid I should take more than one.

20,830. Well, I will not take more than one out?—You may take this, at any rate, that the best part of the district is represented.

20,831. You would not ask me to take Manvers out?—No; that is an ideal pit.

20,832. The £1 shares are worth more than 42s.?—I darsay.

20,833. You would not take Denaby & Cadeby out?—Denaby Park Gate is a nice seam. That is better than Cadeby.

20,834. Take the Wath Main?—That is a good concern. It was my brother that re-organised the Wath Main, and made it from a poor concern into a good one.

20,835. Even since I remember it was a good one?—No.

20,836. I used to live next door to a man who had £1,000 in it. He never drew less than 10 per cent. and sold his £1,000 for £5,000?—I should like to have bought that £1,000.

20,837. Would you say that Cortonwood was a bad one. The shares are selling at 54s.; that is to say, the £1 shares?—I remember Cortonwood Colliery being sunk in the early seventies, and for a period of over 25 years it did very little at all. In its later years it has been an excellent undertaking.

20,838. The last dividend it declared was about 25 per cent.?—I think it was. It has a very small capital and, instead of dividing its profits, it has put them into development.

20,839. Should I be right in saying that in any of these collieries, including Dalton Main and John Brown, you could not buy a £1 share for less than 40s.?—I would not give 40s. for one in Dalton Main.

20,840. There are none to sell, I see?—Those of us who sunk Dalton Main met with difficulties, and we went on until our capital was doubled and our hacks began to get too weak to carry the strain. Then we amalgamated with John Brown & Company to get financial assistance.

20,841. On page 3 you refer to private initiative and private enterprise. Your words are: "Private initiative and enterprise has also gone a step further in the direction of co-ordinating sales and purchases of stores by collective action on the part of some of the larger pits"—what large pits are they? Are they one firm?—Again I have to rely upon memory: Yorkshire Main, Hickleton, Bullcroft, Brodworth. I am not sure as to whether there is another or not, so I will not mention it.

20,842. Now go to page 5. Are not colliery companies now amalgamating, as you know very well, not only with regard to collieries, but other works in addition?—The tendency undoubtedly of the present age is in the direction of amalgamation of supplies of raw material. You have an instance of that in The United Steel Company, where you have the steel works and collieries at Rotherham, the iron stone mines at Frodingham and the iron stone mines in the Hematite district, all amalgamated in one concern.

20,843. As far as collieries are concerned this is going on. Take Yorkshire Main, Bullcroft, Brodsworth, and Hickleton. In Derbyshire are they not all practically managed and owned by the same people?—You may say this that you will have people with other interests in all the concerns, but I should not say they were owned by the same people. For instance, Hickleton was sunk really as an offshoot from Manvers. Brodsworth was developed and that is partly owned by the Old Hickleton shareholders and partly by the Staveley shareholders that came into it.

20,844. Bullcroft the same?—Bullcroft is an entirely different concern. There are a number of shareholders in Bullcroft not limited to it. You will find a number of directors in Bullcroft directors of Brodsworth?—Yes.

20,845. In all these firms there are a number of the same directors?—There are different interests all through.

20,846. Amalgamation is going on. Is not that done with the idea of creating a monopoly as far as private enterprise is concerned?—No.

20,847. Let us see if it is not so. If workmen meet those employers they say, "Well, we belong to so and so and we cannot do it unless so and so does it"?—That may be so.

20,848. It is done as a defence for themselves?—That may be so.

20,849. That in itself is combination?—No, not quite. It is utilising another struggle for your own assistance.

20,850. Is it not combination?—No, I should not call that combination.

20,851. Does not one price list practically cover the whole of the Doncaster area?—I should hardly be prepared to say that. I should say the price lists did to some extent at different pits. Naturally they would approximate because they are working the same coal in the same district.

20,852. And varying in thickness?—Yes. You do not as a rule find any two price lists that are exactly alike.

20,853. With regard to waste of coal. Do you tell us seriously that this coal is bound to be left in Barnsley bed, top coal?—I think so. I have often discussed the subject with my brother. If you could get that coal out, and get it out with safety, obviously you would increase the yield of the seam. You have to pay for the total thickness of the seam; it is so much per foot, whether you get it or you do not; therefore it is your pocket interest to get every foot you can. Speaking of the Barnsley Bed, I should not care myself, with my limited experience, to work in a hank in the Barnsley bed coal where the false roof or bid was on the top of the coal unless there was some of the coal left up as a roof as the face was moved forward.

20,854. You and your brother do not agree with this?—I think we should both be in agreement.

20,855. Your brother said that they would expect men to fill tubs behind timber. I said that would be breaking the Mines Act?—We know they do get what they can out of the waste behind, because it is natural they should, and they get paid for filling it. Provided they can do it with safety, there is no reason why they should not do it. He said he should not expect men to be wandering about in the goaf behind picking up coal.

20,856. Could it not be got in retreating or in hydraulic stowing, over a particular area of it?—I do not think so.

20,857. I am sure it could. I have had some experience of it?—I would not pit my experience against yours, nor would I act on my own. I should rely upon the advice of an engineer. I do not think it is safe to get that top coal in the faces of the Barnsley bed unless you happen to have a roof where the rock comes on to the coal. In Shireoaks you get at it close to the roof, but where there is a soft bind you want something underneath it to carry the props.

20,858. Come nearer than Shireoaks. Take Dinnington. Will you come to that?—It is the same.

20,859. With regard to these little pits, I am interested in this. You and I have met on many occasions. We are meeting from a different point of view to what we met last time. Now we are talking about little pits you tell us these little pits are a good piece of business, and when we were putting our case before Sir Edward Clarke you made a special plea that little pits could not afford to pay. Do you remember that?—I did not mean the little pits. I mean the pits about the Barnsley district which are working thinner and inferior seams.

20,860. You put it you had a number of little pits around Barnsley and around Sheffield?—As a matter of fact, I do not know of any about Sheffield except the Ganister pits.

20,861. Yes, you do?—I do not remember any.

20,862. You have three stages of minimum wages?—That is true.

20,863. Is not the Nunnory the second division?—That is not a little pit.

22 May, 1919.]

MR. FREDERICK PARKER RHODES.

[Continued.]

20,864. Is not Tinsloy?—That is a good big pit.

20,865. Tako Waverloy or Woodthorpe?—That is shut up.

20,866. That is working?—I should not call Waverloy a big one.

20,867. What you said then is not correct with this?—I think so.

20,868. Then I do not think so?—What was urged was it was absurd, really, to take the whole coalfield as being one for the purpose of minimum wage. You ought to discriminate between the collieries with reference to their ability to bear the minimum wage. It was pointed out these pits about Barnsley could not carry it, and I daresay some there could not carry it.

20,869. Do you agree pits are seriously taken into consideration when the wages are being discussed for workmen. Does that form a decision?—Every pit must be taken into consideration.

20,870. Do you agree the worst pit is generally taken to form the wages basis?—As to price lists or remuneration.

20,871. As to price lists and profit too, if you like?—As to price lists, the answer is the circumstances of the little pit are both to be and must be taken into account.

20,872. You make a reference to putting in mechanical appliances in place of haulage by transport in the pit. Do you know Yorkshire seems to have the worst record in the figures you have put in for distance our men have to travel, that is, the men have to walk to and fro in the mines?—Are you speaking of riding men?

20,873. Yes?—Not the question of the machinery?

20,874. Do you know that is correct according to your figures?—I will take it, if you say so.

20,875. Mr. Gibson put them in on behalf of the coalowners?—I have not them before me. As you know them, I will take it as correct.

20,876. With regard to transport, putting in machinery instead of ponies. Would it not be wise to go further and say mechanical appliances ought to be used to reduce human labour. They are tramping in tubs anywhere up to 1,000 yards in Yorkshire?—I do not know of one. If there is one, I should say it ought to be altered. You may take it at once from me as an admission, that, although price lists provide for the payment of tramping rises above a certain distance, tramping rises represent waste.

20,877. You would admit that the method that has been adopted, which has been an out of date method, has been more profitable to the employers to get it done by the workmen than by putting mechanical appliances in or ponies?—I would not say that entirely, although, undoubtedly, in all these things, of course, cost naturally comes into consideration. To-day the method of producing compressed air is far in advance of anything that we had 20 years ago. It is suggested that you could utilise electric power for the purpose. I am one of those who in South Yorkshire, at any rate, should hesitate very considerably before employing electric power for that purpose.

20,878. There is no need to put in electric power, is there, when you can get compressed air?—I say the methods of producing compressed air have been immensely improved in recent years.

20,879. With regard to the introduction of machinery such as coal-cutters, has it been your experience that men have fought machinery?—My experience is wherever you introduce any alteration it is only natural that the two parties to the argument, like all Englishmen and even more than all Englishmen, I think, all Yorkshiremen drive as hard a bargain as they can for their own side, and undoubtedly when you make a change there is a certain amount of difficulty. I put that on one side and assume you would get over the difficulty. Even then I do not think their use can be extended beyond a certain limit.

20,880. I suggest they can be extended about twice as much as they are at present in South Yorkshire?—They may be, I would not say. When you are working, say, the Barnsley Bed at a considerable depth and when you want to work it boardways on,

I do not think you could work it with a machine board on. If you wanted to work it at all you would have to work it on end, and I do not think then you would get any advantage because you cannot do very much holing.

20,881. You do put machines in so that it can be got on end?—Where you got the greatest advantages from a machine is where coal wants holing, and when you can replace the labour of the men in holing by the machine.

20,882. You have somewhat tried to defend the position and say both sides tried to drive the hardest bargain?—Yes.

20,883. Do you think it is not a hard bargain when men have been paid 2s. a ton to get out by hand, and you put machines in and offer them 1s. 5d.?—You and I at the moment are in the position of two bargainers. You put forward what you think the right figure from your side, and I should consider it from ours, and probably something between the two is correct.

20,884. Do you know they have been offering at one colliery to get it done and fill it on conveyors at a 10d. a ton basis?—Instead of what?

20,885. Instead of 1s. 10d.?—I cannot say. I do not know if it is so. I should have to know the circumstances to know if it is a fair offer or not; it may be.

20,886. As a matter of fact, it is being done. It is being done under a cloak. I am talking about coalowners?—I may have been accused of many faults, but I have not done anything under a cloak.

20,887. With regard to inspection, you say you have always been in favour of this. On that you are talking personally?—I personally have always been in favour.

20,888. And you cannot talk for the coalowners?—I have no right when I talk for a whole body to express an opinion on their behalf without first asking them what their views are. As an individual I have always considered that was an excellent thing, and where I could I have encouraged it.

20,889. I suggest you are giving evidence on behalf of the Mining Association?—I am.

20,890. Not individually?—I am.

20,891. That is an individual explanation?—Yes.

20,892. I cannot get from you what I want. You are interested in Rotherham?—Yes. I am Chairman of the Dalton Main, that is all.

20,893. I talk about the John Brown Rotherham Main?—No; I have no interest in Rotherham Main.

20,894. You were the Secretary of the Coal Owners' Association during this war?—I was at the beginning, and I undertook to carry out the whole conduct of the Coal Control in South Yorkshire and also to attend to the Association's business; but when the Petrol Committee refused me petrol to get to the station and I had to close my house and go away elsewhere, I felt I was not called upon to fight the folly of a Government Department any longer, and I gave it up.

20,895. Any letter I got from your office was signed by Parker Rhodes?—No, & Co.

20,896. It is signed Parker Rhodes?—Yes.

20,897. If I wrote I wrote to Parker Rhodes. Your firm were acting as Secretary to the Coal Owners at that time?—My firm. I asked the coal owners to let them take it over and release me.

20,898. Let us see how you look at Pit Committees. It was suggested we should meet and try and improve output, and any offending party should be dealt with, whether workman or manager?—Yes.

20,899. Do you know at Rotherham Main Colliery the manager fined 25 workmen one night, and when it came for him to be fined he resigned his position and said he was not going to take any part in the Committee?—I do not know that I took any part in that.

20,900. Mr. Rayner was the manager at Rotherham?—He was the manager at Rotherham Main.

20,901. He fined 25 men, and he was fined £1. He said he was having nothing to do with the Committee now. Is that what you call dictating to the manager?—I think I remember what you are talking about. The question, if I remember aright, arose with reference to a man's train being late as an excuse for being late in getting to the colliery. If I

22 May, 1919.]

MR. FREDERICK PARKER RHODES.

[Continued.]

am right, that particular dispute arose in the case of men who came late who came by tram. The suggestion was that tram and train were the same things. I think it was contended on behalf of the owners they were not, and I can see a very good reason why they should not be. A train is only one; a man must catch his train or lose it; but the tram runs every ten minutes, and if he chooses to delay half an hour for a tram, that is a different state of things. There were reasons for that, good or bad.

20,902. The manager, when equally fined on the same terms, refused to have anything to do with it?—Yes.

20,903. He refused to be interfered with by the workpeople. Do you call that interfering in management?—I think it was between him and the committee—not the workmen.

20,904. The question was between him and the Workmen's Committee?—Yes. Again, you are speaking with better knowledge than I. I know of it second-hand. I was not present at those meetings and I took no part in them. If I had been, I possibly might have done something, as I often have done.

20,905. With regard to by-products, you say you have not been behind in them at all. Suppose I read you an extract that appeared in the "Yorkshire Post" as far back as 1917: "German interest removed from a Crigglestone Company. Our Wakefield correspondent writes:—All enemy interest in the Crigglestone Collieries Company (Limited), near Wakefield, has been eliminated, and the concern is now all British. A few years ago the colliery came to a standstill owing to the company reaching the end of its financial resources. When the pit closed down the effect on the district was little short of disastrous. After a time, however, German scientists who were interested in a patent coke oven came along, and, working the pit in conjunction with the coke oven, turned what had been a failure into a great success. All went well until the war broke out, when certain important servants of the company were provided with fresh quarters. Enemy interest has now been removed altogether." That is from the "Yorkshire Post" in the spring of 1917?—What is the name?

20,906. The Crigglestone Collieries Company?—I should say that was a very fair example of newspaper inaccuracy.

20,907. As a matter of fact, it was not an inaccuracy?—It was.

20,908. Crigglestone was in financial difficulties and closed down until a German firm came and put down ovens and made it a financial success?—There was a company formed to exploit that. They called in a German firm to build the oven. They held out a very glowing prospectus as to what the result would be, which did not materialise.

20,909. Will this be another newspaper inaccuracy? This statement was made by a member of Parliament?—You must not ask me in advance to accept what a member of Parliament says.

20,910-11. This is the 27th March, 1917. As a matter of fact Germans did come to Yorkshire and put down any amount of coke ovens?—That is true, and at the same time it is incorrect. What happened was this. There were two great companies who were engaged in the furnishing and construction of by-product plant. The Otto Company was one, and the Simon Carves Company was another. Those two companies do not work on the same principle, and at that time there was not considered to be any objection at all to utilising either the services or the knowledge of a foreigner. What happened was this. At Dalton Main we put up a by-product plant. We did not put it up ourselves. We called in the Simon Carves Company. They put it up and found the whole of the capital. We paid for it over a series of years. They undertook the management and disposal of the products until we got into it, and when the necessary time arrived, and we had learned all we could from them, we determined the agreement and took over the management ourselves. That happened in other cases. When it happened with the Otto Company it is right to say Germans were

in it, although that company was held out as an English company. We know now it was financed to a very large extent by German money.

20,912. Therefore the Simon Carves was not a German oven?—No. If I suggested that before do not let me attach such a libel as that.

20,913. There was any amount of German money.

20,914. *Sir Arthur Duckham*: This was the Otto oven?—There was no doubt about it in the Otto Company.

20,915. *Mr. Herbert Smith*: Do you know the Yorkshire Iron and Coal Company at Ardsley and Tingley?—No, I have no knowledge of that concern, or its workings.

20,916. Its chairman referring to the report of their bye-product plant said that from a commercial point of view that property was their most valuable asset, and it was a good thing a company like this came along to show them what they knew to make it a success. One of the directors following that up, *Mr. Ritchie* said although they had an adverse balance of £24,552 it would disappear by the next balance sheet owing to the success of these ovens. Am I right in saying ovens were put up at Hems-worth by this firm?—I say they were put up by arrangement with those firms.

20,917. There was a denial the other day there were more than eight in Yorkshire?—I do not know that anybody denied it. Everybody utilised that method. They could put it up better than we could and at the beginning, what *Lord Gainford* said yesterday was perfectly true: they had really a monopoly of the right brick.

20,918. As a matter of fact am I not right in saying they did not bring a single brick into Yorkshire to do any of the work?—I cannot say that.

20,919. Bricks were got in Yorkshire?—At a later period of development we found out how to make them ourselves.

20,920. Not even in the first coke oven they put up?—I cannot say that.

20,921. *Mr. Smillie* said there were seven or eight firms. I want to prove there were more than seven or eight?—I admit it; there were odd ones. I can give you the names of the collieries who put them down if I thought for a moment. Naturally no colliery invested its money in the construction of coke ovens if they could get financed by other firms, and pay on easier terms.

20,921A. *Sir L. Chiozza Money*: It was done by German enterprise?—Not altogether.

20,922. Not altogether; it was German enterprise?—Some were done by the Otto.

20,923. *Mr. Herbert Smith*: If you are going to argue there was no German money, as a matter of fact there was German money in it, I think?—It may be so. I should not dispute it.

20,924. So you are in favour of adopting as much safety as you can on behalf of the workmen. Are you prepared to agree that no workman ought to work in anything higher than 70 degrees F.?—I do not think in those deep mines in the future very likely you will under any circumstances get it down to that.

20,925. I suggest you will if you only have methods to do it?—I do not know how you could.

20,926. Ought you to expect men to work in that atmosphere? *Dr. Haldane* and *Sir John Cadman* told us when they got to 80 degrees they lost 20 per cent. in exhaustion?—That is very likely correct.

20,927. Is there any right to work continually in that?—I cannot say. That is a matter in which they ought to have a voice. It is for them to say.

20,928. You would not call that interfering with management?—I should not call that interfering with management. If the men said the heat in this place was so great they could not work in it and they must earn their living elsewhere—it is a free country.

20,929. Have the owners had this scheme under consideration since 1916?—Yes. Let me say at once I have had nothing to do with it. I have not had the time, and I could not find the time to deal with it.

22 May, 1919.]

MR. FREDERICK PARKER RHODES.

[Continued.]

20,930. If a statement was made a few weeks ago there was no scheme prepared it is not correct?—I should not say that. You will hear from the gentleman who took part in it. I do know that scheme was commenced in October, 1916, or, rather, a Committee was appointed in 1916 to elaborate a scheme for improving the relations between owners and workmen and the future conduct of the industry.

20,931. Your scheme is simply a kind of co-partnership?—That is the underlying principle.

20,932. You do not suppose Yorkshire people would accept any such scheme as that, do you?—I do not know; it is for them to say. If you do not adopt some method of that kind and if you are told that you must discuss some new method, what other is left?

20,933. Let me ask you this: What power would workmen have to say it is going to be a success or not when, as you know, in Yorkshire in many pits there is fictitious capital put into the pits. You know some places where a shareholder has two shares and they give him a bonus or dividend and instead of having two shares they call it three?—I should not call that fictitious capital. That capital must have been capital accumulated out of profits and that must appear in some shape in the shape of additional sinkings or in development.

20,934. Take if you like one particular colliery, and call it B without naming it. In five years every man that had three shares has had his shares made into five, and he has had a dividend of not less than 25 per cent. Is not that fictitious money?—I should not be inclined to say that; but again I do not want to get into an argument about the scheme because I have not been in it in preparing it. As I understand what is intended is the true capital of the concern, whatever it may be. Mr. Bramwell will tell you. He has threshed it out.

20,935. This scheme that is outlined here simply means that we ultimately get to an umpire; he has the final settlement of any difference?—I suppose in any transaction you must either arrive at an agreement, or you must provide for a method of settling your difference.

20,936. Do you remember the case of Hemsworth, when we went to arbitration in Yorkshire? We went and got a decision?—That is West Yorkshire?

20,937. Yes; but you see you are representing the Coal Owners' Association?—At the same time I am not omniscient.

20,938. We went to arbitration at Hemsworth; and in less than three weeks the Company closed the pit and said that they would not have the umpire's award?—You never found me in a question like that.

20,939. Now take the case of the Ravensworth Colliery—there we went to arbitration, and because the umpire did not give what they thought he ought to give, they closed the pit again, and the owners' Association supported him?—That is quite outside of my district; but I know that the South Yorkshire Coal Owners did not support him.

20,940. The South Yorkshire Coal Owners have run away from the decisions of umpires. Do you not know that you ran away from Sir Edward Clarke's award? He awarded 7s. 3d. per day and you said "No, we will not pay it; we will close the pits"?—That is opening up a controversy that is too complicated to go into before this Commission.

20,941. You put your case before Sir Edward Clarke, and Sir Edward Clarke gave 7s. 3d. minimum, but your people said, "No, we will not have it"?—That being so, it is only fair to give briefly our answer. We had given an advance in minimum wage through the Conciliation Board. Having given that advance through the Conciliation Board, application was made to Sir Edward Clarke for the alteration of the statutory minimum. We pointed out to Sir Edward Clarke that we had already given through the Conciliation Board what we were then asked to give. He said in effect, "I have nothing to do with what you have done voluntarily; I fix a statutory minimum." We said, "Then that being the case, we are not going to pay both." The result of it was that there was a stoppage, and we eventually came to an agreement.

20,942. I do not think you would wilfully misquote our position?—I think not.

20,943. The position was that either party had a right to go to Sir Edward Clarke after a certain period?—Quite right.

20,944. And as a matter of fact the agreement was that any advance given by the Conciliation Board would come under minimum wages?—The minimum wage was increased.

20,945. And it was also reduced twice by the Conciliation Board?—Certainly.

20,946. It acted both ways?—Yes.

20,947. It was simply that because you had not got your own way you would not have it? Do not you know that in Yorkshire we have decided that we are not going to have any recourse to arbitration?—I have no doubt you have.

20,948. *Mr. R. W. Cooper:* You were asked some questions by Mr. Herbert Smith about technical matters like fires and safety lamps, and you were asked a question about the Doncaster coalfield. I suppose in the course of your experience you have come into contact with mining engineers practising in other parts of the British coalfield as well as Yorkshire?—Yes.

20,949. Without making any invidious comparisons, have you found the mining engineers in Yorkshire quite up to the standard of British engineers?—Naturally, I should say they were first.

20,950. Have you in your neighbourhood an institution of mining engineers?—Yes.

20,951. Similar to the North of England Institution of Mining Engineers?—Just on the same lines.

20,952. Do the members meet periodically; and read and discuss papers?—Yes, they meet, I think, monthly. It is a very extensive association: it is called the Midland Institute and it embraces not only Yorkshire, but also the Derbyshire and Nottinghamshire coalfields as well.

20,953. And do, as they do further north, if any member has any new idea to communicate, make that the subject of a paper which is read and discussed?—Yes.

20,954. You were asked about safety lamps, electric lamps and so forth. Of course, you are very familiar with the Mines Act, and you would be aware that by Section 33 of the Mines Act all safety lamps introduced into a pit after the 1st of January, 1913, must be approved by the Home Office?—Yes.

20,955. You were asked a question about the water pumping arrangements that you carry out in Yorkshire. Did you prepare a Parliamentary Bill?—Yes. I was busily engaged in preparing for the Bill.

20,956. What happened to the Bill?—Well, when this enquiry commenced, of course, that and everything else stopped till we can know where we are.

20,957. You are now in a condition of suspense, are you?—Yes.

20,958. You were asked a question with regard to a number of collieries who were parties to that pumping arrangement, most of which you said were successful concerns?—Yes.

20,959. Am I correct in supposing that the shares in each of those companies are of a small denomination—£1 shares?—Yes. The rule is, all through South Yorkshire really—there may be an exception or two—but the rule is £1 shares.

20,960. Are they publicly quoted on any local stock exchange: Sheffield, for example?—Some of them.

20,961. Are some of the more successful concerns publicly quoted?—Yes.

20,962. Is it open, therefore, to any members of the public, if shares are being sold, to go into the market and buy them?—Certainly, if he thinks it worth while.

20,963. So that if our friends in the Yorkshire Miners' Association cared to invest in these publicly quoted companies, all they have to do is to instruct a stockbroker?—I know of no reason at all why they should not.

20,964. You also said that, although the same persons probably held shares in most of these companies, yet nevertheless there were a considerable number of holdings in the company?—Yes.

20,965. From your general knowledge of South Yorkshire companies, do you think that, taking the South Yorkshire companies as a whole, the shares are held by a large or small number of shareholders?—

22 May, 1919.]

MR. FREDERICK PARKER RHODES.

[Continued.]

By a considerable number, and I may say, with regard to that, that I cannot understand one figure that has been put before this Commission. There has been a figure repeatedly mentioned of 37,000 as being the total number of shareholders in collieries. I do not believe it is correct. I asked that some steps might be taken to try to check it, because, looking at my own knowledge of what they are in South Yorkshire, I thought there was an inaccuracy, and at the present moment, with returns only from three-fourths of the output, they have arrived at over 200,000 names. Some of those, of course, would be duplicates, no doubt, but it satisfies me that that suggestion that the total number of shareholders is limited to 37,000 requires consideration and careful examination at any rate, if it is accepted as a figure which has any material bearing on the labours of the Commission.

Chairman: We will have that gentleman called: What happened on that was that a return was asked for, and the return was sent from Somerset House and was circulated, but after what Mr. Rhodes has said, I certainly will have the witness here and will ask him questions.

Mr. R. W. Cooper: We had better try to get at the facts, if we can.

Witness: There may be confusion in this respect. There are, of course, a number of concerns which own both collieries and other properties. For instance, if you take the great firm of John Brown and Co., who are armour plate makers, iron founders and shipbuilders, they also own several collieries, and it may be that they are not included in a return of that kind.

20,966. *Chairman:* We are very much obliged to you for calling our attention to what is quite an important point, and I will get the witness here to see what the exact facts are?—I merely say that it requires a little careful consideration.

Chairman: And I say that it shall have it.

20,967. *Mr. R. W. Cooper:* You were asked a question about what I will shortly call "watering" capital. The capital that you were thinking of was the true capital of the concern?—Yes.

20,968. May I take it that the nominal share capital of a concern is by no means necessarily the true capital of a concern?—Not at all: it is very often more than its value, and very often less. Unfortunately I have not been in a position to be able to carry out any watering of capital, but if it takes place, it ought, when it is finished, to represent the true capital at the time.

20,969. We know the difficulties since the war began. You were asked about the introduction of cutting machinery. Am I right in supposing that the true object in introducing cutting machinery is to increase the output?—Yes, it increases the output, and in my opinion you get that where coal requires holing by the men, and when you can set a machine to do the holing that the men would do; but you can only use it, of course, under circumstances where a machine can be used.

20,970. And that depends on the conditions of each pit or each particular seam?—Naturally, or part of a seam.

20,971. This is very elementary, but I suppose one of the effects of increasing output is to reduce the cost of production?—Undoubtedly.

20,972. So that you get more coal to sell, and the original quantity of coal is produced at less cost?—You reduce your standing charges.

20,973. Now leaving the question of companies alone, I want to ask you a further question: I suppose in the course of your practice in South Yorkshire, being a royalty owner yourself, you have some idea of the number of owners of royalties in South Yorkshire. Are they numerous?—A considerable part of the South Yorkshire area is in comparatively few hands, but there is a large number of freeholders and persons owning smaller coal areas. That applies particularly in the newer part of the coalfield. When you get past a distance of about five miles south or east of Doncaster, you have very little in the way of large estates. They are nearly all freeholders.

20,974. You mean people having comparatively small estates?—Yes.

20,975. Have you cases in South Yorkshire, for example, of a coal area being held by several persons in undivided shares?—I do not know of one in South Yorkshire. I know that they do exist occasionally, but I do not know of one in South Yorkshire.

20,976. I observe in the pamphlet you read, it is stated there, speaking of a time before the war, that there are 8,000 recipients of coal royalties?—There again I cannot help thinking that that figure must be inaccurate. It looks to me, if that is an Inland Revenue figure, as if it had been arrived at by taking the total number of persons who paid mining rights duty, but that by no means indicates the total number of owners of minerals—not by any means; and I ought to say this, that personally I cannot see any difference between the case of an owner of minerals who at the present moment is deriving income from his minerals, and the case of an owner who will shortly begin to derive income. Possibly my opinions on the subject may be prejudiced, because they affect myself; but using the knowledge and judgment that I have, such as it is, I invested my savings (and they were the result of hard and continuous and grinding work) in the purchase of mineral property. I have waited for years and years for that to materialise. It now has materialised; it is just let. I—as I think all right-minded lessors ought to do—gave the lessee plenty of time to develop: I fixed a nominal rent: nothing at first, and then a comparatively nominal rent of £50, and then gradually rising over a period of years, extended so long that under no possible circumstances could the certain rent be an injury to the lessee. But it appears to me to be wrong to say that because I did that that the State should step in and say, "We take your property and pay you nothing for it, because you are not getting an income from it at the present time."

20,977. I am not suggesting that that would happen from what is stated in the pamphlet to which I refer. It is proposed in the Miners' Bill.

Mr. Herbert Smith: Could you get evidence of that Miners' Bill?

Mr. R. W. Cooper: It has been circulated.

Mr. Frank Hodges: It has been our invariable custom not to quote *précis* before they are sworn to.

Mr. R. W. Cooper: But your own witnesses have spoken about it.

Witness: Please do not ask me about them, because I have forgotten one, and I have not had an opportunity of studying the other.

20,978. *Mr. R. W. Cooper:* Assuming that the mines and minerals of this country were to be nationalised, what do you say as to the principle upon which the owners ought to be dealt with, first as regards royalties and, secondly, as regards what I may call the colliery interest held by lessees?—I think myself that the principle of compensation is the same in the case of the royalty owner as it is in the case of the colliery owner, and that if it becomes necessary to expropriate his property for the necessities of the nation—and I do not mean merely for the pecuniary profit of the nation, but for the necessities of the nation—then he ought to be paid the true market value of the property, whatever it is that the nation proposes to take, and you cannot, in laying down any rule to-day, lay down a rule that will fetter the tribunal which eventually has to decide what that value will be without committing an injustice in one way or the other. Suppose, for instance, as has often been suggested, you took it on an annual value: the annual value is no guide at all. Take the case of a mineral owner whose estate is nearly worked out. At the present moment he is receiving a large income, but in 7 or 8 years it will come to an end. Then take the converse case, like the one of my own which I have just mentioned, where it is only just let. There the true value is in the future and the past has nothing to do with it; and I would say this, that if the necessities of the nation, and not the mere desire to acquire somebody else's property compulsorily and make profit out of it—if the necessities of the nation compel the acquisition of the property of

22 May, 1919.]

MR. FREDERICK PARKER RHODES.

[Continued.]

any private individual, then the State, for its own interest, ought to make sure that he is not robbed, but that he is paid the full fair value of the property which is taken from him by force and against his will.

20,979. From that I gather that you altogether deprecate the idea of fixing any overhead sum per ton of output?—You cannot do it and do justice.

20,980. I suppose it must be obvious to all of us that you may have a property with a short life or you may have a property with a long life. It would be altogether unfair to apply an overhead ton rate for those properties?—I know of collieries at the present time in my own district where I should think the sum expended up to the present moment must approach three-quarters of a million, and the output at the present time is comparatively trivial. They will have to expend half as much more—and I should think they would get off cheaply with that. Their value is in the future value of the concern. You cannot lay down any overhead system that would apply to everybody alike, not if you wish to do justice. You may utilise it as a means of making a guess at the value.

20,981. A guess at the whole value of the country, but not as regards each unit?—No.

20,982. I take it that, of course, the capital value of each colliery varies: one colliery may be worth a bigger sum per ton with less output than another?—Naturally. The most valuable colliery is really the one with the largest output that has been sunk and equipped with the least cost.

20,983. You are familiar, no doubt, with the way in which the State assesses Estate Duty on real property?—Yes.

20,984. Is it not a fact that the Finance Act of 1894, for which Sir William Harcourt was largely responsible, expressed it that the true value of any property shall be estimated to be the price which, in the opinion of the Commissioners, such property would fetch if sold in the open market?—Yes.

20,985. On that principle the State assesses the Estate Duty on minerals and collects the duty?—It does.

20,986. In other words, it is upon that principle that a person succeeding to mineral property buys back from the State the share of the property which the State takes on the death of his testator?—That is so, and any person in the same position as myself, who died to-day, his successors would have to pay estate duty on the full value of that mineral property.

20,987. In fact, they would have to pay the share of the estate which the State claims to be entitled to?—Yes.

20,988. You remember the Mining Royalties Commission which made a report in 1893?—Yes. I and Mr. Alfred Barnes were appointed on that Commission to represent the interests of the lessees in the Midland and Yorkshire coalfield.

20,989. I think I may say, if I may use the expression, that that was a well constituted Commission?

Chairman: All the Commissions are.

20,990. Mr. R. W. Cooper: I hope they are. I will assume they are. The royalty owners were represented, the colliery lessees were represented, economists were on the Commission, Labour was represented on the Commission?—Yes.

20,991. And the State was on the Commission in the persons of Lord Northbrook and Lord Macnaghten?—Yes.

20,992. You have told us in your *précis* that at first you and your colleagues were not absolutely unanimous with regard to the proposals put forward?—Naturally some approached the subject with rather strong views.

20,993. But the result was eventually a unanimous report?—It was.

20,994. May I ask, as a matter of curiosity, who drafted the report for submission to your colleagues?—We had a very able secretary in the person of Mr. Lyoa. Our Chairman, Lord Northbrook and Lord Macnaghten were also upon it, and the report in the first instance was drafted by Lord Macnaghten and Lord Northbrook, with the assistance of Mr. Lyoa. It then came in rough draft before the Commission,

and if I remember right, we spent nearly a month on that report in going through it before it assumed its final shape.

20,995. One important conclusion was that you found unanimously: "We are of opinion that the system of royalties has not interfered with the general development of the mineral resources of the United Kingdom or with the export trade in coal to foreign countries"?—Yes, that is so. We found that as a general fact, but I ought to say that we did also find, as, I think, you always would find, that there were occasionally cases which required remedy.

20,996. I am coming to that in a moment. That is your finding in March, 1893, that is 26 years ago?—Yes.

20,997. Has your experience since that time caused you in any way to alter that opinion, so far as you yourself are concerned?—No.

20,998. Now, the next of your findings was the third finding: "We do not consider that the terms and conditions under which these payments are made are, generally speaking, such as to require interference by legislation, but we recommend that some remedy should be provided for cases in which a lessee may be prevented by causes beyond his own control from working the minerals he has taken, and also for cases of certain restrictions upon the assignment and surrender of mineral leases." Then the fourth is a subject we have touched upon to-day: "We are of opinion that where the surface belongs to one person and the subjacent minerals to another, greater facilities should be provided for the working of the minerals." That is practically what you have suggested here to-day?—Yes.

20,999. Which, I think, is also found more fully in the 92nd paragraph of that same report, on page 22. What you have suggested to us here to-day is, in effect, what you and your colleagues found 25 years ago?—Yes.

Mr. Robert Smillie: Will you tell us what they found?

21,000. Mr. R. W. Cooper: Yes: "We think that where the surface belongs to one person and the subjacent minerals to another, and the surface owner, having the right of support, claims an injunction on the ground of threatened injury to his property, the Court ought to be empowered to exercise a discretion somewhat larger than that which it appears to possess at present. Where the injury is likely to be trifling, as in the case of waste land, or capable of being repaired, as in the case of agricultural land, and generally where the Court may be of opinion that the interests of the surface owner may be adequately protected without enforcing his extreme rights, we think the Court should be authorised to permit the mine owner to go on with his mining operations upon terms which would ensure to the surface owner ready information as to the progress of the workings and ample security for the payment of compensation."—Yes. As the law stood, and stands, of course, the surface owner could apply for an injunction to prevent the working of the mine, and in some cases it is right that he should be able to do it. If you take the case that I have mentioned of the Doncaster property, or take my own small property, you may work the coal under the greater part of that and nobody could tell that it had been worked unless you have a fixed point to measure from; but on the other hand there are about 300 acres on the south side of that where, if you worked it, you would immediately turn it into a swamp, because it is down in the old fen level, and you would not only destroy that, but you would destroy the adjoining land as well, because you would upset the drainage. There the surface owner has undoubtedly a right to be heard in his own interest, and I think the remedy eventually will be to take over his land if you are going to destroy it.

21,001. Under Lord Cairns' Act the Court of Chancery has an equitable discretion in determining whether to award damages or to grant an injunction?—That is so.

21,002. The Court, after hearing all parties, exercises its discretion?—In the case that I have mentioned the Court would never exercise its discretion.

22 May, 1919.]

MR. FREDERICK PARKER RHODES.

[Continued.]

21,003. *Chairman*: What was done in consequence of this Royal Commission?—Nothing at all; it went to sleep, and I have always regretted that nothing was done to give effect to it.

21,004. *Mr. R. W. Cooper*: You have talked about the development in South Yorkshire. You have a very good memory; can you give us any idea from your own personal knowledge of the number of new collieries established there during the last 20 years?—I should have to think a little. The best illustration I can give you is this. When I was a boy, I should think the total output of South Yorkshire did not exceed 3,000,000 tons; to-day it is 28,000,000 tons. At that time we were a mere insignificant coal-field as compared with Durham. To-day the County of Yorkshire is equal to Durham.

Mr. Herbert Smith: Would you ask him how long it is since he was a boy?

21,005. *Mr. R. W. Cooper*: Yes. (*To the Witness*.) Now I have to ask you a personal question; how long is it since you were a boy?—It depends on when the boy ends and a man begins; but it is sixty years ago any way.

21,006. Broadly speaking, in the last 20 years have there not been a large number of new collieries established in South Yorkshire?—Yes; and it is only fair to say, with regard to one who is dead and gone, that a great part of the credit for the development which has taken place is due to the late Sir Arthur Markham. He was a man of intense energy, and he would not rest unless things moved forward. He, I think, had a great deal to do with the driving force in the development of that coalfield.

Chairman: I am much obliged to you for your evidence.

(*The Witness withdrew.*)

MR. HUGH BRAMWELL, Sworn and Examined.

Chairman: Mr. Bramwell is a gentleman with very largo experience in South Wales, and I am going to pursue the same course that you have been good enough to sanction with respect to the last witness. I will ask Mr. Frank Hodges to examine on my left, and Mr. Evan Williams, who represents South Wales, to examine on my right. Mr. Bramwell says: "I am a mining engineer of 40 years' experience; agent for and a director of the Great Western Colliery Company, Limited, producing one million tons of coal per annum; past President of the South Wales Institute of Mining Engineers; past Chairman of the Monmouthshire and South Wales Coal Owners' Association; and a member of the Coal Controllers' Advisory Board."

21,007. (*To the Witness*.) I will ask you now to be good enough to read to us your proof.

Witness: "I wish in the first place to draw attention to the difference in functions and duties of ownership and management. Ownership in the past has meant financial ownership and financial control. For each undertaking ownership provides the policy and the means, but having appointed its agents and managers and given its directions to them, it takes no part in carrying out these directions. Management having taken its directions has to act according to the means provided, and to be responsible and effective, it must be unfettered. Depending on the size and character of the undertakings, mine management may be divided into a producing and a disposal side. Private owners, who do not themselves direct, appoint directors or a managing director. State ownership would probably have to operate through District Boards, but management should, to be efficient, remain the same. I have been directly connected with the management of coal mines since 1878, and have acted as under-manager, certificated manager and agent under the Coal Mines Regulation Acts, and have had experience as a director of the duties of ownership.

I am convinced that the only way to manage a coal mine is to appoint qualified officials who are responsible for their actions and who must not be interfered with in the discharge of their duties. Any interference with such persons must relieve them from responsibility, and must render their position ineffective. This is the essence of good management and applies whoever owns the mines.

It must always be remembered that a mine is changing from day to day, and prompt action is necessary. A mine is not like a factory.

As regards "Safety" the Mines Act, 1911, is based on "this principle." This Act was introduced and passed after long enquiry and discussion, its object being, as far as possible, to ensure safety and to fix responsibility upon the owners and their managers. The Certificated Manager, under the Act, is the responsible person, not only for his own actions, but for the actions of those under him. The responsibilities of the management are defined by the Coal Mines Act, 1911, and by that of the previous Acts of 1887 and 1872, and may be set out as below:—

Section 2 (1). Every mine must be under one manager who is responsible for the control, management, and direction of the mine.

Section 2 (4). The owner or agent of mine is prohibited from taking any part in the technical management of the mine unless he is qualified to be a manager.

Section 3 (1). Daily personal supervision must be exercised by the manager, and also where there is an under-manager, by the under-manager.

Section 5 (1). A manager must be at least 25 years of age and the holder of a first-class certificate of competency.

Section 5 (2). An under-manager must be the holder of a first or second-class certificate of competency.

Section 14 (1). The manager must appoint, in writing, firemen examiners, or deputies, to make the inspections required by the Act and the regulations.

Section 15. Every fireman, examiner, or deputy, must be the holder of a special certificate, must be 25 years of age or upwards, and must have at least five years' practical experience underground, of which not less than two years must have been in the face. These firemen, examiners, or deputies, have most important duties imposed upon them under the Act, and the word "deputy" shows that their extremely responsible duties are exercised on behalf of the manager in the several parts of the mine assigned to each of them.

Section 16 (1). The workmen are authorised to appoint two examiners of their own to make periodical inspections.

Section 16 (2). These workmen inspectors must make a report of the result of each inspection in a book to be kept at the mine, and a copy of the report must be sent to the Inspector of the Division.

Section 17 (2). Every person having responsible duties must make reports and copies of the reports must be posted up at the pit head for the information of the workmen who are then in a position to call the attention of the manager or the inspector to any source of danger which may or may not be reported.

The Act contains specific provisions with respect to safety under the heads of ventilation, safety lamps, shafts and winding, travelling roads and haulage, and in this connection a restriction is placed by Section 43 (2) on persons being conveyed underground in tubs, support of roofs and sides, signalling, machinery, and electricity, the use of which is by Section 60 (1) prohibited where there is any risk of explosion of gas or coal dust. If any person contravenes any of the provisions with respect to safety the owner, agent, and manager are each deemed to be guilty of an offence. In like manner by Section

22 May, 1919.]

MR. HUGH BRAMWELL.

[Continued.]

90 if any person who is bound to observe the regulations of the mine contravenes them, the owner, agent, and manager, is similarly deemed to be guilty of an offence, and the only defences the owner, or agent, can raise under the Statute are that they were not individually in the habit of taking, and did not take, any part in the management. That they had made all financial provisions necessary to enable the manager to carry out his duties and that the offence was committed without the knowledge, consent, or connivance. Both the High Court and Courts of Summary Jurisdiction have exceptional powers conferred upon them, the High Court being entitled to prohibit by injunction the working of any mine or part of a mine in which there is any such contravention of the Act or the regulations as may appear to the Court calculated to endanger safety, while by Section 103 a Court of Summary Jurisdiction, on the complaint of an Inspector may, on being satisfied that any part of the machinery or plant used in a mine is in such a condition or so placed as that it cannot be used without danger, prohibit its use. In addition there is a large number of Orders in Council imposing further specific obligations. At present the owner or the owner's agent appoints the certificated manager, but neither the owner or owner's agent is by law allowed to take part in the directions required under the Mines Act, 1911, and thus share the manager's responsibility, unless he is also the holder of a manager's certificate. In such matters the agent is a consultant for the manager, he does not himself act, but, being a consultant, shares in the responsibilities of the manager's actions. I can conceive nothing more likely to destroy efficient management than interfering in any way with the responsibility of the manager. A management committee that directed the manager, or formed a body to whom appeal against the manager's actions could be made, would have to take responsibility, and each member of it would require a manager's certificate. Even if that were feasible, each member could not individually be held responsible, and the management would result in mismanagement. It would be the same as making the captain of a ship in distress subject to a committee of the crew, or the command of a regiment in battle subject to a soldiers' committee. The result could only be inefficiency and possible disaster. For some years the workmen in some districts have attempted to interfere with the manager in matters of "safety." A pamphlet entitled "Towards a Miners' Guild," printed about 1916 (?), is the basis of their action. Its object is the destruction of private ownership, and the means advocated are "safety strikes," to render management impossible, so that eventually the workmen should obtain control of the management, and eventually of the mines.

In order that you may appreciate the spirit in which the management is met by the section of the workmen who at present controls the workmen's local lodges, but I do not say that the responsible miners' agents approve of this, I give some extracts from the pamphlet referred to."

21,008. *Mr. R. H. Tawney*: Will you first tell us who it is by?—It is published by some guild in London.

Chairman: "Printed and published by the Victoria House Printing Co., Ltd., Tudor Street, Whitefriars, London, for the National Guild League."

21,009. *Mr. R. H. Tawney*: Is it published by the miners?—I have no idea. It was sent to me by a shareholder of a company I am connected with, who asked me what I thought of it.

21,010. *Mr. Robert Smillie*: Is he the author?—No. It is published by the Guild.

Chairman: A society called the National Guild League.

21,011. *Sir Arthur Duckham*: Is that a responsible society? Is it worth while having this document published?

Mr. Robert Smillie: I think it might be circulated for the information that it contains.

21,012. *Sir Arthur Duckham*: Would it be put forward as evidence?

Chairman: I do not know; I have never seen it before.

Mr. Robert Smillie: It is now in as evidence.

Witness: I put it in as evidence. That is the only copy I have ever seen. It was sent to me by a shareholder in my own company, who asked me what I thought of it, and from the results in South Wales I think it has had some effects. I will describe those later.

21,013. *Mr. Herbert Smith*: Are you inferring that the miners are responsible for this?—I have no idea.

21,014. Are you inferring that?—I think I am, because the experience in South Wales is that the things advocated in that pamphlet have been applied.

21,015. *Sir Adam Nimmo*: Could the document be printed as an appendix to the Witness's evidence?

Witness: I should like to make some quotations from it.

21,016. *Chairman*: Please do so.

Witness:

"Page 3. Their one objective, the control of the mines by the miners and their ownership by the State.

Page 6. State ownership and control of the mines was until quite recently the aim of the Miners' Federation of Great Britain.

Page 7. To Mr. Robert Smillie—(as to many another miners' leader)—the State is no longer sacrosanct—and, if need arises, organised labour must be free to fight the State.

Even without nationalisation the miners of this country have "to put up with" a great deal of State control.

Page 8. The Bill for the Nationalisation of Mines introduced into the House of Commons on behalf of the Miners' Federation of Great Britain . . . would hand over the control of the mines to bureaucrats appointed by the State.

Page 9. Nationalisation, unless accompanied by union control, may well be disastrous.

The miners must seek, through their union, to manage, organise and control the mining industry.

Page 12. How to get control.

To-day they have the right to appoint a checkweighman. He can become the recognised spokesman for the miners in many matters affecting the management of the mine.

The miners have a limited right to appoint visiting inspectors, and here again they possess a weapon that can be used for interference with the management."

21,017. *Mr. Robert Smillie*: It may be taken that you are not continuing to quote me?—No, your name is only mentioned in one particular paragraph.

21,018. *Mr. Robert Smillie*: I am sorry.

Witness:

"In addition, their power enables them to interfere with the management in many ways which have no legal sanctity. *Safety Strikes* are a good example of such power, and the experience of any working miner will supply him with others.

An illustration:—

Absentee Committees were proposed—the miners suggested Joint Committees, to deal not only with absenteeism, but all questions that might arise between the two parties.

Page 13. The mere dislike shown by the owners for this proposal should recommend it to the men.

Page 14. The object should be to transform the existing machinery of conciliation into machinery capable of exercising control.

In the first place, it is essential to abolish the impossible 'impartial' Chairman.

This process, by a series of steps, can be carried further and further, till the mine manager holds his office by appointment as the nominee of the Miners' Union.' That is the end of the quotations.

22 May, 1919.]

MR. HUGH BRAMWELL.

[Continued.]

Now, so long as such a spirit exists, I submit that management by Committees is altogether impossible, and I further submit that even with the best of spirit, Committee management is bound to be the most inefficient form of management. There have been a number of safety strikes in the coalfields. Safety is relative, and in every case proper action is a matter of opinion—and that must be the manager's responsibility. The same arguments apply to the management of the mine by the agent, manager and officials, from an 'Economic' view, as with 'Safety' view.

The agent's work is not only concerned with the running of the mine at the moment, but as the property is a wasting asset, he has to continually have in view its probable position five or 10 years hence, and to make provision for this. Successful operation depends on this. He has to decide what work is necessary now in order to meet the future. I do not think that any Local Committee could have such knowledge of the position and requirements of each mine in its district as would enable it to decide such matters and the result would be inadequate or excessive present expenditure, the former followed by periods of 'rush' and extravagance; the latter by direct loss.

The condition of a mine is changing from day to day, in addition to normal coal production the manager decides what work is necessary, when it should be done, how it can be most economically done without interfering with the running of the mine and having regard to the labour normally available he sets the order of precedence of different items of work. All these are matters of opinion, and no management committee is likely to arrive at so true a decision as the single responsible and trained expert.

Mining is a speculative industry, and whilst many major and minor developments turn out all right, and justify the expenditure on them, there are many failures where reasonable anticipations are not fulfilled. I do not think a committee, even if all were experts, could do as well as the single responsible man. After knowledge and judgment mining requires boldness.

Officials must have the power to enforce discipline without appeal. There may be some few cases of injustice. It is better that there should be than discipline be relaxed. I am certain that would follow if a manager's action was open to appeal to a committee. The manager must engage and dismiss both his officials and men if he is to have control of them. Minor strikes of workmen on this question are not uncommon. A manager knows that he cannot be unjust without risking the stoppage of the mine—consequently when he does act, he does so under a sense of responsibility. I do not think any part of the actual management could properly be subject to a Pit Committee, however they were constituted, or that any manager that had any respect for his mine and the safety of his workers would share responsibility. A Pit Committee could only be advisory—it could not have executive powers—and its members must have the good of the mine and the trade in view, and not merely the advancement of the position of one section of the community at the expense of another.

I do not think that in a complicated business such as mining that Nationalisation would succeed. It is a business of adventure, varying largely in every district and part of each district, in which risk must be taken on the chance of exceptional reward, otherwise there will not be development.

With Nationalisation, I assume that it will be the desire of all that the managements should be efficient, and I have pointed out how this can only be retained.

I look upon the collieries separately from the minerals as a 'State asset' now. Under private ownership the output has doubled in 30 years, new coalfields have been opened, and over the whole trade these owners appear to have taken out of this speculative business some 9 per cent. on their money as a gross return to cover interest, depreciation and other charges (without taking into account the heavy losses that individuals have from time to time incurred). Further, part of this 9 per cent. has been put back again into the industry by way of development. The State would hardly be expected to take such risks. It might waste money on sensational schemes to meet uninformed clamour, like the petroleum borings now going on in Derbyshire; but I doubt whether the State would or should have taken the risks necessary to develop the coal industry, as has been done by private ownership. That is why I regard the mines now under private ownership as a 'State asset.' They will be of no mere value for the nation under State ownership. If the State buys out the private owners and hands over the control to any other body, they will be committing a breach of trust with national monies. They must take the responsibility of control, otherwise the State will only be finding the means to provide work for miners and management, and no asset of value will remain.

I think nationalisation will, in any case, reduce the value of this State asset by:—

- (1) Doing away with the accumulated knowledge and experience of directors;
- (2) Taking away the spirit of initiative and emulation in the management;
- (3) Removing the incentive for effort on the part of the men.

The output of the country may continue to increase for some years yet; but will, in my opinion, increase more rapidly with private ownership; but the value of the mines will, if nationalised, decline and may vanish, unless the miners themselves put in part of their earnings and invest this in the industry, as the owners do now. The miners could quite well do this now: there is nothing to stop them.

If, under State ownership, the surplus from the industry disappears, the Government will either have to tax other industries to meet the mines' indebtedness, or will be obliged to raise the price to consumers. It is nearly certain consumers will in the end have to pay more than they would have to do under private ownership.

Directors' fees may be saved: I put this at £250,000 a year—the Inland Revenue witness put it at £700,000 a year, but did not state whether this was for coal mines only, or for joint concerns. The estimate for the present Coal Controllers' office for the year is some £500,000, and this is a trifle compared with the probable cost of Central State Control and District Boards. The colliery staffs will have to be increased, as the Boards, being apart from the mines and selling departments, will require voluminous statistics and reports.

Unless it be by confiscation, I cannot see any advantage to the State in nationalising the minerals themselves. All the possible and probable savings in barriers, loss in working, development, &c., can be attained under private ownership. The disadvantages of private ownership as regards land (the surface) has been met by the Lands Clauses Act, the Railways Clauses Act, and by recent recommendations. There is no reason why the minerals should not similarly be dealt with. If this were done, what object would be served by the State purchasing? At the moment it is immaterial to me, at any rate, how the minerals came into private ownership. They are legally in private ownership, and taking them without compensation is confiscation."

(Adjourned for a short time.)

22 May, 1919.]

MR. HUGH BRAMWELL.

[Continued.]

21,019. Mr. Frank Hodges: I note your *précis* contains largely a *résumé* of the Coal Mines Act with which I think we are all acquainted, and a considerable number of quotations—14, I think—from a pamphlet, entitled "Towards a Miners' Guild." Have you nothing substantially constructive to offer outside those two propositions to solve the great difficulty with which this Commission is faced?—The proposals that we put forward by Lord Gainford I am open to explain so far as I can.

21,020. The last time you were in the chair, I think, you felt that you had nothing of a constructive character to place before the Commission?—Yes.

21,021. Am I to take it that the Commission is to understand that the constructive proposals of the Mineowners' Association are embodied in their entirety in the *précis* of Lord Gainford?—The principles, but not in their entirety.

21,022. Are there others?—There are any amount of details which will have to be settled.

21,023. Have you given any attention to the details?—We have discussed them, but they are really a matter that will have to be settled between the men and the owners very largely before any scheme of profit-sharing can be put into force.

21,024. Do you not think it is the function of this Commission to have all details before it, so as to see whether the details which are proposed fit in with the principles?—I think it would be very difficult for this Commission to lay down a scheme of profit-sharing without referring it to the different districts to which it has to apply.

21,025. I think you will agree with me that the principle of profit-sharing depends very largely for its success upon the character of the details?—No doubt.

21,026. I propose later to see to what degree you have thought of details for the coalfield which you more particularly represent, but for the moment I will just put one or two questions to you which arise immediately out of your *précis*. You say on the first page that in reality ownership merely performs the function of providing money capital?—That is its particular function.

21,027. And the reward for that provision is profit?—Undoubtedly.

21,028. Do you say that that is the motive which is behind the industry at the present moment?—Do you mean profit?

21,029. Yes?—Undoubtedly that is the object of the industry.

21,030. And whether the community benefits or does not benefit, if profit is made, then the industry performs its purpose?—No, the community must benefit; otherwise it is no good having a profit at all.

21,031. But if the motive is profit, are you concerned whether the community really benefits?—Certainly, the State must benefit altogether by the fact of the industry being carried on profitably.

21,032. But is that your concern? Have you a concern with that?—I am a member of the State, and therefore it is my concern.

21,033. But you are a member of a colliery company which works for profit?—True.

21,034. Which do you think occupies the principal place in your mind?—I do not think you can divide the two.

21,035. Then I understand from your answer that profit really is the motive in the industry?—I think it is in all industries.

21,036. Yes, I agree, and I do not doubt that. Ownership, after it has provided its capital, really ceases to function?—So far as the actual management of the collieries is concerned, that is so.

21,037. So that it is the management and labour involved in the industry which makes the profit possible?—Under the direction of the owners.

21,038. Do I understand that it is your view that happy relations will be established in the industry if the labourers or workmen, as distinguished from the owners, share in the profit?—I think a profit-sharing scheme is the best solution.

21,039. How does the community stand in relation to that proposition if it is to the benefit of both the

providers of capital and the management and workmen to share in the profit, and I suppose on the largest possible scale that they can obtain it? Where does the community come in there?—The proposal of the Mining Association definitely says that the wages of the workmen are to be considered in relation to the wages in other industries.

21,040. That does not meet the point I am trying to put. If you now propose that the enjoyment of profit shall pass merely from the providers of capital to the providers of capital and the workmen, how can the community benefit under that proposition?—Just the same as they do now.

21,041. How do they benefit now?—They get coal at a proper price.

21,042. At the proper price?—Yes, the market price.

21,043. How is the market price determined?—By competition, production and demand.

21,044. That is competition between owners, I suppose?—Possibly.

21,045. And the difference in cost at various collieries which very largely determines the price at which you can put coal upon the market?—No doubt cost enters into it.

21,046. But supposing you had workmen who had a special interest in the creation of profit, do you not think the workmen would just complete that alliance for such a rate of profit as would make it impossible for the community to get its coal at the present prices?—No, I think the community will be able to defend itself.

21,047. How could it against that combination?—I think it could.

21,048. How could it? In what way could it?—Well, it is difficult to see exactly in what way it could, but at the present moment the consumer, unless he can get coal at a price which makes it worth his buying, will not buy.

21,049. Therefore his remedy is not to buy?—Yes.

21,050. Does that benefit him?—Possibly not.

21,051. So far as the underlying principle of the profit-sharing scheme is concerned, it amounts to this, does it not, that you could have—I do not suggest you would have—a combination between workmen in an industry such as this and their employers for the purpose of keeping up prices to the highest possible point in order that profits to be shared might be the maximum quantity, and the only remedy against that which the community would have would be not to buy the coal?—Well, it amounts to a question of demand and supply right through, and it would be the same in any other industry with regard to profit-sharing.

21,052. Do you, as a student of men and the community generally, sincerely believe that in that scheme you have the germs of future industrial peace?—I think it is better than nationalisation.

21,053. Have you in that scheme the elements of the industrial peace of the future?—Just as much as with any scheme of nationalisation.

21,054. Have you in that scheme any suggestion or any hope of industrial peace?—No; no scheme can make industrial peace if one party likes to disturb it.

21,055. I am putting this question to you very seriously?—I should like to answer seriously.

21,056. I do not think you are?—I am trying to.

21,057. Let me see if I can elucidate the point in this way. You believe that industrial peace is necessary for the smooth working of industry, do you not?—Yes.

21,058. And the happiness of the community depends upon that?—Very greatly.

21,059. And entirely?—Not perhaps entirely; I say very greatly.

21,060. Any scheme that is put forward as an alternative to the present scheme must provide, so far as it is humanly possible to provide, for such industrial peace?—Yes.

21,061. On that assumption then, let us take our minds back to the realities that exist in this industry. Have you had anything like industrial peace in the South Wales coalfield in the last 10 years?—We have not done badly considering the nature of the industry.

22 May, 1919.]

MR. HUGH BRAMWELL.

[Continued.]

21,062. What do you mean by doing badly? Are you satisfied the number of strikes and stoppages of work that have taken place there could be regarded as normally satisfactory?—They are nearly all in breach of the agreements.

21,063. No matter what they are in breach of, do you regard the state of affairs in that area as being conducive to smooth productivity and continuous productivity?—No, I cannot say I do.

21,064. You had a strike in 1915, did you not, during a very grave period in the history of the war which involved a stoppage of the miners for over a week?—Yes.

21,065. And you will remember, I believe, that that stoppage was due to the fact that an agreement had terminated in the effluxion of time?—Yes.

21,066. The workmen asked for a new agreement to take its place?—Yes.

21,067. And you refused to enter into negotiations for such a new agreement?—I do not think we refused to enter into negotiations.

21,068. I put it to you that you distinctly refused, and your records indicate that you refused?—I do not remember it.

21,069. You offered that the agreement should continue for the duration of the war and that you should give an increase in wages?—Yes, that was our offer.

21,070. And as the result of that stoppage hundreds of thousands of tons of coal were practically lost to the nation?—Yes; but if we had been free and not in a time of war, we should probably have settled.

21,071. No?—I think so.

21,072. You said if you had been free you would have fought the men for a much longer time than you did?—We should have arrived at a settlement.

21,073. No doubt. Even this week, for the last five weeks, you have had a number of workmen on stop, 5,000 in number for five weeks, have you not?—Yes, and it is very disgraceful.

21,074. That is at the Ebbw Vale Collieries alone. I think you have had in other large collieries in the coalfield during the last week or so stoppages involving 1,000 or 1,200 men?—Lots.

21,075. Do you consider that a satisfactory situation?—No; I think the men are taking advantage of their position.

21,076. Let us assume for the moment—which I do not accept in fact—that the responsibility for this stoppage of 5 weeks, involving 5,000 men, and the other stoppages are all due to the workmen?—Yes.

21,077. Do you suggest that under your scheme of profit-sharing that would not occur?—I do not say that the profit-sharing scheme would prevent all disputes or anything like it, and neither will any other scheme, but it is the best we can think of.

21,078. Why have you not thought of this before?—We commenced thinking of it about two or three years ago; I think it was 1916.

21,079. You proceed very slowly, do you not?—We appointed a large committee, and we had to get the whole of the coalfields of the country into it to consider what was to be the position of the coal trade after the war. That was early in 1916.

21,080. That was, I believe, rather to meet the exigencies that would arise out of the war; not so much because of the attitude of the workmen, but because of the position of the trade?—No, it was to do with the regulation of wage.

21,081. The regulation of wage. Have you ever produced any report indicating the progress you made in the development of such a scheme?—Only among ourselves.

21,082. I would refer you to your own evidence that you gave before this Commission the last time you sat in that chair. I do not think you indicated that there had been two years' work on such a scheme as that?—Possibly not. I may not have had it in mind at the moment.

21,083. I think in answer to a question put by myself you said the coalowners were only then engaged upon such a scheme, the details of which you could not give.

Chairman: That appears at Question 7164.

21,084. Mr. Frank Hodges: What did I say there, Sir?—

Chairman: "(A) You are speaking of pit committees that were suggested? (Q) Yes. And they drew up a scheme which would enable them to have the right to make suggestions to the management concerning the underground working, but the Coalowners' Association, when they had the scheme up before them, rejected it, on the ground that it would interfere with the management of the colliery. I put it to you, whether, in the light of the industrial unrest in the South Wales mining district, that step ought ever to have been taken by the South Wales Coalowners' Association?—(A) The proposal came from the Coal Controller, with a view of increasing production during the war. The owners were anxious to do all they could, but when it came to discussion at the individual collieries with the workmen's representatives, we came dead up against the question of management, and it was found that the workmen's committees, as was hoped for and intended by the local workmen's committees, at any rate, were going to be a management committee, and not confined to the objects that the Coal Controller proposed. (Q) I agree. They even went so far as to propose to change the title of the scheme, and instead of calling it an Absentee Committee, I believe they described it is an Output Committee?—(A) Possibly; there were all sorts of proposals." Then it goes on, and Mr. Hodges puts his case, and at Question 7172 there is this: "(Q) But is there not some object in getting the men to co-operate with them in getting increased output?—(A) Yes, we would like it, on certain lines. (Q) What lines?—(A) As long as it does not interfere with the authority of the management; that was where the crux came." You are quite right, Mr. Hodges.

21,085. Mr. Frank Hodges: That is not quite the point I was trying to make. I have not the records of the First Stage before me, but I remember asking Mr. Bramwell if the coalowners, or he himself could put forward some constructive scheme for the future conduct of the industry, and he said the coalowners then had the matter under discussion. The "Times" published what purported to be a scheme of the coalowners, and I asked Mr. Bramwell if he associated himself with that scheme.

Chairman: Yes, you are quite right.

Witness: If I may be allowed, I will partially correct that. It was early in 1916 that the Mining Association decided that their relations with their workmen could not be the same after the war as they had been previously, and they appointed a committee to consider what was the best arrangement to make. That committee sat for a number of meetings, and found that they had different opinions, and they appointed a sub-committee who did draw up a scheme both on the productive and on the distributive side. When that proposal came again before the Mining Association, the part on the distributive side was wiped out, and the part on the productive side was modified. They have been at it ever since, trying to arrive at some scheme that they could put forward, and their present proposals practically amount to a profit-sharing scheme as has been described.

21,086. Mr. Frank Hodges: Am I right in assuming that the scheme to which you made a vague reference in your answer to Question 7162 was afterwards rejected by the Mining Association of Great Britain?—There have been so many proposals made and rejected that I would not like to answer definitely, but the proposal now before us is the owners' way as to a profit-sharing scheme in the industry.

21,087. Let us see if the scheme you now propose, which I gather is to be found in Lord Gainford's evidence, is likely to secure what this Commission and the country is anxious to secure: that is, continuous production with a minimum amount of industrial strife. At present, or up to now, the wages of the miners have been regulated by prices?—Yes, by selling prices.

21,088. How do you propose that the margin of profit, which in future will determine wages other than the base wage as I understand, shall be ascertained in South Wales—I ought not to put it, "in South Wales," because I believe you are giving

22 May, 1919.]

MR. HUGH BRAMWELL.

[Continued.]

evidence for the whole country?—Yes; but I think you will find, when it comes to details, each district will almost have to apply its own views to the position. Our scheme, if you will notice, is a district scheme.

21,089. If it is a district scheme, I can with some amount of confidence approach the position as I see it developing in South Wales. Assuming that the workmen accepted that principle—?—Do you mean of profit sharing?

21,090. Yes, of profit sharing—what do you think would be the first great industrial struggle in South Wales?—Do you mean on this point?

21,091. Yes?—We should have to settle the base wages.

21,092. That would involve a good deal of friction between you and the men, but that would very largely determine the rate of profit?—Yes. We have done it in the past in the times of the Sliding Scale and the Conciliation Boards, and we hope to do it in the future.

21,093. Without struggles?—No, we have had struggles.

21,094. And without strife?—No, but we have done it.

21,095. In order to establish standards, in 1898 you had the greatest strike in the history of South Wales? I do not know.

21,096. In order to establish newer standards in 1911 under the Minimum Wage Act, you had a strike involving the whole country?—Yes.

21,097. And in 1915?—We have tried to meet that in this proposal. We suggest discussing the proposals and attempting to settle in each district with the conciliation boards, but we say that the miners' base wage should have some relation to the base wage in other industries, and suggest that it should be subject to approval or settlement by the Industrial Council.

21,098. Let us look at the broad facts and look at the characteristics of the miners, as you and I have learned to understand them. I was just saying that whenever there has been a question of fixing a standard wage in the past, there have inevitably been strikes?—There always will be the risk or at least I think so. It all depends upon the reasonableness of the parties.

21,099. That is so. One of the principal things in determining the new factor of wage under your profit-sharing scheme would be the balance which would be left as a profit balance?—Just the same as any other profit-sharing scheme in any other industry.

21,100. I do not suppose that you would argue that the scheme you would propose for the mining industry has ever been brought into being in anything like the same degree in any other industry?—That is the difficulty in the mining industry. It is comparatively easy to establish a profit-sharing scheme in a factory where they are making soap, for instance, but when we get to a complicated industry like mining, where labour forms 75 per cent. of the cost, it is the most difficult form of profit-sharing you can imagine.

21,101. That is why I am anxious to know whether you have thought out the whole of the possibilities of it?—We know there are difficulties and we are prepared to try and meet them with the men.

21,102. And if you ever hope to meet them, I suppose you would agree you would have to adopt a different attitude to what you have adopted hitherto?—I do not think we have been unreasonable, and I do not think the attitude we have adopted can be very much criticised.

21,103. After you have got over your first difficulty which, in my judgment, will involve industrial strife—that is the difficulty of fixing the new standard rates—do you not think that the next difficulty will be as to the amount of the balance that will go to the shareholder and the amount that will go to the workman?—Just let us consider that first point further for a moment. If we are unable to settle in the district, would it not be possible to put up somebody who would settle for us?

21,104. Yes, it would be possible?—I do not think we would object to that.

21,105. I am sure you would not. As a matter of fact you have always in the past, when you have failed to settle yourselves, referred the workmen to an independent chairman?—When an independent chairman existed.

21,106. Yes, when an independent chairman existed, which has been for the most part in the history of the South Wales Conciliation Boards. That is just what I am coming to. The workmen have arrived at a stage where they are not prepared, I believe, to submit their questions that they fail to settle with their employers to an independent chairman. That being the case, how do you hope that your scheme will avoid industrial strife?—That means, you are not prepared to go into any Court on the matter. You can settle nothing if you do not agree to that.

21,107. I would not like to say that the miners, so far as I can gather, will not be prepared to go into any Court, but let us look at realities. These self-same miners have got the idea that there is no independent Court or impartial Court in existence in this country to whom they could put, with trust, their problems?—Then I should think their case is hopeless.

21,108. Would you not rather suggest your case is hopeless?—No, we are prepared to go into any proper Court.

21,109. In thinking out this scheme, has it occurred to you that you might have a workman as the independent chairman?—Possibly. I have not thought of that. I presume he would be an independent person.

21,110. Would you willingly permit the question to go to him?—I do not think it would be fair.

21,111. Why not?—I think it would be equally unfair to have a coalowner.

21,112. Or put it this way. Would it be unfair to put a workman merely because he has got some special interest in workmen?—I do not quite follow.

21,113. Would it be unfair to put a workman, because he is biased in favour of workmen?—I do not think a biased person is a proper person to sit in a Court.

21,114. Can you find a person in this system of society of ours who could be described as being perfectly unbiased?—Not perfectly.

21,115. Now that is the first point. Let us come to the question of profits. If the workmen accepted the principle of your scheme they would be inspired with the same motive, would they not, as the shareholder?—That is what we want. We want the workmen to be interested in their work, and to have an interest in it.

21,116. Pardon me! That rather presumes the shareholder is interested in the work. I thought you said he was only interested in getting profit?—I think that is his interest. It is the return on his money.

21,117. If the workman accepts the principle, then I gather that, from the nature of your scheme, he would be inspired to get the greatest amount of profit?—He would be a profit-sharer.

21,118. And the determination of his share would depend upon what?—His exertion and our exertion.

21,119. What kind of exertion do you mean—administrative exertion?—Every sort.

21,120. It would not be the exertion displayed in a shareholders' meeting, you think?—Possibly not, but they do a good deal to direct us.

21,121. I should have thought that the exertion for the division of the profits would be found in the Trade Union meetings on the one side, and the shareholders' meetings on the other side?—I think the man who puts the money he has saved into a business has a right to have a return on it.

21,122. I am assuming that the principle is accepted by the workman?—If he chooses to appoint someone to look after his interests I think he is doing the proper thing.

21,123. Yes. But let me keep to the point I have in mind. I want to try to avoid the industrial unrest which everyone says is going to condemn this country

22 May, 1919.]

MR. HUGH BRAMWELL.

[Continued.]

finally, and absolutely. I want to come to the point where the workmen and the shareholders have got a certain balance of profit to share. I want to ascertain what will be the determining factor in giving to each his proper share?—Well, that I think will require a great deal of discussion and consideration.

21,124. Yes, but if you have not discussed and considered that, do you think you are entitled to put forward this scheme?—Yes, I think we are entitled to put forward a profit-sharing scheme on general lines.

21,125. Without relation to all its consequences?—Without going into details which I think ought to be settled afterwards.

21,126. If I may repeat with great respect, the question put by Sir Allan Smith yesterday, you expect this Commission then to come to a conclusion upon a scheme which you yourself have not thought out to the last letter?—No scheme can be put before this Commission thought out to the last letter, because it is impossible.

21,127. I put it to you that it has been very imperfectly thought out so far as you have gone?—I do not think so in principle.

21,128. Have you taken into cognisance those two possibilities—the possibility of the first fight for the standard wage, and the second fight for the division of the profits?—Yes, we are prepared to discuss them and try and settle them.

21,129. Locally?—Yes, locally.

21,130. Now let us turn to the question of the struggle that will be likely to develop as to the control in the industry. I put it to you that as a man of great experience in South Wales, it is not an unknown thing for the workmen to ask for some form of control in industry?—Do you mean in the management of the mine?

21,131. No; I will not put it in the actual management of the mine, but some effective control in developing the industry?—Well, I think we require to know what they want before we can answer the question.

21,132. You may require to, but Lord Gainford apparently did not stop to state that he required that information, because he says this: "I am authorised to say, on behalf of the Mining Association, that if owners are not to be left complete executive control, they will decline to accept the responsibility of carrying on the industry, and though they regard nationalisation as disastrous to the country, they feel they would, in such event, be driven to the only alternative—nationalisation on fair terms."—Yes. And at the same time he puts forward proposals as to workmen's Committees advisory to owners.

21,133. Purely consultative?—Yes.

21,134. Does that give the workmen any increased status in the industry?—You cannot do it.

21,135. Then if the workmen demand increased status in the industry and it cannot be done, this country will probably never evolve out of its present disturbed condition?—The workmen can do it if they like. They can purchase mines and work them themselves.

21,136. That is a proposition which has been put forward over and over again by way of reply to this proposition?—Well, why should they require to manage the profit part of a concern if they have no money in it?

21,137. You put that question to me, and my answer is, because they form the majority of the producers?—They get paid for that. They get a share in the profits which we pay them.

21,138. We are anxious to have industrial peace. Do you think industrial peace can be secured in this country if you, as an owner, can sit opposite me at a table when I am a workman, you occupying the position of the buyer of my labour, and I occupying the position of the seller of my labour? Do you think as long as that relationship lasts, that you can have industrial peace?—I think you are on the top side now.

21,139. As sellers?—No, as workman.

21,140. If you did not care to buy our commodity it would be wasted?—I do not quite follow your question.

21,141. I put it again, because I am very anxious to understand the drift of your mind. I am trying to get at what I believe to be the bottom of this question. The workmen say they want control. Let us leave out how they think and what they think of control for the moment. They make an application in a general way saying: "We want some form of control"—not entire control. It seems to be an aspiration with them. You say, "You shall have no effective control." If that is your relation towards the men, how can you have industrial peace?—As I said before, it depends upon whether the workmen want entire control or how much control they want to share.

21,142. Yes, whether they want entire control or what amount. But suppose the workman wants control in proportion to his numbers?—That is humbug.

21,143. What?—Humbug. Numbers ought not to count in such a matter.

21,144. What ought to count?—I cannot tell you, but it is not the number of men.

21,145. It is rather strange you should describe a numerical majority as humbug?—In such a matter as that, yes.

21,146. If you have nothing better to suggest?—I have nothing better to suggest.

21,147. I put it to you, the determination of your policy in your shareholders' meeting is determined by humbug?—Possibly. I do not agree with you, but you may say so.

21,148. I am going to quote one or two things with reference to control. Why are you opposed to control?—Because I do not think the industry can be properly carried on under joint control.

21,149. Why is that?—Did you ever know joint control do anything good?

21,150. Yes?—I did not.

21,151. I will give you a case in point. I do not think you can consider the Co-operative Societies an absolute failure, can you?—No, it is a Co-operative Society, certainly.

21,152. Is there not some form of joint control in a Co-operative Society?—They appoint their directors and managers.

21,153. Are not the members entitled to attend the meetings of the Society and very largely determine the policy, leaving the manager to carry out the policy which has been determined upon?—Just like a shareholder in a company.

21,154. I am speaking of the quarterly meeting at which the members attend?—We have shareholders' meetings annually and not quarterly.

21,155. But your shareholders are not actually engaged in the industry?—Neither are these men. They buy the stuff at the stores.

21,156. Exactly, they buy the stuff at the stores but it is their undertaking, you see?—So is it the shareholders'.

21,157. No, there are other people engaged in it. Your shareholders are in an entirely different position?—Why?

21,158. Your shareholders simply provide money capital. That is what I understand you say their function is?—That is what the Co-operative Society does with its collieries.

21,159. I am only illustrating to you that a business can be carried on successfully even with the limited form of control which you get in a Co-operative Society?—What I say is, the Co-operative Society is the same as the limited company with its shareholders.

21,160. Not in the slightest degree?—Very nearly.

21,161. That is a slight modification?—Well, it is pretty nearly.

21,162. Now, when you come to the point, you have already some form of control, have you not, on the part of the workman?—Under the Act.

21,163. A workmen's inspector can be appointed and he can be the most critical person in the colliery when he is down?—Under the limitations of the Act yes.

21,164. And have you not known that such an inspector has made useful suggestions which have been adopted by the manager from time to time in the working out of that colliery?—I should think very likely, and we are very glad of it.

22 May, 1919.]

MR. HUGH BRAMWELL.

[Continued.]

21,165. You are glad of it?—Certainly of his advice.

21,166. Has he not in a way exercised some amount of control?—That is exactly what we are offering.

21,167. Let us see what you are offering. Are you offering anything different from what was the method of the Joint Pit Committees scheme?—No, not much, if anything.

21,168. Have you heard it said even by the Miners' Federation or by any members of this Commission that when the suggestion of control was put forward that it means the manager will have less freedom to manage the mine than he has now?—If the Committee is to sit on appeal from his decision then I think the Committee is no good, and it will never work.

21,169. You do not agree with the suggestion put forward in the Report by the Chairman and the other gentlemen who signed it that the workmen are entitled to some form of control?—Some form of advisory control.

21,170. I am in agreement with you when you suggest that the manager should have an absolute right to carry out decisions when that right applies to safety; but at the present moment he exercises much more complete right than that, does he not?—Yes.

21,171. At the present moment he can dismiss a man summarily?—Yes; if he has proper justification for so doing.

21,172. Whether he has justification or not, he has power to dismiss a man?—Legally, yes.

21,173. Have not many of the strikes in South Wales been due to the fact that men have been dismissed summarily without any appeal?—I mention that. I say there may have been some cases of injustice.

21,174. If there was a committee set up upon which the workmen had some form of control, would it not be a fit and proper body to determine whether such a man should be dismissed?—I do not think so.

21,175. You do not think so?—No, certainly not.

21,176. Then a right must be reserved to the manager for ever?—As a legal right.

21,177. And you would not consider the proposition that workmen on the committee should judge the merits of the case?—No; let the Law Courts do that.

21,178. Mr. Bramwell, in that sentence you have summed up the history of the South Wales owners for the last ten years?—I do not think so.

21,179. Let the Law Courts do that?—I do not think I have summed it up.

21,180. And you have always allowed the Law Courts to do it, I believe?—No, look here. At the Disputes Committee, which we have had sitting at Cardiff since April last, we have dealt with 700 odd disputes. No Law Courts there.

21,181. I am glad you mention that. That brings me to a point I propose putting to you. I would like the committee to understand the psychology of the people in our country. When the Disputes Committee was set up, I think I had some little share in drafting its constitution, which had for its object the settling at Cardiff of all the disputes that could not be settled at home. Do you remember the first result of showing that committee up?—In what way?

21,182. In the number of disputes that came to Cardiff?—Yes; we had rather a number.

21,183. Why was that, do you think?—I should think they probably accumulated and it was a new thing.

21,184. I put it to you, that was due to the fact as the workmen had no effective means of settling these disputes at the collieries the manager felt he was relieved of any responsibility, and any dispute he might have settled he sent on to Cardiff to be settled?—I do not think that was so. I think the mere fact of setting up that Committee, which was sitting regularly every week, tended to make the men raise questions they would not otherwise have bothered to do.

21,185. That may be your view. I think when you remember that you had more disputes in the first 2 or 3 months of the history of that Committee than you had had in 6 or 12 months before it indicated that the centralisation machinery for settling disputes created disputes and not lessened them?—I think that was the tendency at first.

21,186. I also had the privilege of drafting a scheme for the establishment of Joint Committees in South Wales, to which I referred when you were in the box last, and I remember very distinctly the scheme coming before you, and you rejected it. You agreed to several clauses. When it came to this clause you rejected it?—Yes; we went to the Coal Controller about that.

21,187. Here the workmen made certain propositions to you which they thought would be really helpful?—Yes; they interfered with the management.

21,188. I will read them: * "The Committee shall receive reports from the Management and Workmen on matters affecting output, such as—

(a) Shortage of trams and road materials.

(b) Shortage of, or unsuitable, timber.

(c) Bad haulage roads and inadequate haulage.

(d) And any other causes which in their opinion is likely to interfere with the smooth working of the mine or interfere with the production of the largest output.

You rejected this scheme because it contained that clause?—That was, I think, one clause we objected to. We went to the Coal Controller with you about it. The Coal Controller offered us the scheme which was accepted by the bulk of the other coalfields. It was you who rejected that.

21,189. Certainly. I remember it and I confess it, because the Coal Controller's scheme was felt by the South Wales Miners that it did not give them—?—Because it did not give them power to interfere with the management.

21,190. That is so. Not to interfere with the manager in his work, but it did not give them power to make suggestions as to how the work should be carried on successfully?—It was not a question of suggestions.

21,191. Do you still adopt the same attitude towards it?—With our system we have Workmen's Committees of advisory capacity.

21,192. Would you agree to clause (d) of that proposition and in every cause which, in their opinion, is likely to interfere with the smooth working of the mine or interfere with the largest output?—That is rather wide; it is rather dangerous.

Mr. Evan Williams: May I hand the Chairman a copy of the final suggestions which you accepted. And was accepted by all districts?

Mr. Herbert Smith: You do not say all districts; we did not accept it.

Mr. Evan Williams: I was speaking of South Wales.

21,193. Mr. Frank Hodges: I notice, too, as an indication that your scheme is not likely to be successful, there is a great agitation springing up in South Wales against what has already been done by this Commission amongst the capital owners in South Wales. Have you noticed any such indication?—There are certain dissentient owners in South Wales who write to the papers.

21,194. Who write to the papers?—I think so.

21,195. There are others whose remarks are reported in the papers, I take it?—Possibly.

21,196. Of course, you are anxious to approach the future in a spirit calculated to be of advantage to the country, are you not?—Certainly.

21,197. You know of a colliery company called the Consolidated Cambrian, Limited?—A combine?

21,198. Are you a shareholder in that?—No, it is a combine of several colliery companies.

21,199. They have 3,000 shareholders in it, according to the report of their Chairman, Mr. Mitchell-Innes, K.C.?—That is a combined company, and each of the individual companies have also a large number of shareholders.

21,200. They have begun to complain?—What about?

21,201. About the decision of this Commission so far?—Quite likely.

21,202. They propose to resist the decision of this Commission becoming law because they have passed this resolution at their meeting held yesterday, which I will read. There is a full column report of

* See Appendix 68.

22 May, 1919.]

Mr. HUGH BRAMWELL.

[Continued.]

a special meeting of the shareholders of the Consolidated Cambrian, Ltd., held at the Engineers' Institute, Cardiff, yesterday. Mr. C. A. Mitchell-Innes, K.C., was in the chair to pass this agenda: "To take into consideration the proposed arrangements to carry out the Sankey award, these arrangements being, in the opinion of the Directors, the virtual confiscation of 40 per cent. of the profits of the Company." Here is the resolution which was carried at the end of this meeting of the shareholders in the Consolidated Cambrian, Ltd.: "That this meeting of shareholders in Consolidated Cambrian, Ltd., emphatically protest against the proposals of the Government to penalise the coal trade as compared with industries in the country, and urges that no legislation shall be introduced embodying the financial proposals based on Mr. Justice Sankey's report, which must have a prejudicial and destructive effect on the interests of one of the primary interests in this country, and that a copy of this resolution be sent to various people, including the Prime Minister and Mr. Bonar Law." I put to you that is characteristic of the coalowners in South Wales?—I think it is natural that the whole of the coalowners of the country should feel very aggrieved and sore that their industry should be separated out from every other industry in the Finance Act and made different to other industries. The pre-war standard is to be altered.

21,203. The Finance Act is not referred to in that resolution?—We know what it means, or we try to.

21,204. I am glad you are cognisant of it. The position is this. At the start of your proposal for a change in the system of working the industry, or the earning of wages in the industry, because that is what it amounts to I believe, you are creating a situation of antagonism towards the Commission and towards the miners in the hope that that antagonism might result in your escaping the obligations imposed upon you by this Commission?—Our scheme is intended as an amicable arrangement for the conditions after the effects of the war are over. What these people are objecting to is the change in the Finance Act which was a war measure and will be operating for a year or two probably.

21,205. I put to you the same spirit that has animated the coal industry and led to this crisis that has existed for 10 or 15 years is being resuscitated at the very moment when you propose to launch a scheme in some hope to get the co-operation of the men?—I think it is very natural for men to object to the extension of the Finance Act in this particular industry. We are thinking of what is to happen after that.

21,206. In conclusion let me put this to you, only because of an anxiety to try and find the best solution to this problem. Have you taken into consideration when proposing this scheme the steady diminishing output of the coal industry?—In what way, let me see how it affects it.

21,207. It is on record the output of coal per man employed is diminishing?—Yes.

21,208. In preparing this scheme did you hope that the output per man would be increased?—Yes.

21,209. You did?—Yes, I certainly believe if the men share in the profits the output will increase.

21,210. That is your belief?—Yes.

21,211. Supposing I put this to you. If the workmen held a point of view—I am not saying they do and they may not hold it to the extent which is popularly supposed—suppose the workmen held this point of view that whether under profit sharing or under the present system every increased effort of theirs means increased profit for people who do not work. Can you hope to have any increased output in the future under any scheme?—None are so foolish as to believe that.

21,212. If they are so foolish?—I cannot help their foolishness.

21,213. You cannot, although you would be responsible for it?—Yes.

21,214. *Mr. Evan Williams:* To make it quite clear. The scheme that was proposed by the Mining Association was a scheme to come into operation when the trade is given its freedom?—That is the idea of it.

21,215. It is a scheme that is impossible to superimpose on control of the kind that is in existence now, or that is proposed under the new financial arrangement?—I do not think any scheme could be got to work at the moment.

21,216. What has been suggested is a method of carrying on the industry after the war conditions are over?—That was the idea of the whole thing.

21,217. And there is the same liberty in the coal trade as in any other trade?—That is so.

21,218. You will agree, I think, that no industry can be carried on unless it maintains proper wages for the men and a fair return upon the capital?—It is bound to be so.

21,219. And unless the cost of production is kept within the price obtained for the article your industry cannot go?—No.

21,220. The whole question now, and I take it from the beginning of industry, between capital and labour is as to division of the profits of the industry between those two?—What they can get at the time.

21,221. Strictly speaking it is not right to call profit-sharing a new development or a new proposal in connection with this industry or any other?—Even the method of settling wages or regulating wages by the selling price is more or less a profit-sharing scheme.

21,222. The payment of wages and a payment for a return of capital is a sharing of the profits of the industry and always has been?—The old arrangement was an indirect profit-sharing scheme.

21,223. What the Mining Association now propose is a better method and a fairer method to both sides?—It is better in this way. It encourages the men to produce whereas the old scheme encourages him to hang back.

21,224. Take South Wales as an instance. At one time wages in South Wales were regulated by a sliding scale?—Yes.

21,225. And at that time nothing entered into the calculation or was taken into consideration for the settlement of wages except the actual price of coal?—The actual price of large coal f.o.h.

21,226. And the wages moved up and down in a certain predetermined arithmetical proportion?—A fixed scale.

21,227. The workmen in South Wales objected to that?—Yes.

21,228. And they brought forward another scheme?—Yes.

21,229. When the Conciliation Board was instituted that fixed relation between selling price and wages was put an end to?—The fixed scale was put an end to.

21,230. There was introduced a new system in which other things than the price might be taken into consideration?—Other factors.

21,231. There were in all the Conciliation Board arrangements up to the last one certain fixed points where there was a definite arrangement between capital and labour?—There has to be what is called an equivalent wage for an equivalent selling price.

21,232. As a starting price for all the calculations that have to be made?—You must start somewhere.

21,233. Each side had the right to bring in other factors for the consideration of each other?—Yes, when the Conciliation Board was formed.

21,234. Do you know the last Conciliation Board agreement, in the early part of it, costs were rising rapidly?—Yes.

21,235. And prices were rising?—Yes.

21,236. Did the owners object to the selling price being the only consideration or being the main consideration?—Yes, because cost of production had risen so enormously.

21,237. They put it in this way. If the price of coal goes up a shilling and the wages of the workmen go up a shilling there is no greater ability to pay the increased wage?—None.

21,238. When those arrangements were put to the workmen and the owners produced the statement of cost, what was the reply of the workmen with regard to that?—I do not remember what they replied. The first Conciliation Board did fix an equivalent.

22 May, 1919.]

MR. HUGH BRAMWELL.

[Continued.]

- 21,239. I am speaking of the last one?—In the last one they refused to have any equivalent. That was only the last Conciliation Board Agreement.
- 21,240. The owners did produce an audit of costs which had been made out by themselves or their auditors?—Yes, we employed accountants to get them out.
- 21,241. Did the workmen absolutely refuse to take costs into consideration?—I think they did—I think so; I cannot remember quite.
- 21,242. Was not this their position? They said those costs have been taken out by you; we do not know how they have been taken out, or from what colliery; we are not parties and therefore cannot entertain any arrangement based upon them?—I think that was their attitude.
- 21,243. Did they not then want a basis for the ascertainment of cost to be settled?—I believe it was proposed to have a joint audit of cost.
- 21,244. And a determination of the items that formed part of the costs?—I presume so.
- 21,245. Is it not the fact that where the wages are governed by selling price terms there is a direct inducement to the worker to increase the cost of production?—If the cost of production increases for the whole district, undoubtedly eventually, or in a little time the price must rise; therefore the men would claim increased wages, and so on.
- 21,246. Because the cost has gone up?—Because the cost has gone up.
- 21,247. And the endeavour of this scheme was to make it as much to the interest of the men to reduce cost as to get an increased price?—That was our object.
- 21,248. So he obtains as much by a reduction of a shilling a ton in production as an increase of a shilling a ton in the selling price?—Yes.
- 21,249. That is the underlying scheme for the regulation of the mines?—That was the idea.
- 21,250. To go into more detail. The proposal was this, that there should be an ascertainment first of all of a wage for the colliers?—Fixed as a distinct minimum as under the Conciliation Board. Our present Conciliation Board Agreement has a minimum of 10 per cent. That 10 per cent. is paid on a fair standard wage at every colliery in the whole county, and the object of this thing was to propose a minimum standard, such as the 10 per cent. in our Conciliation Board Agreement. At present we are paying 55 per cent. on our Conciliation Board prices.
- 21,251. There is no suggestion that the present quoting price dead work rate day work rates should be wiped away?—No, every colliery has dozens of standard prices at each colliery and they vary very much.
- 21,252. The idea they favour is a basis with a certain percentage added to them?—The minimum percentage of the district.
- 21,253. There are other costs besides labour?—Yes.
- 21,254. Which are ascertained by audit?—Yes.
- 21,255. In the first place, the cost of labour at every colliery is ascertained by an examination of the books and that audit can be made, and is proposed to be made, by accountants appointed by one side or the other?—Yes, by both sides.
- 21,256. It is the intention that the items which can legitimately be regarded as working costs shall be returned and agreed upon by both sides?—I take it in this way. When it comes to discuss the cost of production of items we have discussions at Cardiff about it with the other side, and we agree on the large bulk of items to be included. There may be one or two things to be left to the joint accountants at the office.
- 21,257. If it could not be settled by both sides, it might be referred to a third party?—Yes. The principal thing would be the difficulty of sometimes saying whether a certain operation should be charged against capital or revenue. There are some on the border line.
- 21,258. In that way you do all that is necessary for an ascertainment of the basis of the working costs?—I think it can be done, and the very fact that Durham has practically done it shews it can be done.
- 21,259. Mr. Herbert Smith: Durham denies it?—That is what I am advised, and, subject to correction, that is what I say.
- 21,260. Mr. Evan Williams: Whether Durham has done it or not, there is no inherent difficulty in getting it done?—I think it is quite possible.
- 21,261. There are other costs, timber, stores, and that kind of thing, which can be ascertained in the same way?—That is what I am referring to.
- 21,262. Any dispute as to the items to be properly taken in, as for other costs, can be decided in the same way?—Yes.
- 21,263. You have the basis wages cost and the stores cost. The next item is a minimum return on capital?—Yes.
- 21,264. A return in the way of interest?—Yes. That would be a county arrangement—a district arrangement.
- 21,265. Having ascertained the cost per ton of basis wages and cost per ton for stores, the next thing is to ascertain the amount per ton to be set against the minimum award applicable?—For interest and depreciation.
- 21,266. To do that strictly and correctly, I suppose the valuation of the colliery would have to be made?—Practically, it would. I do not see how you can ascertain the true capital in a colliery company without really making a valuation.
- 21,267. Is it possible without going into such detail to fix between two sides such an amount as would be considered fairly to represent the increase?—It might be possible. I do not say it would not be possible. You mean the amount of capital?
- 21,268. On which a certain rate is taken?—It could be done generally in a way. It would have to be subject to exceptions.
- 21,269. You could, as Lord Gainford suggested, agree a rate per ton that would be applicable over the district?—It is possible we might come to an arrangement of that sort.
- 21,270. That amount per ton multiplied by the output of the district would give you the total estimated capital roughly?—Yes.
- 21,271. In case of disputes between the two sides that again might be referred to be decided?—Yes.
- 21,272. The next point is the amount of the return?—Yes.
- 21,273. And the amount that is fair to set up against the depreciation?—Yes. That part would have to be interest on the capital. It would have to be depreciation on the concern and some amount for future development. It must all go into it.
- 21,274. All that could be expressed by a certain amount per ton of output?—It could.
- 21,275. I do not know if you have considered how small a difference it really makes to the wages per man if there is a difference, say, of £5,000,000 in the capital estimation?—I cannot say that I have.
- 21,276. I have worked it out and I make it about 1s. a week?—£5,000,000 to the capital is worth 1s. per week a man.
- 21,277. A difference of £5,000,000 in the total estimated capital one way or the other would only make a difference one way or the other of 1s. in the wages of the men?—That shows how little important it is.
- 21,278. It might be without going into elaborate calculations to equal it between the two sides upon a certain amount per ton, say, 1s. 6d., 1s. 8d., or 2s., which might be set against the capital sum?—It seems to me rather easier than I thought.
- 21,279. You then have three things which are practically irredeemable: basis wages, stores cost and other costs, and capital?—Yes.
- 21,280. You can make an ascertainment of the selling price of the coal in the whole district?—That is ascertained now.
- 21,281. In that way you can find what is the balance remaining after those first charges have been made out of the total selling price of the coal?—There is a balance.
- 21,282. That balance is the amount that is distributable again to capital and labour?—Yes, that is where the profit-sharing comes in.

22 May, 1919.]

MR. HUGH BRAMWELL.

[Continued.]

21,283. When you speak of profit-sharing it is the division of that surplus between the two?—That is so.

21,284. Then there is another question which comes in of the proportion in which that division has to be made?—Yes.

21,285. Whether it is 50 per cent. to labour, or two-thirds to labour, or three-fourths to labour, or whatever it may be?—Yes.

21,286. That again can be settled in the same way?—Yes; of course there will be a lot of inquiry to be made before we can arrive at a settlement. I do not know why it is impossible; it is done in other industries.

21,287. Does that process seem to be more difficult of settlement than the settlement we have had to make in Conciliation Board agreements?—It is of a similar nature.

21,288. In the past we have succeeded?—In some way or other.

21,289. How many Conciliation Board settlements have been attendant on strikes in South Wales?—I do not remember that there has been a large number. There have been three or four sliding scales, and I think three or four Conciliation Board agreements.

21,290. Since the big strike of 1893 there have been several Conciliation Board agreements?—Several.

21,291. In no case when the matter has been left to the owners and men has there been a strike over the Conciliation Board agreement?—The only one I remember is the one Mr. Hodges mentioned.

21,292. There the Government intervened?—Yes.

21,293. And the strike was owing to the refusal of the men to accept the Government terms?—I cannot remember that.

Mr. Frank Hodges: I should like to have it on record when it is said that the strike was against the Government and not against the coalowners, that is untrue.

21,294. *Mr. Evan Williams:* The strike was the consequence of the workmen's refusal to accept the terms the Government proposed?—I cannot say for certain that is so, I will take it it was so, but I cannot remember.

21,295. Did not the owners place themselves unreservedly in the hands of the Government?—I think we did in Mr. Runciman's hands in those days.

21,296. The men refused to accept it?—Yes.

21,297. That is an outline of the scheme we proposed?—Yes.

21,298. There are so many things to be settled between the two sides that it is impossible to fill in all the details?—Yes, it is most difficult and requires a lot of negotiation before it can be done.

21,299. Would it be merely a statement of the details when filled in?—If the scheme was put forward filled in with details you would not get it accepted at all.

21,300. That scheme does provide an incentive to the men to decrease the cost of working?—Yes.

21,301. Increased production per man?—Yes.

21,302. And for every increase in production the man benefits on his piece-work rates?—Yes.

21,303. It is to the interest of every man to see that there is as much agreement in working as possible?—Yes, with the object of profit sharing.

21,304. Do not you think when that is fully realised by the men throughout the coalfield, and when there has been a settlement of all the points we have been discussing, is there bound to be a better feeling of co-operation in the industry?—I think there would be.

21,305. The next point upon which the proposals are made is co-operation between workmen and owners. I think you made it quite clear the one thing that neither owner nor manager nor agent will have is interference with the manager upon the points for which he himself is solely and personally responsible?—Yes.

21,306. There is no objection to discussing other matters with the men?—No.

21,307. There is no objection to giving all the information as to what is proposed to be done at the colliery?—I do not see any objection.

21,308. Provided the executive authority of the manager is not weakened at all?—The manager must decide if he is to be responsible.

21,309. On questions of safety in particular?—And also the economic development of the mine.

21,310. And the question of discipline?—Yes.

21,311. And the question of the technical management?—Yes.

21,312. Which I think we had from the Home Office reports are inseparable from him?—Yes, I think they said so.

21,313. There was no question asked about the dismissal of men? Is it not your experience that men are dismissed without adequate cause?—No, by no means.

21,314. Is there not an ever ready remedy which the men have and apply if they think there has been any?—If the men think the thing is serious they will very soon stop it.

21,315. At the present moment are there not representations made to the manager by the pit committee on questions of that kind?—I should think there are.

21,316. Have you in your experience with regard to your managers that they have had deputations from men who have been dismissed?—Yes, I think we have. We had a surface man who got his notice some time this year and on representation from the Engine Men's Association we agreed to withdraw his notice.

21,317. I put it that there is a very substantial measure of joint control at the present time in the industry?—Yes.

21,318. There was equality between the two sides?—Yes.

21,319. Take wages?—Yes.

21,320. And in the determination of prices?—Yes.

21,321. And many other things?—Yes.

21,322. There is absolute equality between the two sides?—One might say there was almost a preponderating power in the men?—Latterly, yes.

21,323. In matters of that kind where it is possible to have joint control there is no objection?—We have never raised any.

21,324. Matters of wages and things that can be the subject of discussion?—None.

21,325. And full discussion of many other matters is possible with the Pit Committee?—I think so.

21,326. What more do you suggest can be given without injuring the interests of the men?—It all comes to the question of the responsible person and the responsible person must be the person to decide.

21,327. There are one or two things outside your proof. There has been a great deal said on this Commission as to the functions of directors and what use they are. You are a director, and you are a colliery agent, and you have been a colliery manager. Give the Commission an outline of the extent to which, in your experience, directors interfere with the management?—First of all, directors have a certain statutory obligation under the Companies Limitation Act. They have to appoint their agents and managers very often. Sometimes the agent will appoint a manager in consultation with the directors; then they have to meet regularly to examine all purchases, invoices, sign cheques and everything of that sort. Then their duty is also to have a policy as to the development of the mine because it is a wasting asset. On that they are advised by the agents or managers, but they have to decide their policy as to what is to be done. Nearly every company that I know of will probably have a definite policy it may have been following for 20 or 25 years gradually coming up to it, and it is the directors who gradually define that policy. There are a number of other minor things. We are constantly taking up new agreements and leases of all sorts and description. There are 60 or 70 separate agreements of minerals, some falling in at one time, some going out, some being renewed; all kinds of cases with regard to certain breaches, and therefore damages to be settled by the directors on the recommendation very often of the mining engineer. My experience is the directors are a very important body in any

22 May, 1919.]

MR. HUGH BRAMWELL.

[Continued.]

colliery concern, especially in our complicated ones like these are in South Wales.

21,328. The cost of the administration of the Board of Directors is very, very low?—Comparatively low. Our directors meet fortnightly, and it takes them about three hours to get through their routine work every fortnight.

21,329. *Mr. Herbert Smith*: What is the salary?—£400 a year each.

21,330. *Sir Leo Chiozza Money*: How many?—Four.

21,331. *Mr. Evan Williams*: Do you work out how much on your output that is increased?—About 1d. a ton.

21,332. There are some points that have been referred to at the Commission from time to time. It has been suggested the owners have interfered with the introduction of safety appliances and rules?—That is a most unjust statement. As a matter of fact, I do not know of a single safety appliance that has not been first of all proposed and introduced by the owners, not a single one, and every rule the Home Office have taken from rules in existence in the different coalfields before the Mines Act was started, and improved since. Take the safety appliances. Take the one, the sensational one, many people talk of, the automatic controller to stop the winding machine over winding at the pit top. That was introduced by colliery owners as far back as 1839. It was so imperfect and the mechanical craftsmanship of the day was so poor that it dropped out of use. It used to come into operation when not wanted and was a positive danger. It has been improved since until at a number of collieries they began to put it in, and then the Home Office thought this was perhaps a good thing, and they said, "We will make it compulsory," and they tried to bring in an Act of Parliament to make it compulsory in every single shaft in the country, whether suitable for it or not. The owners object to that on the very ground of safety, and even now these appliances are so imperfect that we are simply living in dread of their coming into action. I have an electric winding engine at the present moment; it has been running about 8 or 10 years; it is supposed to be typical of the best practice of the day; it has every safety appliance put on to it, and the men working it refuse to run it so long as the automatic control arrangement was in operation because we take our supply from a public company, and there is a possibility, which happened once or twice, of the current being cut off and the apparatus coming into operation in the middle of a wind, with desperate risks of jerking any man out of the cage and breaking the ropes. The thing is working now, but we live in dread of it acting in that way. We have to have it acting in that way, or it will not stop the cage when it comes to the top. I will give you a simile. The streets of London are just about as dangerous as a coal mine. There were 628 fatal accidents in the streets of London last year. I estimate there are about 500,000 people in the streets at any one time out of the 5,000,000 that are living in the place. That makes the risk of street accidents in London just about the same as the risk of a man working at a colliery. Some Borough Engineer makes a subway for passengers at a dangerous crossing. The Home Office says, "This is a splendid idea," and they go to Parliament and ask for a Bill to make it compulsory to put underground subways at every crossing. Local Councils say it is no use, and then they are accused of neglecting safety because it pays. That is just about a simile of all safety appliances at a colliery.

21,333. There are some safety appliances that have been attended with a far greater loss of life than they have saved?—The great thing about automatic appliances is this. They nearly always provide against one risk and incur another one, and it is a question of adding up and seeing which is the worst.

21,334. It is the universal application of things of that sort the owners object to?—They are not against safety. These statements are making the mining people of the country boil.

21,335. Similarly, I take it, a system of private ownership has a tendency to neglect safety because of the pull of profit?—I know Mr. Sidney Webb said the tendency was in that direction, but he used it as

an argument against private ownership, and that meant to say it was neglected; otherwise it was no argument.

21,336. Will you give the Commission the benefit of your view upon the suggestion as to unification? As a means of more efficient production. It has been suggested that by unification production could be cheaper or could be made more efficient?—I think the limit really comes into this, that you have a certain staff and a certain man who is the responsible person. If the place gets too big it becomes expensive and red tape. If you can keep it within the limits of one man and the man's capacity varies you get the most economic position.

21,337. You would not deny there are instances of a few small collieries in a district where there would be a clear advantage if they were worked under one management?—Nobody denies that.

21,338. Would you go so far as to suggest that in such a case there shall be compulsory powers in somebody, some council or some industrial body, to compel amalgamation in a case like that?—If it could be shown it was necessary for the interests of the industry or the State.

21,339. Either on the initiative of people themselves or some outsider, if such a body is suggested by this Commission, the council under the sanctioning authority would intervene?—It is desirable if in the interests of the State.

21,340. And give power to do it by law?—Yes.

21,341. There is one more point I should like you to give the Commission your opinion upon. Take the question of the accusation made against the industry as being inefficient generally in the machinery that is put up by the collieries. You have rather definite views upon that point, I think. Would you say that the fact that the machinery at a certain colliery was not of the best and latest type with all refinements was in itself a proof it was not the best suited for the particular case?—The point always comes in whether it is theoretical efficiency they are talking about or economy. For instance, to merely say that the colliery consumption is high is no guide to anybody. Nobody knows what it means. You have to find out what sort of coal was burnt—very often they burn refuse; how much water they pump; whether the lie of the seam is flat; and they have to see the power required at the colliery before they can arrive at an opinion as to whether the consumption is big or not. To measure it as a percentage of output is silly, except for periodical comparison. Equally, with the most efficient and best machinery possible, many pits, for the moment, have only a small output, and the cost for colliery consumption on percentage of output would be very high, whereas they might have the most efficient machinery possible. There is one other point. Some mines are bound to be fitted with theoretical efficient machinery, and others with less efficient. If you are going to imagine every mine is to be brought up to the most theoretical efficient level, it is almost absurd. It is practically the same thing as, say, every tramp steamer at sea should be equipped like the "Lusitania." As a matter of fact, any dirty little tramp steamer with its theoretical inefficient engines is a more economic unit than if it had the highest class turbine machinery in it.

21,342. With regard to the wages of the district being brought to the level of the poorest colliery in the district. Do you remember the decision under the Minimum Wages Act in 1912?—Yes.

21,343. Do you remember it was claimed on the men's side that the poor collieries on the west were paying higher rates than the richer collieries in the east?—It was not only claimed, it was proved as a fact.

21,344. In South Wales generally, the poor collieries for some reason have been forced to pay higher tonnage rates than the big rich collieries?—It was proved as a fact.

21,345. As far as the basis rates are concerned the poorer collieries are not below as far as the district percentage is concerned; they are regulated by

22 May, 1919.]

MR. HUGH BRAMWELL.

[Continued.]

the average of the whole collieries?—That is so in South Wales.

21,346. Generally speaking, the poor collieries with the higher wages being of lower output affects the general average?—It must do so.

21,347. Is there any justification for saying poorer collieries bring down the level of wages?—Certainly not in South Wales.

21,348. *Mr. Herbert Smith*: If he confines it to South Wales I do not object?—I cannot speak for other districts on that point.

21,349. *Chairman*: I have been asked to ask you two questions. You told us there is a good deal of industrial unrest in South Wales. The first question I have been asked to ask is this: What is your view on the cause of that industrial unrest?—It arises at the local workmen's lodges. The men who run the lodges at the present time happen to hold very extreme views, and I think it is the effect of their views and being practically in control of the machinery

that tends to cause the unrest at the individual collieries which eventually culminates in district unrest.

21,350. That is your view of the cause?—I think so.

21,351. The second question is what in your view is the remedy?—That is very difficult.

21,352. I did not ask you because it is an easy question; I want you to help us. Do you know a remedy?—I believe myself if the miners' agents in the district take the thing more in their own hands they could make matters a great deal better, because this unrest is very largely directed against them as well as against the owners.

21,353. Is your remedy for the present unrest the suggestion the miners' agents should get more into their own hands?—I cannot say it is that. I think the remedy is some form of profit-sharing which will give the men an interest in the concern.

Chairman: We are much obliged to you for your assistance.

(The Witness withdrew.)

MR. WALLACE THORNEYCROFT, Sworn and Examined.

21,354. *Chairman*: I will read the introduction. "Mr. Wallace Thorneycroft is a Mining Engineer and Certificated Colliery Manager of upwards of thirty years' experience; the Managing Director of the Plean Colliery Company Limited, of the Lochgelly Iron and Coal Company, the Chairman of the Steel Company of Scotland, Past President of the Institution of Mining Engineers, and Fellow of the Royal Society of Edinburgh." Mr. Thorneycroft will now read his proof:

"THE FUTURE ORGANISATION OF THE COAL INDUSTRY.

In order to consider the future organisation of the industry it seems necessary to recite the present and past methods, the conditions necessary for the successful carrying on of the coal trade, and what private enterprise has done. I propose to deal with these matters and discuss the alternative schemes put before the Commission by the miners' representatives, and finally to indicate generally what in my opinion are the changes that should be considered by the Commission.

(1) *The present system of ownership and working in the coal industry is as follows:*

By orders made under Regulation 9c D.O.R.A. all coal mines have passed into the possession of the Board of Trade, which has appointed a Controller of Coal Mines to control them, and every owner, agent, manager and every officer thereof is bound to comply with the direction of the Board of Trade as to the management and user of the mines; it is further expressly provided that possession by the Board of Trade shall not affect any liability of the actual owner, agent or manager of the mines under the Coal Mines Acts, 1887 to 1914, or any Amending Act.

By Regulation 9ggg, the Board of Trade may authorise any person to take possession of any seam of coal (for the time being unworked) and get the coal, but shall not authorise the opening of any new surface works, and in determining the compensation to be paid for any coal gotten regard should be had to the royalties current in the same mining district for the same class of coal.

These regulations control all matters relating to production of coal, and are made more or less workable by the Coal Control Agreement which is scheduled to the Confirmation Act.

The Coal Controller is solely responsible for the present conduct of the industry and its results.

One important effect of the Coal Control Agreement must be noted. The actual owner's power to lock out miners is given up while the miners' right to strike remains.

The selling price and distribution of coal for home consumption is regulated by Coal Prices Limitation Act, 1915, and sundry Orders.

Coal Pit Mouth Prices Orders.

Coal Transport Order, 1917.

Wholesale Coal Prices Order, 1917.

Retail Coal Prices Order, 1917.

Local Authorities (Retail Coal Prices) Orders

The regulations controlling price and quantity of coal to consumers are very complicated. They fix the margin retainable by those handling the coal from truck to coal cellar and also by merchants through whose hands large quantities pass both for home trade and export.

The costs of distribution are extravagant, but as a rule the distribution of coal to small consumers and householders is outside the control of the coal owners.

The advantages claimed to result from the Coal Transport Orders are problematical.

The prices of export coal are fixed by the Coal Controller, while the exportation itself is regulated by a system of licences issued by the War Trade Department of the Treasury (with advice from the War Office and Foreign Office) who, under the Customs Acts, exercise the powers of prohibition of exports given by Royal Proclamation. The prices fixed for export differentiate between Allied and neutral countries, the latter being much higher than the former, and both very much higher than the fixed home prices. Admiralty coal in South Wales was commandeered and the prices were subsequently agreed.

The present system has arisen out of the war. It is entirely abnormal and artificial—it may have been a necessity on account of shortage of supply during the war, and the governing factor was output at any price. The principles adopted for working out the regulations were unsound and inequitable in operation. It should be noted, however, that in addition to the 80 per cent. of excess profits payable to the Government by all industries, the coal owners agreed to give up 15 per cent. of the excess profits out of 20 per cent. allowed if they were able to earn excess profits under control and submitted to regulations which obviously prevented a large proportion of the output earning the standard profit allowed.

The principal evidence given to the Commission during the first stage of its enquiry was wholly in reference to the present abnormal system. The coal owners were specifically instructed by the Secretary, in a letter dated 27th February, written by the direction of the Chairman, to confine their evidence as far as possible to the seven questions specified, all relating to wages and hours, and did so. The terms of that letter were as follows:—

22 May, 1919.]

MR. WALLACE THORNEYCROFT.

[Continued.]

Copy.

COAL INDUSTRY COMMISSION.

Circular Letter to District Coal Owners' and Miners' Associations.

VERY URGENT.

2, QUEEN ANNE'S GATE BUILDINGS,
WESTMINSTER, LONDON, S.W. 1.
27th February, 1919.

SIR,

I am directed by the Chairman of the Commissioners to inform you that he desires your Association to send one witness to give evidence before the Commissioners upon the first part of their enquiry, which it is intended to conclude by the 20th March. That part of the enquiry will be confined to a preliminary investigation into the questions of Wages and Hours.

The Wages claim of the Miners' Federation of Great Britain is that the workmen should receive a 30 per cent. increase on the present earnings, exclusive of the present War Wage, which would then be added to the total.

The Hours claim of the same Federation is that "six" should be substituted for "eight" in the Eight Hours Act, and that a similar reduction should be made in the hours of Surface Workers.

I should make it clear in the first instance that what you are now being asked to do is merely to provide evidence of a preliminary character, and that a further opportunity will be accorded to you in the later stages of the enquiry to supplement that evidence and to deal with matters which are not immediately germane to this part of the enquiry.

For the purpose of reducing to some common form the evidence from the various districts, I am to request that your witness should give attention to the following questionnaire and, as far as possible, confine his evidence to the points indicated therein, while feeling at liberty, should he consider it necessary, to depart from or supplement this questionnaire at any material point.

1. What in the opinion of the witness would be the probable increase in working cost per ton of conceding;

(a) a thirty per cent. increase on the present earnings of workmen exclusive of war wage;

(b) the reduction in hours above referred to. (See question 5.)

2. Would there be in his opinion any compensating factors which, if these concessions were made, would tend to diminish the working cost per ton; for instance, more regular daily attendance in consequence of shorter hours?

3. Would there be in his opinion any aggravating factors which, if these concessions were made, would tend to increase the working cost per ton, for instance, an increase in voluntary absenteeism?

4. Supposing the reduction is in hours claimed, or some less reduction, to be conceded, what consequential rearrangement of shift would in his opinion be necessitated:—

(a) as between surface workers and underground workers;

(b) as between the various classes of workers, surface or underground.

5. What further number, if any, of workers, surface or underground, would it be necessary, in his opinion, to employ if the word "six" were substituted for the word "eight" in the Eight Hours Act and a similar reduction made in the hours of surface workers?

6. *Face Workers.*—The present winding times, as approved by H.M. Mines Inspectors, are being obtained from them, and the collieries have been asked to furnish the present average time consumed in travelling from the shaft bottom to the coal face and back from the coal face to the shaft bottom.

(i) What is, in his opinion, the present average time spent at the coal face in your district.

(ii) What, in his opinion, would be the percentage reduction (if any) in output involved

by conceding the claim for the substitution of "eight" for "six" in the Eight Hours Act?

(iii) Would there be, in his opinion, any compensating factors which, if this concession were made, would tend to diminish any reduction in output—for instance, increased effort resulting from shorter hours?

(iv) What, in his opinion, would be the net reduction (if any) in output resulting from the suggested amendment in the Eight Hours Act:

(a) Assuming the present number of coal getting shifts to remain the same; or

(b) Assuming the present number of coal getting shifts to be increased in your district if possible.

(v) What is the probability in your district of an increase in the number of coal-getting shifts by mutual agreement?

7. Apart from considerations of working cost per ton and of output, what in his opinion would be the chief advantages (if any) in point of health and risk of accident, or otherwise, likely to accrue from the concession of the reduction of hours?

The Commission have been instructed by the Prime Minister to make an Interim Report upon the wages and hours claims not later than the 20th March, and therefore the taking of evidence will begin on Monday, the 3rd March. You are requested as soon as possible after the receipt of this letter, to telegraph to me the name and address of your witness, and he will receive in the course of a day or two a telegram notifying him when and where he should appear before the Commission. Meanwhile the Chairman will be obliged if you will at once put the matter in hand, and request your witness to prepare a summarised proof upon the lines of this letter.

The Chairman fully realises that it will not be possible, in the time afforded to the witness, to prepare anything in the nature of an elaborate proof, but he instructs me to say that it will greatly facilitate and expedite the taking of evidence if the witness would forward to me at the earliest possible moment a skeleton proof which could be in the hands of the Commissioners at the time he is giving his evidence.

A similar letter has been sent to the corresponding Owners' and Miners' District Association.

I am,

Sir,

Your obedient Servant,

(Signed) ARNOLD D. McNAIR.

Clause 5 of the Coal Industry Commission Act states that the Commissioners shall, as soon as practicable, make an interim report on the questions of wages and hours of work of colliery workers.

I therefore submit that it was unfortunate that any of the Commissioners should have made interim pronouncements upon the organisation of the industry when this was not the topic to be dealt with and before evidence on the subject had been fully presented.

(2) *The pre-war system of ownership and working in the Coal Industry was as follows:—*

i. The coal mines were owned originally by private individuals or co-partners. On the passing of the Limited Liability Acts these Acts were largely adopted, and gradually the majority of the mines came to be owned by limited companies. The shareholders in such companies can, and when necessary do, exercise a very real control over the directors and the general policy of the companies. They provide the capital. The number of shareholders of companies who raise coal is—

I am sorry I have not the number. We shall have the number and we will put it in as soon as we get it.*

21,355. *Sir L. Chiozza Money:* You are going to reduce it to individuals?—Yes; it takes a little time.

"There has been a tendency towards amalgamation of such companies, and the output from groups of mines in each district owned by one company has grown. So long as such amalgamations are not too

* From figures certified by Sir William Peat from Returns made by 683 owners employing 856,674 persons according to Home Office List of Mines, 1917, the net number of investors, excluding duplications, was 127,970, giving a percentage of investors to employees of 14.9.

22 May, 1919.]

MR. WALLACE THORNEYCROFT.

[Continued.]

large, economy and efficiency probably result from them, and the consumer is still protected by free competition, and if sufficient companies remain independent to secure full open competition, it may be true that certain economies result from well-designed amalgamations of private interests into fewer hands. I am opposed to monopoly, but the test of monopoly is not the size of that which is acquired, but the trade power of that which is not acquired.

ii. The mines were worked under numerous Coal Mine Regulation Acts, 1887 to 1914, which chiefly relate to safety, and it is probably fair to say that such regulations as are beneficial are those which impose upon all mines the principles adopted for safety and efficiency at the best managed mines in the country. I do not think it is true that accidents would be reduced by the removal of the profit-making motive involved by private ownership, and in my opinion the cost of carrying out the provisions of the Mines Act, 1911, and previous Acts was paid by the consumer. Good discipline below ground is required to prevent accidents.

iii. The price and distribution was regulated by free and effective competition between the various districts and between the individuals or companies owning the mines in each district or by free and effective competition between merchants both in the home and export trade, and home and export prices for each class of coal were about the same.

iv. The Minimum Wage Act, 1912, under which statutory minimum rates of wages were fixed separately for each district for all classes of underground workmen in 1912, has an important and far-reaching effect upon prices. It, in fact, prevents a fall of prices below a limit fixed by the average cost of production in that district. It stops cutting of prices below a certain point and curtails output; subject to this safeguard in respect of wages, free competition in prices is a national advantage.

v. Collective bargaining in each district settled the general rise of all wages above the statutory minimum; the bargains were made by Conciliation Boards in each district.

The machinery of conciliation in the mining industry has been gradually evolved over a long period, and may be regarded as being more or less complete in every district of the country. Conciliation Boards work well so long as they are confined to regulation of the general rise and fall of wages and general conditions of working, and so long as the spirit of conciliation is present on both sides.

vi. Detail wage questions and conditions of working are first discussed in the pit between the individual workman and official of the mine and the vast majority settled there. Those unsettled are dealt with at discussion between deputations or committees of the miners (generally acting with their union officials) and the colliery manager and his official staff, all of whom know the facts. At certain collieries under my charge regularly constituted pit committees were in operation for many years before the war, with beneficial results to both parties.

(3) *In the coal industry success or failure depends upon many factors:—*

(a) Those over which no one has any control. These may be termed geological conditions, and in this respect mining differs from most other industries. These conditions are more or less proved by the process of searching for coal after proper arrangements for the right to work any minerals found are made. Security of tenure is essential.

(b) The selection of the best method of winning and working each undeveloped area of coal and each particular seam in that area. This demands the highest technical skill, local knowledge and speculative interest.

The result of any scheme adopted is not apparent for a long time, and continuity of policy, modified

to meet the inevitable unforeseen difficulties, is absolutely necessary. The object in view is the safe and economical working of the coal, and the interests of the owners and the miners are the same.

(c) The selection of the best methods of treating each seam of coal when brought to the surface, having regard to its several qualities and the best market for each of a great variety of qualities found.

This is less difficult than winning and working. The object is to put the coal on the market in its most efficient form, and the interests of the owner and miner are identical with those of the consumer. The conveyance of the coal from the colliery to the consumer or to the port for export is usually in the hands of a public railway and in trucks, sometimes owned by the colliery owner and sometimes by the railway company. If it were an obligation on the railway company to provide the trucks on reasonable terms there would be no necessity for the colliery company to own them. As things were, however, before the war, in many districts it was necessary for the colliery owner to provide trucks to maintain continuity of output.

Certain minor difficulties in connection with the searching for, winning, working, treating and carrying away coal have to some extent hampered the industry in the past, but they have not prevented the development of coal in quantity sufficient to meet the national demands. Alteration of the law in relation to such matters was recommended more than 25 years ago, and detailed recommendations have again been worked out by the Acquisition of Land and Valuation Committee appointed by the Minister of Reconstruction, in their report dated 18th March, 1919.

Certain alleged inefficiencies have been set forth in the report of the Coal Conservation Committee.

The recommendations of that Committee, to be found on page 63, Part IV. of their report, are worthy of consideration, but in the aggregate, spread over the total output of the United Kingdom, I am satisfied that the total possible saving is of the order of one penny per ton.

So long as a consumer can take delivery of one or more truck loads at one time the intervention of a middleman is not necessary, although often convenient in the interest of both owner and consumer. If, however, the coal has to be delivered by cart in small lots, as is usually the case with household coal, the coal merchant is an essential part of the system of distribution. I hand in a statement illustrating how the price to the consumer was made up for the years 1913 and 1918 respectively.”*

Chairman: While you are reading that you had better take a typical instance of household coal.

21,356. *Sir L. Chiozza Money:* Is this coal to London?—No, Scotch. I am more familiar with Scotland, and I prefer to take things I am familiar with.

21,357. *Chairman:* Take, for example, household coal. Many people are interested in that. In 1913 in Scotland the rent, royalty and wayleaves was 6d., the cost of winning and working, including wages, timber and supplies, profit and financial administrative charges came to 12s., then the transport comes to 4s.; delivered at station it was 16s. 6d. Then the distribution charge was apparently 33 per cent. Is that right?—5s. 6d. out of 22s. in 1913.

21,358. 25 per cent. I was taking 5s. 6d. in addition to the 16s. 6d. You are quite right, it is 5s. 6d. out of 22s. Therefore the distribution charges were 25s. Then we come to 1918. The rent, royalty and wayleaves were 6d., the cost of winning and working, &c., 22s. 6d., the transport 4s., and the result is 27s. delivered at the station. The distribution charges have gone up from 5s. 6d. to 13s. 10d. Is that about 150 per cent. extra?—Those are the figures given to me by a merchant.

21,359. My arithmetic may not be so good as yours. I was asking you whether the distribution charges

* See Appendix 69.

22 May, 1919.]

MR. WALLACE THORNEYCROFT.

[Continued.]

have gone up 150 per cent?—I think they have gone up rather more.

21,360. I dare say that is so?—It is more than double. Yes, it is about 150 per cent.

21,361. Am I right?—Quite so.

21,362. Whereas the charges at the pit delivered at the station have gone up about 60 per cent.?—Yes.

21,363. From 16s. 6d. to 27s. So that the cost of distribution seems to have gone up enormously?—Under control.

21,364. *Mr. Robert Smilie*: I should like to clear that up. You say the cost of distribution went up a certain percentage under control; but the cost of collection at the pit also went up?—The price at the pit is governed by the Coal Prices Limitation Act.

21,365. It was under control?—Under the control of the Coal Prices Limitation Act.

21,366. You emphasise the fact that the extraordinary percentage increase in the price of distribution was under control?—Yes, I do.

21,367. I also emphasise this, that the production price was also under control. Is that not so?—Precisely, it is under the Coal Prices Limitation Act:

“(d) The selection of a competent administrative staff. The underground staff is, in fact, always drawn from the colliery workers. Those best educated generally and technically are chosen, and work their way up to the higher positions according to their ability. The technical and commercial staff are selected from all classes of the community, but usually have been born and bred in a colliery district. The owner agent and manager must retain the executive power.

(e) The provision of sufficient capital. The present owners of coal mines are not as a rule wealthy individuals looking after their own capital, but an aggregation of thrifty persons with a taste for speculative investments.

In very many cases where the managing owners are persons looking after their own capital together with that of the savings of the thrifty, they are men who have risen from the rank of the workers themselves, or are men one generation removed. Thrift and ability, combined with education and hard work, have given them their position. It is more difficult for a man with small savings to start a colliery than formerly, but on the other hand it is much easier for such a man of himself or collectively with others to acquire an interest in any big mining concern. No new principle is involved. The formation of an investment fund by the Miners' Federation in each district on the lines of the Investment Trust Companies where each member contributes his savings to the common fund and receives his dividends (if any) in proportion, is all that is needed for collective share-holding. In the natural sequence of results of such policy invitations to suitable miners' representatives to join the board of directors might be expected.

(f) The remaining factor governing success or failure is the relation between the owners and the miners.

The interests of the owners and the miners are identical up to the point of the division of the profits, but in the matter of the price of coal may be opposed to the interests of the consumer, which have, however, hitherto been protected by free competition. The relations between the owners and the miners were not strained in matters of detail before the war. The National Coal Strike of 1912 was the outcome of a desire to raise permanently the standard of wages in the industry. The reason why the owners then forced the decision to be made by Parliament was that although the principle of a general minimum wage had been tacitly or expressly agreed for a good many years, they recognised that the level of that wage should be fixed having regard to the general economic situation of the country, and by an authority independent of both the owners and the miners. The ‘abnormal place’ question, of which we then heard a good deal, was a side issue, and its development has led to inefficiency. It must in future be the com-

munity as a whole who decide in a manner laid down by Parliament upon the level at which the standard minimum wage in our industry is fixed, whoever owns the mines. In 1912 all recognised that Parliament was not a suitable tribunal to discuss and decide details, but the Minimum Wage Act then hurriedly passed served the immediate purpose and admitted the principle. With that principle we do not disagree, and we understand that the recent Industrial Conference unanimously recommends the adoption of the principle in all industries. In our view, the level at which such standards of wages are fixed in all industries must be correlated to each other. No particular industry can for long have a preferential rate, and any preference imposes an unfair burden on other industries. A generation ago free competition between owners ran down the price of coal, and wages, unprotected by agreed or statutory standard, fell very low. As in the past, so in the future, prices of coal will fall, when the capacity for output of coal exceeds the demand at any general level of prices of commodities, to something like the average cost of production of coal in each district, and in the future, as in the past, the main factor of cost of production will be the standard wages. Any scheme must therefore provide an independent authority to fix the standard wages in the mining industry relative to the level of wages in other industries. The First Report of the Chairman and his three colleagues increased miners' wages to an extent that gives the miners preferential wages relative to those of the remainder of the community, except possibly their allies, the railway and transport workers. If it turns out that the remaining three-fourths of the community can be levelled up to them, no one will object. If, on the other hand, the consequential high price of coal creates unemployment, the level of the miner's wage must be reduced. Shortening the hours may be justified by the reduction of hours demanded and granted in other industries, but it adds greatly to the necessity for rapid development of the mines. In our particular industry a lot of sentimental nonsense is talked about the disagreeable character of the work. ‘Black’ is the characteristic colour of coal and the coal miner, as ‘white’ is characteristic of flour and the miller. It is proved that coal dust on the person is not harmful. It is not dirty in the true sense, but it excites much public sympathy quite wrongly. The standard of health of the miners is proved to be much above the average. Mining must always be a risky occupation, but it is not proved that State ownership would reduce the number of accidents; on the contrary, all available evidence seems to point the other way. The combined death rate from accidents and disease shows that the expectation of life of the miners is above the average. We should not have been able to attract so many additional men into our industry had the conditions of employment been relatively worse than in other industries. A true comparison shows that the British mines are the safest in the world. The desire for higher wages and shorter hours we all understand and appreciate, but if this desire be gratified in the coal trade beyond a point which is difficult to determine, and which is governed by the progress of other trades, the result must be prices above the economic level, and there is certain to be less continuity of employment, which is the worst evil of all, first in other industries and thereafter in the coal trade. Less manual work for more money can only be obtained by the application of science and mechanism to production in all industries, not only in one industry in particular. The benefit of such applications in the aggregate permits safe improvement in the standard of living of the whole community. The first benefits of the practical applications of inventions should belong to those who take the risks and work out the details of practical application. When any such application is proved successful it becomes the practice of the trade, and the benefits go to the community as a whole, but if the doctrine that the work done by the machine belongs to the workman, and not to the employer who provides the machine, is applied, progress is at once arrested. A good illustration of this is the

22 May, 1919.]

MR. WALLACE THORNEYCROFT.

[Continued.]

application of coal cutting machinery. The interests of the coal owner and the miner are in the main identical. While there always have been and always will be differences on matters of detail, there is no outstanding grievance to warrant the drastic change suggested. Under State ownership difficulties will not disappear. There are two types of grievances. A wise man described them as "grievances of suffering" and "grievances of strategy."

21,368. *Chairman*: Will you kindly tell me who the wise man was?—Lord Salisbury. He diagnosed the symptoms of these two, and came to the conclusion that a grievance of suffering was cured by concessions, but a grievance of strategy was aggravated by concessions. The strategy may have a laudable object, or it may not, but at the present time there is no doubt whatever we are dealing with a strategic grievance.

21,369. *Sir L. Chiozza Money*: What grievance was he referring to at the time?—It was a paper written by Lord Salisbury in 1873.

21,370. I wonder what the grievance was?—It was grievances in general.

"The relations between workmen and employers in all industries are at present under review, and we are quite willing to progress with others. A strike or lock-out is deplorable and prejudicial to the national interest, and while I do not suggest that freedom of action should be taken away, I do say that equitable negotiations are impossible if the right to strike remains in full operation, whilst on the other hand an owner's freedom of action is gone. Negotiations between owners and miners in the past have been carried on with good will and natural confidence, but no scheme will work unless a spirit of conciliation exists on both sides. It is want of knowledge of the facts that causes more dissension than any other factor I know of in a discussion between owners and workmen.

(4) *What the System of Private Ownership has done.*

This has been or will be dealt with in detail by other witnesses, but may be summed up by saying that it has provided all the coal required for national purposes at the lowest possible cost consistent with safety, and the capacity for output has periodically exceeded the demand owing to world-wide causes. In the past the alleged rapacity of owners was effectually prevented by free competition among them, which protected the consumer so long as the capacity for output about balanced the demand. Increase the capacity and the same forces will operate again. If and when the coal industry is set free from control, output will again be developed, and most of the difficulties created by control will disappear, but at what level of prices the trade will be carried on is difficult to foresee. Private enterprise has done all these things on the sound basis of free competition, and the profit earned by the trade as a whole has been so small as to require some explanation. It is a speculative industry. All investors hope when they put money into the industry that the particular venture they have elected to support with their savings will turn out to be one of the profitable variety that Mr. Smillie and his colleagues quote so frequently. Capital lost in proving and developing unsuccessful mines is lost sight of altogether. The system of private ownership and enterprise has built up the British Empire. It has taken risks that no Government department would take, neither in mining, which is one of the most speculative of industries, nor in any other industry. It is the application of science and improved methods of production to all industries by private enterprise that has rendered possible the higher standard of living of all classes of the community during the past generation. The higher standard of living that has been attained by the workers in the coal mines and in all industries is entirely due to increased productiveness of all engaged in the various industries of this country, and the increased productiveness is especially due to thrift and to the brains of those at the head of private enterprise. It is not true to say that the wage earners only get one-third

of the total wealth produced. Many Socialists, opposed to the system of private ownership, hold that to save any money out of wages earned is wrong in principle and should be discouraged, and that a man should look to the State to support him in his old age. If this doctrine is upheld, progress cannot be maintained or accelerated; on the contrary it will be retarded, or at worst ruin to all will be the result. Thrift is the foundation of private enterprise, and of national prosperity. Success is always due to a man whose imagination conceives a scheme, and who by organising, administrative, constructive ability and hard work carries it out, using capital of his own or entrusted to him by others, and who is made or marred by the result. To such men and the system of private ownership and free competition the nation owes its leading position in the world, and the whole community has benefited thereby. A system with such a record is a national asset. *To depart from the system of private ownership as applied to collieries would be a national disaster. Evolution of the pre-war system is the only safe course to take.* To single out the Coal Industry for experiment is both dangerous and unjust.

(5) *Alternative Schemes.*

The Miners' Federation scheme as put forward by Mr. Straker may shortly be described as the purchase of the mines by the Government and the management of the mines by the miners and the miners. It appears from the evidence given that their policy of management would include abolition of tonnage rates for coal getting, and the payment of all workers underground by the day or shift worked.

Mr. Sidney Webb's scheme, as published by the Fabian Society in 1916, states that for the reasons suggested the time has come for the nationalisation of the coal supply, and as there is money in it, the Chancellor of the Exchequer should take the opportunity of making it help to pay for the war. The reasons suggested seem to me to be fallacies. The pre-war system of conducting the Coal Industry was not wasteful; new mines were not opened up here and abandoned there, irrespective of the aggregate supply and demand. The very fact that private individuals risk their own capital ensures that mines are not opened unless there is a very strong probability of the output being absorbed, and the fact that when a mine is closed capital is lost, most effectively prevents premature abandonment, and stimulates efficiency. That the Coal Industry has got to pay its share of the cost of the war no one disputes, but why should it be singled out from all industries, and will it be able to pay more if nationalised than its share under private ownership? I think not. Mr. Sidney Webb's detailed scheme given in evidence seems to be the purchase of the collieries by the State, and the management by bureaucracy advised by committees of the present owners, agents, managers and miners. The benefits suggested would apparently all go to the miners at the expense of the consumer or taxpayer. In section 6 of his proof he seems to object to competition. Is not competition all for the benefit of the consumers of coal! How can the economic value of anything either bought or sold be determined without competition? A trade carried on by the State without competition is bound to be extravagant at the expense of the taxpayer. We are accused of ignorance of each others' experience. Nothing could be further from the truth. There is no new method of working or of mechanical appliance devised that is not very quickly appreciated by mining engineers, and through the agency of the Institution of Mining Engineers and other kindred societies knowledge is quickly spread. The objects and purposes for which the Institution of Mining Engineers is constituted are 'The advancement of coal and iron ore mining and allied industries; and the promotion of the acquisition of knowledge necessary for control and direction of mining operations in relation to stratified deposits.' There was not chaos in the industry before the war. Bureaucratic control has, however, created chaos. The price of coal is not kept up, as suggested by Mr. Sidney Webb, to what will pay 'the worst situated, worst equipped and worst managed mine.' Such a

22 May, 1919.]

MR. WALLACE THORNEYCROFT.

[Continued.]

mine does not exist. What does happen is that when the capacity for output in any district exceeds the demand, the price of coal falls to about the average cost of production of that district. When the demand exceeds the capacity for output then the price rises until demand is checked by the high price or the capacity for output increased. Mr. Webb quotes the statement in Sir Richard Redmayne's proof that 'the present system of individual ownership is extravagant and wasteful.' A study of Sir Richard's evidence and cross examination leaves me in doubt as to what he meant to convey by that statement. Many owners, mining engineers and managers who have only had the newspaper reports of the proceedings have the impression that he accuses them of being wasteful and extravagant. I do not think he meant that, but rather referred to the system of the collieries being carried on by a great number of concerns and more to commercial than technical affairs. He appears to think that enhanced production and diminished cost would result from collective production. I have already indicated that well-designed amalgamation may tend in that direction, but to amalgamate whole districts such as Scotland, or even the sub-districts of Scotland, would have the opposite result. Management would become unwieldy and departmental, and from my actual experience I am satisfied that in Scotland wholesale amalgamation would not increase the output or decrease the cost.

With regard to his nine items of alleged prevention of waste:

(1) I think competition for export markets is good for trade.

(2) How better control of freights could be secured I do not know. I think freights are controlled by the world's demand for shipping.

(3) Administration of very small concerns is no doubt expensive as compared with big collieries, but our small shallow pits do, in fact, produce coal on a competition basis, and whether they are amalgamated or not they must have a certificated manager in daily attendance.

(4) In point of fact, capital is forthcoming for development of mines and always could be got before the war for any scheme that was economically sound. The output of Scotland was sufficient for the market demands.

(5) Whenever the purchase of materials in bulk gets beyond the capacity of one man to control for a group of collieries I do not think economy results, and some of the small buyers do as well as the big buyers, especially if they are good payers.

(6) How collective production could materially reduce colliery consumption I do not know, unless a vast amount of old plant were scrapped. By 'old plant' I mean existing plant.

The coal used in Scotland for colliery consumption is usually of very little value, and often quite unsaleable in ordinary times, and in many cases I have investigated, the scrapping of the old plant would not pay.

(7) As to harmonious relations between employers and employed I think the closer touch the head of any concern keeps with all the workmen employed, the less friction there is likely to be.

(8) Again, middlemen undoubtedly serve some good purpose or they would not be there at all. I agree that a well-organised colliery always tries to sell to and keep closely in touch with actual consumers, but there are many buyers of coal who prefer to buy from a merchant.

(9) In mining we have contact with almost every branch of science and technical development, and there are plenty of consultants available ready and willing to advise even the smallest concern on matters requiring special skill and knowledge. Improvements very soon get known through the Institution of Mining Engineers and kindred bodies.

On some of these nine points well designed amalgamation may tend to economy, but on some of them,

with all respect to Sir Richard Redmayne, I question his authority to advise, especially upon commercial matters. Superficial consideration of ideas put before him by others may have induced him to make what he called such a daring statement, but a study of his cross-examination leads one to the conclusion that he was by no means sure of the soundness of his statement.

Mr. Webb proposes a Ministry of Mines with the following branches:—

(1) *Safety and Health*.—Safety is at present dealt with by the Home Office, and although another witness is to deal with this question in more detail, I must flatly deny that collieries differ among themselves in the extent of their mechanical safeguards against accidents. The provisions of the Mines Acts are faithfully carried out. I also resent the following statement put in by Mr. Webb: 'The enormous number of accidents caused by insufficient use of pit props to prevent the falls of side or roof is very significant. Pit props are now expensive.' This is my opinion: that a member of a Royal Commission should put such an insinuation into a statement on oath, without one word of evidence to support it, appears to me to discredit the whole proceedings. Whatever may be the qualifications of Sir R. Redmayne to speak about waste and extravagance in management, we must admit his authority as Chief Inspector to speak of accidents, and we have it from him that he knows of no case of any colliery owner who has refused on the score of expense to put into his mine anything to safeguard the lives of the workers.

Another authority at the Home Office, Sir Henry Cuninghame, K.C.B., in a discussion on the effects of dust inhalation, at a meeting of the Institution of Mining Engineers, stated:—

'The point to which he wished to bear the most emphatic testimony, after many years' experience of coal mines and coal owners, was that he had found the coal owners of Great Britain second to none in their determination to make sacrifice of money, industrial sacrifices, and sacrifices of the organisation of their mines, if once they could be persuaded that it really was for the good of the health of the working man and was a practical system and not a mere fad.'—(Transactions: Institution of Mining Engineers, Vol. LV., 1917—1918, p. 274.)

The health of the community is dealt with already by another Government department. Does Mr. Webb suggest that Dual Control in such affairs is beneficial?

(2) *Research*.—For this purpose a new department has already been set up. Does Mr. Webb suggest that it is inefficient?

(3) *Scientific Costing and Measurement*.—Costing and measurement, to be of much use, must compare like with like, and few collieries are sufficiently similar in underground conditions to make detailed colliery comparisons of much value.

(4) *Equipment and Stores*.—Mr. Webb suggests that a Government department could buy stores on a vast scale cheaper than an ordinary colliery company. I am sure they could not.

(5) *Allocation*.—War experience has convinced most people that allocation of fuel is the most wasteful and extravagant method of dealing with distribution. The Minister of Mines, according to Mr. Webb's scheme, would appoint a district superintendent, to be assisted by the council and criticisms of a Local Coal Council, and leaves the colliery manager in executive control, with the counsel and criticism of a Pit Committee. Those of us who have had long experience in the management of mines have no hesitation in saying that this scheme is impracticable.

The scheme put forward by Sir Leo Money is even more impracticable.

The report of the German Commission is very difficult to follow, but it appears unanimously to

22 May, 1919.]

MR. WALLACE THORNEYCROFT.

[Continued.]

reject Government ownership and bureaucratic control. It seems to suggest evolution from the pre-war system of working which was Government-owned mines in parallel with private ownership, but *without* free competition. To avoid the evils created by the German system of restriction of free competition common to many German industries, it suggests the creation of a Coal Council, consisting of 100 members, 25 being appointed by each of the interested parties—the coal owners, the management, the workmen, and the consumers, the latter being selected by the Government. The evils that it seeks to cure did not exist in this country before the war, but have to some extent been created by the Control during the war.

The French ideas have not yet matured. So far as I know, they may be summarised as follows:—

- (1) All existing and future concessions to be limited to 99 years.
- (2) A share in the dividends over a certain figure to be taken by the State.
- (3) A share of the total profits to be given in some form or another to employees.

Dominions.

All particulars are available in respect of the State-owned mines in Australia and New Zealand. Canada has a most efficient Department of Mines, which should be studied. Other Dominions are creating similar departments, and an Imperial body called the Imperial Mineral Resources Bureau has been created under the Presidency of the Lord President of the Council.

The duties of the Bureau are as follows:—

- (a) To collect, co-ordinate, and disseminate information as to resources, production, treatment, consumption and requirements of every mineral or metal of economic value.
- (b) To ascertain the scope of the existing agencies, with a view ultimately to avoid any unnecessary overlapping that may prevail.
- (c) To devise means whereby the existing agencies can, if necessary, be assisted and improved in the accomplishment of their prospective tasks.
- (d) To supplement those agencies, if necessary, in order to obtain any information not now collected which may be required for the purpose of the Bureau.
- (e) To advise on the development of the mineral resources of the Empire or of particular parts thereof, in order that such resources may be made available for the purposes of Imperial defence or industry.

The opinion of the Governors of the Imperial Mineral Resources Bureau as to the functions of a Department of Mines would be valuable.

Nationalisation.

Nationalisation or the purchase of the collieries by the State and worked by the State bureaucracy is a

definite proposition. It may have some advantages, most, if not all, of which can be achieved by private ownership, but in any event such advantages are far outweighed by its disadvantages.

Unification.

Unification is a vague term, but seems to mean the creation of a huge trust, which is certain to be uneconomical in its working, and will directly increase the cost to the consumer or be a charge on the revenue of the country, and is not acceptable to anyone. It is very difficult to support the view that unification would bring about improvement of itself. Much more depends upon the ability of those in control. Unification would not produce the best men and could not give them a free hand which is very necessary. Men that can efficiently direct all the operations of a concern producing one to five million tons are not very common, even when such concerns are in one district with common customs, &c. It is not possible to find a man to direct and control efficiently two hundred and fifty million tons of output, produced at present under greatly varying conditions by many different undertakings.

Joint Control.

Joint control is also vague, but if it means divesting the owner, agent or manager of executive power while holding them responsible for the safety, efficiency and economy of the mines, it is impossible.

Evolution.

The scheme for the future organisation of the industry outlined by Lord Gainford is designed to free the coal industry from certain difficulties in connection with the right to work minerals of which a great deal has been heard. It will create a Mining Department which (*inter alia*) should collect all the statistical information required, and not at present available, to guide the future Ministers of the Crown in matters of trade policy, and such information will be available to both owners and workmen for the purpose of settling rates of wages on a sound basis, and in relation to the economic conditions of other industries dependent on coal. I strongly recommend its adoption as soon as circumstances permit the coal industry being released from the present system of control, which was improvised under the stress of war conditions, but which will be intolerable and highly detrimental to the national interest when peace is declared and normal trading becomes possible.

Chairman: The position is this. I am asking Mr. Smillie and Sir Adam Nimmo, who come from the same district as Mr. Thorneycroft, to cross-examine; but Mr. Smillie has had to go away. Which would you like to do, Sir Adam; would you like to go on now and finish your examination, and let Mr. Smillie go on in the morning, or would you rather wait and let Mr. Smillie go on first, and you come second?

Sir Adam Nimmo: I think it would be only right that Mr. Smillie should cross-examine the witness first.

Chairman: Then I will call Sir Frank Beauchamp, the witness for the Bristol and Somerset coalfield, who stands in a separate position.

(The Witness withdrew.)

Col. Sir FRANK BEAUCHAMP, Bart., Sworn and Examined.

21,371. *Chairman:* "Coal Industry Commission.—I am a colliery owner in the Somerset Coalfield, and have been connected with the mining industry there for over thirty years. The collieries owned by me, or in which I hold a controlling interest, produce nearly one-third of the output of such coalfield. I, like many other colliery owners in Somerset, work considerable areas of my freehold coal. I am Chairman of the East Bristol Collieries, Limited, producing over 60 per cent. of the output of the Bristol coalfield."

Witness: I should like to say that, although I only represent those districts, Somerset, Bristol, and the

Forest of Dean, those are not the only districts which have had such a large increase in cost as compared with some of the more fortunate districts where the output per man is higher and consequently their wages cost is not increased to the extent that ours is.

21,372. *Chairman:* What are those districts?—North Wales is one that I have particularly in mind, Lancashire and Cheshire and North Stafford and West Yorks. I took, judging from the figures furnished by Mr. Finlay Gibson, who proves the increase of war wage per ton of output, and from that one can gather that the output per man must be low for the increase

22 May, 1919.]

COLONEL SIR FRANK BEAUCHAMP, BART.

[Continued.]

in war wage to add so much more in those districts than it does in the other districts. Of course, I do not know anything about the increased cost other than the wage cost, which I judge from the war wage. The war wage and the wage cost are before this Commission for every district in Mr. Finlay Gibson's report, so that I did not trouble you with the figures, because you already have them.

21,373. You are not giving evidence for Lancashire and Cheshire?—No, I am only giving evidence for the three districts with which I am thoroughly acquainted.

"I represent the districts of Somerset, Bristol, and the Forest of Dean. I have been requested to give evidence to this Commission by the Coal Owners' Associations of these three districts, as they realise that their position and ability to compete in the open markets as in pre-war days has been so altered that before coal control ceases it is absolutely essential to provide some scheme whereby these districts and others similarly affected can carry on, especially having regard to their large coal reserves and situation as regards markets, which are of great importance. The districts, according to the report of the Royal Commission in 1903 on coal supplies, contain a reserve of over 6,000,000,000 tons of coal; there are 42 pits which in normal times were producing from 2½ million to 3 million tons of coal per annum, and at present employ over 15,000 men and boys."

I have a map here. I have not sufficient copies for the whole Commission, but I have one for each side of the table and one for the Chairman. On that map, coloured in red, you see the various coalfields in the country, and the south-west corner coloured in blue is the area of the markets in which we sell our output.

21,374. It is a very useful map?—I have put that in to show that the coal from our districts can reach that market by a shorter railway route by 60 or 70 miles than some of the districts, and from some of these places, if the districts are shut up, the coal will have to be brought for 150 miles. For that reason I say that I consider the areas, though small, with very large reserves, are very important, and it is essential, to my mind, that these districts should be maintained.

"I have given the figures as to comparative outputs and costs so that the Commission may have before them in a concrete form the position of the districts which I represent; such figures prove the absolute necessity of making provision for the relief of some of the burdens, if they are to continue, whatever scheme may be adopted to carry out the recommendations embodied in paragraph 9 of the Interim Report of March 20th, 1919, signed by Mr. Justice Sankey and three other members of the Commission.

I am in agreement with the evidence given by previous witnesses on behalf of the coal owners as to nationalisation, and also any system of dual control in the management of the industry, to both of which I am strongly opposed. The nationalisation of mines and removal of the incentive accruing by reason of ownership, and the replacing of the owners by State-paid officials would, in my opinion, have the same effect as the removal of the whole contract and piece-work system in this country, and at the same time drive the most efficient and keenest business men, who in the past have been responsible for the development of the resources of this country, to seek employment for their capital and brains in other countries, as such men would not accept appointments as State officials with opportunities and salaries regulated in most cases by length of service, and not necessarily by efficiency or results.

Coal Produced.

Good house, gas and steam coal are produced in these districts, and in the past such coal has competed in the markets with that from other districts (where the output per man is much higher), in consequence of the following facts:—

1. The geographical position of the coalfield, especially as regards Somerset and Bristol, has enabled the colliery owners to supply the markets in

the south-west of England owing to their being 60 to 150 miles nearer such markets than other competing coalfields.

2. A considerable proportion of the coal, in some cases 80 per cent. to 90 per cent., from the three districts, is sold by the colliery owners direct to the consumers, thereby saving the profit of the middlemen."

21,375. Do the consumers fetch it themselves, or do the coalowners arrange for distribution?—Both. In Bristol itself we are in the centre of a very large consuming community and a very large proportion of our coal, in fact, over 60 per cent. of the output, as you will see in the next paragraph, is delivered direct to the consumer by water and road transport—mostly by road transport. We have a very large consumption which goes direct from the collieries, either in motor lorries or carts, to the consumers' cellars, or if it is to an industry, it goes to the industry without the middlemen's profits, and it is for that reason that we have been enabled to live as long as we have.

21,376. What is your cost of distribution per ton? In many cases we have heard that it goes through several hands. Now we have got to a case like yours where you distribute direct. Can you give me any idea what addition to the pithead price there is by the distribution?—It varies very much, because some of our coal is going by water. We supply the Bristol Corporation. That coal goes direct into the barges, and it goes straight from the colliery tram as it comes up the shaft into a barge, and the corporation have mechanical means for unloading it at the side of their works, and there the cost is extremely small. I think the cost is about 1s. 6d. a ton.

21,377. Is that canal-borne or river-borne?—It is canal-borne really; it is a cut. Then distribution by road and cart varies considerably according to the distance and the quantity. We deliver some of it with our own motor lorries in large quantities; of course there we can deliver that from 1s. a ton and upwards, according to the distance we have to go.

21,378. You say 1s. a ton and upwards: what is the minimum distance represented by the 1s. a ton?—I suppose we should take it for 1s. a ton by motor lorry about 2 miles or 2½ miles.

21,379. I am asking you this question because you stand in a rather different position. In the Bristol district about 60 per cent. of the output is delivered direct to the consumer by water and road transport, thereby saving the railway carriage, and, in some cases the cost of double handling. With regard to the Somerset district, the majority of the coalowners there possess their own railway wagons; therefore a proportion of their profit is made out of their railway wagons and royalties, but for which their profits would be sometimes nil, so that the profits in roads include the earnings from our railway wagons, for which we had to make an outlay of capital as also in the case of royalties.

21,380. Is that the Radstock district?—Yes, it is called the Radstock district. It is the Somerset district.

"The rates of wages paid were below the average elsewhere, and when the Minimum Wage Act was introduced special and lower rates were fixed to meet the disadvantages of the districts. The Miners' Federation of Great Britain has also for many years agreed to a lower percentage being paid on the standard rates of wages compared with that in force elsewhere, recognising that an all-round percentage advance throughout the country adds a greater cost per ton in these thin seam districts compared with others. Without this concession many pits would have been closed long since."

21,381. You have finished the question of coal produced. Is any of your coal used for export purposes?—A little in the Forest of Dean.

21,382. Is that exported from Lydney?—Yes. It also goes down as far as Monmouth.

21,383. Is there any used for export to foreign countries?—Yes, a little of it goes to France and Italy.

21,384. Is that by small sailing vessels or colliers?—Yes, small vessels.

22 May, 1919.]

COLONEL SIR FRANK BEAUCHAMP, BART.

[Continued.]

21,385. What is the average tonnage—100 tons?—I could not tell you. They are small ships and they go to France, etc.

21,386. Small brigantines, I suppose?—There is some of which is, of course, not exported, that goes by water down the South Coast of England from the Forest of Dean. I think the biggest boat they load is from 200 to 300 tons.

21,387. Do you export from Sharpness also?—Yes.

21,388. Do you go over the bridge?—Yes, that goes over the bridge.

21,389. What is your export from Sharpness?—I do not know what the quantity is.

21,390. It is very small, I suppose?—It is very small. The main trade of the Forest of Dean is inland trade round the South-west of England and Ireland.

"Capital Outlay.

This is very high in proportion to the tonnage of coal landed, consequently a larger profit per ton is necessary to produce a moderate return on the investment. Some of the shafts are 650 yards deep, and coal is being worked to a much greater depth"—we have long slants or inclines which are driven down below the bottom of the shaft—"and owing to the thin seams (some of 13 inches and 14 inches and 15 inches are being worked), the varied and disturbed nature of the coalfield, and the large areas and long face room required to produce a moderate output, what may appear an excessive number of shafts are required. The average output per pit per week is low, being as follows:—

Somerset.	Forest of Dean.	Bristol.
8-900 Tons.	13-1400 Tons.	10-1100 Tons."

21,391. Have you any coal cutting machines in your district?—We have tried them. At the present time I have one pit working coal cutting machines. I could tell you some of the difficulties of that, if you would like me to.

21,392. Have you any conveyors?—No, we have tried conveyors, but we have had to give them up because the seams are so thin, and the district is so disturbed with faults that we never get a long enough face roof to instal conveyors successfully.

"Working Costs.

These are extremely high for the following reasons—

1. High inclination, necessitating a large number of incline haulages—self-acting and otherwise.

2. Many pits are heavily watered; in some cases 30 tons of water are raised to every ton of coal, and colliery consumption and standing charges are consequently very high owing to the small output.

3. Timber costs are high compared to some competitive districts, approximately one ton of timber being used for every 30 to 40 tons of coal produced."

21,393. You import timber to Bristol, I suppose?—Yes; and, of course, we have had the great advantage of being able to buy locally. A lot of our timber comes from the New Forest into the Somerset coalfield.

"Workmen's Compensation Insurance: In these districts the insurance companies' rates amount to over 6d. per ton of coal landed, due to the low output. This cost could be reduced to some extent by the provision of a State Insurance Scheme, or as an alternative the employers in each district could combine for the purpose of forming a District Insurance Fund."

I may say, where that has been done it has been found that the cost of compensation is far less than the insurance premiums that the insurance companies demand. For a very long time I ran my own insurance fund, and it was not till the Coal Controller was in possession, when he practically ordered me to take out a policy of insurance, that I did so with an insurance company.

21,394. In the Forest of Dean, I suppose, they are mostly naked light pits?—Yes, and Somerset.

"The output per shift of men and boys is low, due to the thin and faulty nature of the seams necessitating the landing of large quantities of rubbish, in some cases as much as two tons for every five tons of coal produced.

The output per shift of men and boys is low, due periods:—

	Somerset.	Forest of Dean.	Bristol
In 1914 ...	14'38	... 15'5	... 12'2
In 1918 ...	13'62	... 13'75	... 10'4
1919			
To end of April.	12'39	... 12'25	... 10'7

21,395. Mr. Evan Williams: Is that per man employed?—Per shift per day.

21,396. Per hewer?—All men employed.

21,397. Surface and underground?—Yes, surface and underground—the number of shifts worked.

21,398. Chairman: With regard to your miners in your district, are they mostly people from the district or do you get strangers coming in there?—They are mostly from the district. It is a sort of home of their own.

21,399. I suppose a lot of your miners live in their own houses?—Yes, a very large number. I state that later on:

"From the above figures it will be seen that there is a serious reduction per shift since 1914, and this, notwithstanding the fact that in response to the request of the Coal Controller's Department, development work as far as possible was stopped and the thicker seams worked to secure the largest possible output in view of the shortage of coal throughout the country."

One serious trouble we have now in view as the result of that stoppage is that we have now to carry out our own development work, which consists of driving short branches through faults, and all that will have to be carried out in the future at a much greater cost than if we had carried it out as it had gone on, because the cost is continually going up. The Government Department have admitted that this development work should have formed part of the charge of working the collieries in the past, and they have sent down to inquire into the circumstances; but we are claiming that we ought not to be called upon to pay Excess Profits Duty, because our profits have been increased above what they would have been had we carried out our development work and had we continued to work our fair proportion of thin seams. We are claiming that we ought not to be called upon to pay the Excess Profits Duty, seeing that we did it to meet the needs of the nation.

"The figures prove that increased wages, together with increased minimum wages and the flat daily rate of war wage, has resulted in reduced efficiency on the part of the men. This is especially applicable in the case of young lads upon whom the coal getters' output depends, and illustrates the error made by the Government Department responsible for such advance in giving the lads with no dependants the same war wage as was given to married men with families to maintain.

This granting of flat rates of increase is to my mind a proof of what would happen in the case of nationalisation, under which all Stato employees engaged in the same class of work would expect the same pay irrespective of their earning capacity."

21,400. Chairman: I suppose most of your lads are the sons of miners?—Yes, most of them.

"Advances in Wages and Costs since 1914.

Since 1914 and during the period of control not only has the same percentage of advances been granted in this district as was given in others, but the miners have secured advances of the minimum wage rates and many of the day work rates, thereby bringing the rates of wages in these districts nearer those paid elsewhere. Reductions in hours of surface workers have also increased costs disproportionately to other districts. The effect of this and the all-round ratio of

22 May, 1919.]

COLONEL SIR FRANK BEAUCHAMP, BART.

[Continued.]

3s. per day war wage and 2s. per day under the award of Mr. Justice Sankey, has been to increase the cost per ton in these districts far more than that of some of our competitors, the percentage increase being very much greater, as shown by the following table:

21,401. We will take some of those. The Table shows that in the Midlands, Notts and Derby district, the percentage increase per ton is 52·40, Leicester 49·50, Monmouth and South Wales 45·62, Warwick 56·52, Notts and Erowash 55·88, Somerset 66·66, Forest of Dean the same, and Bristol 69·14. Those latter are the three largest?—Yes. "It will be seen by these figures that the Bristol district is placed at a disadvantage of from 4s. 9d. to 6s. 8d. per ton as compared with their principal competitors. The differences on war wage are at present adjusted by the Coal Control Department, and the money required to pay the Sankey wage is being provided by Government." If control were removed to-morrow, Leicester would only have to pay 4s. 2d. to cover the Sankey wage and the war wage, whereas Bristol has to pay 10s. 10d.

21,402. What is the freight?—The same as before the war.

21,403. What is the rate?—I can furnish you with the rate. It is 5s. 10d. from some of the pits in Leicester.

"Reduction in Hours.—A reduction in hours will increase the relative costs and disadvantages of these districts as compared with our competitors, consequent upon the small output per man. And as our output depends to a very large extent on carters and putters and runners, whose number is limited (there are no lads of this class in the districts available for employment), additional shifts cannot be worked to maintain present output."

21,404. Have your men far to go to get from their houses to the pit?—Not very far. Most of them live in little villages round the different collieries.

"Owing to the high gradients, the faulty and disturbed nature of the district, and the number of small areas between faults which must be worked at the same time to maintain any reasonable output, it is practically impossible to provide mechanical haulage to any large extent, and thereby reduce the time taken by men travelling to and from their working places."

It has been suggested that men could be taken by mechanical haulage into their works, but as we have a very large number of what we call self-acting inclines in our district where the coal is let down, if the men had to ride to their work it would necessitate their changing from the level road, going up an incline, then to the road, and then going up another incline several times, and we should have to put in machinery to pull those men up the incline.

"Coal Cutting Machines.—Coal cutting machines and conveyors have been tried; but for the same reasons have proved in most cases impossible, and in those far more expensive than hand labour."

There is only one thing that it occurred to me would help us with regard to these coal-cutting machines, and that is to have a regulation whereby the machine men's hours would be limited by the week and not by the day. Where you have a short place between two faults, and you put three men with a machine, if everything goes well they cut through the face in five hours or six hours, and they have nothing more to do.

21,405. Mr. Herbert Smith: Have you ever considered the advisability of employing self-acting machinery to get men in and out of your pits, weighted with a balance weight?—It could be done in the same way that we let the coal down the inclines. We could keep a balance to pull the men up. That could be done. If we pulled our men up in that way it would mean in the first place, when they got down to the bottom of the shaft, they would have to wait till there was a sufficient number to ride in the first main road; then when they got out, they would have to be transferred to the self-acting incline, where they would get up by a balance. Perhaps they would go for a hundred yards, and then up another incline, and so on.

21,406. Chairman: Were the dukies arranged in your district?—We had what we call "dukies." They were dip ways.

21,407. I do not think you told us with regard to the number of men: am I right in thinking that in 1912 in Bristol and Somerset 6,448 men were employed?—Yes.

21,408. And the Forest of Dean 8,524?—Yes. There are not so many men there now.

21,409. How many in Bristol and Somerset are there now?—In Bristol and Somerset now there are about 8,700.

21,410. And in the Forest of Dean?—About 6,500. I was saying about the coal-cutting machines: before you can bring your machinery to cut back down the face, you have to clear the coal, and if the machine, through some fall in the roof or a disturbance in the bottom, is stopped, and they cannot get through their whole cut of 40 or 50 yards in the 8 hours' shift, those men have to come out. Perhaps the machine will finish all but 10 yards. The first day they can cut 5 yards, if all goes well; if it goes badly, they cannot cut it in the 8 hours. The result is that you have to have another shift to come in and cut the 10 yards, and they cannot do any more work.

21,411. Mr. Herbert Smith: That is not only the case with this coalfield?—I am expressing my opinion that it would be possible, if you had a limit of hours fixed by the week and not by the day, that it might overcome some of those difficulties.

21,412. Chairman: You have put in a very useful table,* and we will just glance at the comparative cost of wages. "The effect on coal sold, which is the only source of revenue, is serious, as is shown by the following figures, from which it will be seen that the difference between wages cost on coal landed and sold is enormously increased"?—I give some figures there which I can give you shortly. You will see from those figures that in Somerset in 1914 our wage cost on colliery consumption was 6.67d. per ton of coal. From January to April, 1919, that is increased to 2s. 8·22d. per cent. owing to the increase in wages.

21,413. Mr. R. W. Cooper: Have you the percentages of the total raisings, the quantity sold, consumed and wasted?—Yes, I can give you those figures. The colliery consumption in the Forest of Dean has increased now to about 15 per cent. In Somerset it is about 10 per cent., and in Bristol it is just under 10 per cent.

21,414. Does that include waste and brasses?—It does not include the percentage of waste that we wash out of the coal in the Bristol district.

21,415. What would that come to?—About 20 per cent.

21,416. What is the total difference between your raisings?—The difference between the coal raised and the coal sold.

21,417. How much per cent. is that?—These figures are worked out. The percentage varies from 15 per cent. in the Forest to 10 per cent. in Somerset, and about 10 per cent. Bristol.

21,418. That has to come off the raisings?—Yes.

21,419. Chairman: In other words, the first column shows the amount you get out of the pit, and the next, the amount you sell?—I can give you those figures presently. The Forest of Dean, the figure for wages cost on colliery consumption in 1914 was 5d.; it is now 3s. 7·25d. In Bristol in September, 1914 it was 1s. 1.4d.; it is now 2s. 9·5d. Now that cost in Bristol has not increased to the same extent as it did elsewhere, because it was much higher to commence with. In 3 or 4 collieries in Bristol we have introduced electricity, and we purchase the power from the Bristol Corporation, so that we are not burning the coal that we were burning in 1914. The next item is: "The actual cost of war wage and the advance granted under the Sankey report for the period from 9th January, 1919, to last making-up day in April as furnished by the respective collieries." These figures are taken as far as possible from the returns that are sent in to the Coal Controller's Department, and are handed in with the certificates that those amounts have been paid to enable them to obtain the money, so that I think

* See Appendix 70.

22 May, 1919.]

COLONEL SIR FRANK BEAUCHAMP, BART.

[Continued.]

you can take it those figures are practically correct, from which you will see that in Somerset the war wage and the cost is 5s. 7d. per ton, the Sankey wage is 3s. 6d. per ton, making a total of 9s. 2.06d. For the Forest of Dean the total cost is 9s. 5d., and in Bristol the total cost is 11s.

"Future of the Industry."

In view of the before-mentioned facts I have given long and careful consideration to the position of these districts if the present control were removed, and each district allowed to compete in the markets as in pre-war days, with the very large and disproportionate increase in costs. Such increased costs are to a very large extent due to the action of the Government Departments in granting all-round advances in wages without any consideration as to the variations in additional costs; and before control is removed it will be necessary, unless the districts are immediately to close down, to make some provision to enable these districts (which are at present receiving from the Government 3s. 6d. to 6s. 10d. per ton in respect of the war wage and Sankey wage) to compete in the markets, as it would be impossible to advance prices to this extent over and above any advances made by our competitors.

There are some possibly who are of opinion that, owing to the high cost of working and with cheaper coal available elsewhere, it would be advisable to allow these districts to close, and that the nation should secure its coal supplies from the districts which can be more cheaply worked, and allow posterity to work the more expensive at some future date. Those who take this view, 'to be consistent,' would no doubt consider it advisable to leave all the thin seams in every district, and work out and exhaust the thicker and more cheaply worked seams first. This to my mind would be nothing short of a calamity.

A great deal of consideration is being given at the present time with a view to reducing to a minimum transport over the railways; if these districts are closed all coal to supply their markets would have to be conveyed over an additional 60 to 150 miles.

As an instance, Bristol City, the largest in the West of England consuming over $1\frac{1}{2}$ million tons of coal per annum, would have to obtain supplies from a distant coalfield.

Another result of closing these three coalfields would be the ruination of the whole district, as with the exception of Bristol there are no other industries in which the men could find employment, it would be necessary to transfer the whole of the miners to other districts, provide housing accommodation, not only for the miners, but for those of other trades in the districts dependent upon the industry. The older men in the mines would have difficulty in finding employment elsewhere.

The large amount of local and county rates at present paid by the colliery and other industries connected therewith would be lost, as also the life savings of a very large number of miners who have built or purchased their own freehold houses."

21,420. *Chairman*: Is it your suggestion that in your case there must be some unification or grouping to help you get along?—Not only that; there must be some sort of unification in our own district, but we must have some sort of assistance from other districts, or give us a close area for the sale of our coal.

21,421. Would nationalisation help you, do you think, to realise that?—If we had nationalisation, I take it that we should no longer have any interest in the coal industry. We should not want assistance then.

21,422. It would prevent them being shut up?—That would depend upon the State. If the State decided that it is the right principle for this district to continue, nationalisation would, of course, be a solution.

"Housing."

In these three districts the miners' houses are, as a general rule, good, and are provided with good

gardens. Large numbers of these houses in Somerset, and nearly 50 per cent. in the Forest of Dean, are owned by the miners themselves. In Bristol the miners form less than $\frac{1}{2}$ per cent. of the total population. It appears, therefore, very unreasonable to saddle the mining industry in these districts with the charge of 1d. per ton to raise a fund to provide houses in other districts, and I fail to see why in a place like Bristol, where the mining community is such a very small percentage, houses should be provided at the cost of the coal industry (which is one of the oldest), when in all probability members of the miners' families would be engaged in the industries such as tobacco, the manufacture of chocolate, and the other general industries in the city.

In several districts producing large quantities of coal the wages costs per ton have increased to a far greater extent than in other districts, and unless some provision is made to meet these additional costs there would appear to be only two alternatives, viz., a large reduction in wages to the men in such districts, or the closing of the same and the transference of the men elsewhere. Much as I, personally, am opposed to the nationalisation of mines, I would prefer even this alternative as a lesser evil to the nation than the closing of whole districts which are at present supplying important markets, and which contain very large reserves of coal.

After careful consideration, I am of opinion that in the national interest it is the duty of the Government to make some arrangement for keeping these districts alive, and I would suggest the following scheme, which is put forward not on behalf of the coal owners as a whole, but as an expression of my personal views. I may add, however, that a large majority of coal owners in the districts I represent approve of such scheme, believing it to be a far better solution than Nationalisation."

21,423. What does that exactly mean? You say: "I may add, however, that a large number of coal owners in the district I represent approve of such a scheme, believing it to be a far better solution than nationalisation." You say it must be either a scheme or nationalisation?—Yes.

21,424. A large majority are in favour of the scheme: are the rest in favour of nationalisation?—Not necessarily. I know there are some who are in favour of nationalisation. There are some who are not represented on our Association, and I can only speak for those I represent.

"Proposed Scheme."

It is, I think, an admitted fact that, provided any industry as a whole is only receiving a fair remuneration on its capital, any increase in cost of production must be and is transferred to the consumer. Assuming that previous to the war the prices of coal in all districts throughout England as regards competition between one district and another had adjusted themselves, it is fair to assume that in the future the same relative prices between the various districts could be maintained whether the prices for the whole country go up or down. To meet a demand from the miners of an increase in wages of say £50,000,000 it is necessary to increase the price of coal sold by that amount, and it appears only fair that the whole of the consumers in the country should pay a proportionate share of such increase, and therefore the prices of coal should be advanced everywhere to the same extent. Owing to low outputs and high wage costs in some districts, a 10 per cent. or 20 per cent. increase in wages doubles the increased cost in one district as compared with another, and if the principle of giving all miners a similar advance in wages is continued, it is unfair that the consumers in the district where the additional cost is greater should be called upon to pay an increase of 2s. to 3s. per ton in the price over and above the increase paid by consumers in other parts of the country. If this principle is adopted, what is required is machinery for transferring the £50,000,000 (paid by the consumer to cover the increased wage to the miners) through the employers to the men.

22 May, 1919.]

COLONEL SIR FRANK BEAUCHAMP, BART.

[Continued.]

This could be done on a similar basis to that adopted by the Coal Controller for payment of the war wage, whereby he is credited with 4s. per ton of the selling price of coal throughout the country and pays the war wage in proportion to the varying costs where same exceed 4s. per ton.

My suggestion, therefore, is that each district should be responsible for their pre-war wages; that all advances in district rates since that time and for the future, and any general advance throughout the country should be operated through a central fund provided on similar lines to the existing war wage. A central committee representative of all coal producers would be set up to collect and administer this fund and regulate prices."

21,425. What is the composition of that Committee? Are the men to be represented on it?—There would be no objection to the men being represented on the Committee, but it is really a question of collecting the money and distributing it. I do not mean by that that it is on similar lines to the existing war wage.

21,426. You said all they had to do was to collect and distribute, but it struck me that according to your scheme they had to regulate as well, and that is why I asked whether the men were represented?

Sir Arthur Duckham: To continue the controlled price?

21,427. Mr. R. H. Tawney: Do you suggest that?—No, I do not suggest that. I do not suggest that the control department should continue.

21,428. Chairman: What about the Committee?—Perhaps I might read this through and then perhaps you will ask me about that later, and I can then explain the whole scheme.

"Assuming the total increased wages amount to £50,000,000 on a total output of 250,000,000 tons of coal, that is 4s. per ton, this would then be allocated over the various districts in proportion to their tonnage cost and output—viz., if any one district had an additional wage cost of 3s. per ton, such districts would contribute 1s. per ton to the central fund, whereas a district whose wages cost was increased by 5s. per ton would receive an extra shilling per ton from such fund.

This suggestion does not propose to help the badly-managed at the expense of the well-managed colliery, and each district would naturally contain an organisation where all results of wages and claims would be tabulated, and the accounts made up for claims upon the central fund. Such district organisations would divide the amount received for the whole district in proportion to the cost at each colliery, and if it were found that any colliery in the district had an extravagant claim they would have the power to reduce that claim, and the colliery company so concerned would have either to pay any difference themselves or close the colliery should they think fit. Such individual colliery to have the right of appeal to the central committee set up for the purpose of controlling the coal trade as a whole."

21,429. Now I will ask a question about that. What is the composition of the Committee?—My proposal is that you should have some central committee which regulates prices and wages, and on that central committee you must have representatives of the owners, the miners and the consumers.

"Royalties and Barriers."

Some central authority should have power to secure the adjustment of areas to be worked with existing pits, and the position of any new pits sunk should be approved by them.

There is no necessity to add to the present financial burdens of the State by the purchase of royalties. The central authority could vary the terms of existing leases where necessary, and fix rates of royalties and wayleaves on a tonnage basis according to the quality of the coal and conditions under which same exist. Such authority should also have power to order the granting of leases of areas of minerals where the owner would not let or agree to the usual terms in force in the district, and to adjust existing and provide for the minimum amount of barriers in the future.

Colliery Consumption.

If the Government scheme of power stations becomes operative, collieries will be able to obtain their power from same. Failing this, districts should combine and provide central generating stations for all colliery power. Where possible central pumping stations for dealing with the water from the most economical point should be provided, and the cost borne in proportion to the benefit to each colliery affected.

Selling Prices.

Any scheme adopted should in my opinion contain regulations for dealing with selling prices and distribution. I would suggest that the coal in each district should be pooled and sold by a central organisation, the profits or losses on such sales being distributed amongst the different collieries in proportion to their output.

Purchase of General Stores and Supplies.

The central organisation would also purchase supplies for the collieries. By these means the selling of coal and purchasing of stores would be carried out at the lowest possible cost and with the least possible competition."

21,430. Chairman: When you say the central authority, I do not quite follow it; is it to be an authority for the kingdom, or an authority for each district?—I should say an authority for each district, because the districts vary so much.

21,431. Which districts are you thinking of, the Home Office districts, the Federated area districts, or the minimum wage districts?—In our districts we have a separate minimum wage district for Somerset, and Bristol, and another for the Forest of Dean. These three districts might be combined. There is no necessity to have these three separate districts for that small area.

21,432. How many districts are there for Scotland and England; have you worked it out?—No, I have not worked it out, because I am not sufficiently acquainted with the other districts.

Chairman: I am sure the Commission are very much obliged to you for your evidence.

21,433. Mr. Frank Hodges: I should like to get one point clear; and that is about the population of these areas. Is it not a fact that within the last 20 years your lads growing up have emigrated to a very large extent from these coalfields into what they consider to be more remunerative coalfields from the point of view of wages?—Some of them have, the younger lads.

21,434. And to a very considerable degree, I think you point out in your *précis*, your workmen are for a considerable part elderly workmen?—Not a considerable part.

21,435. Would you say a larger proportion than in another district, say, like South Wales?—I should not think so.

21,436. I rather gathered that because you say so cannot get boys to work?—When I say we cannot get boys to work I mean at the present time, if we reduce the number of hours—take Somerset, for instance—our breakers are already working 7 hours, and our carters and putters are working 8. If we got an hour's reduction in July we shall either have to discharge some of the breakers, or convert them into putters and trammers, because the boys who are now doing the putting and tramping will lose an hour, whereas the breakers will not lose an hour, and there are no extra boys in the district to come into these mines.

21,437. That is so. As a matter of fact, if figures could be produced, we should find that gradually over 20 to 25 years the migration of miners from those coalfields to other coalfields was greater than any other district in proportion?—That may be because the development in our coalfield has, perhaps, not been so rapid as elsewhere, because we have only had a limited market, and once we exceed the supply that that market can take, it reduces our price and prevents us making a profit.

22 May, 1919.]

COLONEL SIR FRANK BEAUCHAMP, BART.

[Continued.]

Sir Arthur Duckham: Would you ask whether they have gone to other trades as well?

21,438. *Mr. Frank Hodges*: Sir Arthur Duckham would like me to ask if they have gone from the mining industry to other trades?—They have to an extent, but I generally find that a mining family remains a mining family to a very large extent.

21,439. With regard to wages, you refer in your *précis* to the fact that the Miners' Federation has agreed to a low percentage being paid on the standard rates in those districts of Forest of Dean, Somerset and Bristol as compared with those in force elsewhere. Is that not due to the fact that the Federation has always feared that if you had to pay the average percentage of the other districts or the average standard of rates, you would have, under private capitalism, to go out of production altogether?—That has been, I think, the view. I think the Miners' Federation have seen it in the same light as we have, that unless these districts are assisted in some way like that, they would have to close.

21,440. So that, although the work of the miners in these thin seams in your district is as hard—I will not put it harder, but I believe it is harder—as the work of any other miners in any other district, in the interest of maintaining the system in that district they have been agreeable to accept lesser wages in the past?—They have accepted lower wages. I think there are, perhaps, other reasons. They are much nicer districts to live in than some of the colliery districts I have seen elsewhere. The miners' villages in our part of the country are as pretty as agricultural districts, and you cannot say that for all the other coalfields in the country. Their house-rents are low, and the living in some districts, I think, is cheaper. We find that when some men go away, and they hear of very high wages in South Wales, for instance, they go, but it is only for a little time; they do not stop long.

21,441. That cannot be so, because the number of men employed in your coalfields is diminishing?—They diminished like everybody else during the war.

21,442. If the Bristol, Forest of Dean and Somerset miners now say, "The time has come when we will have the average wage of the coalfield as a whole," and the Miners' Federation say, "You are right in your proposition," and the Miners' Federation say, "We will endeavour to get for you the average wage of the Kingdom," you would have to go out of production?—To a very large extent. There may be some pits, perhaps one or two in each district, where the cost is less than in others where you could supply a small local market which could continue to exist.

21,443. That would be a calamity, I take it, especially in view of the facts in your *précis*, and in view of the fact that you have 6,000,000,000 tons of coal estimated geologically that can still be worked?—I think it would be a great calamity.

21,444. You do not think the coalowners' scheme as put forward by Lord Gainford would meet your particular difficulty?—Not unless the scheme were enlarged and added to to make provision for this district and other districts similarly situated. I do not know much about North Wales and others, but I do know from their cost there they would probably want some assistance if the Coal Control were removed. The other alternative is to give them a close market and prevent anybody else coming into that market, which I do not think would be policy.

21,445. That is to say, if you were closed against all competitors from outside, it is possible that the scheme put forward by Lord Gainford could be adopted by you?—Yes.

21,446. In conclusion, as there is more coal to be worked in those fields than has ever been worked in the past, judged by the geological estimate, the implication is that in order to maintain production or increase it, you have to have a considerable amount of capital for new sinkings and new developments pretty well spread over the whole of these fields?—There are some schemes all ready for development. In fact, in my own case I not only acquired the

minerals but the surface, and in another case I was on the way to sink two collieries in Somerset when war broke out.

21,447. So that being so, if the Miners' Federation, as a national organisation, say that in futuro developments in those coalfields the wages should correspond with the wages of the rest of the coalfield, that would, on your evidence, make it impossible for you to proceed with these developments?—I had started getting things ready again when this war was over, and the moment this application came forward for an increase of 30 per cent. advance in wages and the shortening of hours, I realised if that happened it would be absolutely impossible to work those mines at a profit, and, therefore, I proceeded no further, and nobody could unless something is done if the miners are going to have the same wages in our district that they do in others—no development will take place unless some assistance or some scheme is devised for giving assistance to those districts, if it is felt advisable that such districts should continue.

21,448. *Mr. R. W. Cooper*: How old is your company? How long have you been concerned in it?—Our offer for Bristol collieries was accepted the day war was declared; they were in liquidation.

21,449. So that in point of fact this is a new venture on your part?—It is not a new venture, because the collieries have been in existence for a good many years.

21,450. On your part?—Yes.

21,451. Am I correct in supposing that the difficulty you have been describing to the Commission is due to the advance of wages ordered by the Government recently in consequence of the Interim Report of some of the members of the Commission?—Not only that; the percentage increases that have taken place since 1914, where we have had to pay the same increases as everybody else, increased minimum wage, and then on top of that the war wage of 3s. a day, and the Sankey wage.

21,452. What was your position up to the end of last year?—We were making a profit, as a district.

21,453. About how much of your production goes to the town of Bristol?—About 60 per cent. of it in Bristol.

21,454. In Bristol I include Clifton?—Yes.

21,455. What proportion of your production goes to the town of Bristol?—Do you mean my production in Bristol?

21,456. Yes, in Bristol first?—The production of the output in Bristol which goes into Bristol itself I should think would be 70 or 80 per cent.

21,457. About what is the cost of delivery per ton from your pit to your buyers in Bristol. Is it 1s. 6d.—It would be more than that when we have to deliver and carry the coal into cellars, which we do.

21,458. What coals compete with you in that particular trade in Bristol? Have you any serious competition with that trade of yours in the town of Bristol?—Yes, very serious. There is another thing I ought to have mentioned just now; that is that our production of small coal in our district is over 60 per cent., and that coal has to be disposed of. We get a great deal of competition in that 60 per cent. of small coal, especially from South Wales, when they have a market for their large, they are bound to dispose of small or tip it on dump heaps.

21,459. I gather you have made money by it?—Yes, up to the end of 1918.

21,460. Have you a special price given you by the Board of Trade?—No.

21,461. You are aware you can make application for a special price owing to special circumstances?—Yes; in the Forest of Dean a special increased price of 2s. 6d. is allowed.

21,462. Before the Sankey money was awarded have you made any attempt to get a price from the Board of Trade?—We were in touch with the Controller before, and we applied in January to be allowed to increase our price for coal 2s. 6d. per ton in Somerset and Bristol, as the 2s. 6d. had been granted in the Forest of Dean, South Wales and

22 May, 1919.]

COLONEL SIR FRANK BEAUCHAMP, BART.

[Continued.]

Cannock Chaso. The Controller explained to us that he did not think it was the time to advance the prices of coal when the war was over. He thought the men would be coming back and that we should have a much larger output, reducing our cost, and consequently we should find it unnecessary to have that 2s. 6d. per ton. We pressed him not to close the door absolutely and he said he would not close the door. He said, "If you will send me the returns for the quarter January, February and March, I will re-consider the question at the end of March." He has not all the figures he requires yet, but I gather in view of this Commission that is sitting now there is very little likelihood of his giving an increase.

21,463. Is he waiting to receive from you the account for the quarter?—Yes.

21,464. Is he waiting to receive from you the first quarter of this year to show the result of the quarter?—Yes.

21,465. I suppose when you complete those accounts, you will include as part of your expenses those additional wages?—We shall still press him to allow us to increase our price of coal.

21,466. I suppose you have a reasonable hope to expect that he will?—Well, we hope he may.

21,467. Of course you are entitled to the benefit of the guarantee under the Coal Control agreement?—Yes.

21,468. As you know, the Government are now proposing to modify that agreement but still maintain a guarantee?—Yes.

Mr. Herbert Smith: Would you ask what were the pre-war profits?

21,469. Mr. R. W. Cooper: I understand you to say that you only really became interested in this company yourself a few days before the declaration of war?—Yes. That is the East Bristol.

21,470. Had the concern up to that time been making or losing money?—The concern as a whole had been losing money. One of the collieries in the concern had been making a profit which was being lost at the other two collieries in consequence of their having antiquated and out-of-date machinery.

21,471. But the result of your coming in shortly before the war was that up to the end of 1918 you had converted what was a loss on the whole concern into a profit; in other words, was not this speculation fairly successful?—Well, we have not been able to pay more than 5 per cent. dividend yet on the capital. Last year we were not able to pay anything at all.

21,472. What sort of reserve have you made?—We have not made any reserve at all except something very small.

21,473. Have you spent anything on the development of the collieries?—We have put a certain amount back into the collieries, because we were electrifying the collieries.

21,474. It is not a question so much of what dividend you declare as what profits you have made?—The accounts for Bristol for the quarter ending 31st December, 1918, show a loss of 1s. 4d. a ton, but we get a small profit, because the Coal Controller pays us the difference between our war wage cost and the 4s. a ton of the selling price.

21,475. That is only one quarter, and if I may say so, one quarter is not a just criterion?—I was going to give the other quarters.

21,476. If you please? Have you a summary of the result of your four years of ownership?—No, not here. I can give you the results for the four quarters for the district.

21,477. What did you do in 1916-17, for example?—I have not those figures here, but for the quarter ending December the loss per ton was 1s. 4.69d. The profit for the half-year ending June, 1918, was 10.95d., and the profit for the quarter ending September, 1918, was 3s. a ton for the district.

21,478. What is the capital of the company?—With regard to the capital of the East Bristol, the actual capital paid up is £25,000, but then, of course, we have debentures.

21,479. £25,000 is the share capital. Do your debentures carry 5 per cent. interest?—5½ per cent.

21,480. Mr. Evan Williams: Before the Control, I suppose you in the Forest of Dean managed to exist and make a profit?—Yes.

21,481. And your difficulties came about through the Control?—I will not say through the Control.

21,482. Well, through the granting of a wage which now amounts to 5s. a day irrespective of the amount of work that is done?—Not entirely, but it is to a large extent due to that. In addition we have had a very large increase in miners' wages throughout the country on their standards, and that, of course, has put up our costs apart from the war wage, and then there is the flat rate of 2s. a day which was granted a little while ago.

21,483. Do you suppose if complete liberty from control is given to you, you will not be in the same condition relatively to the other trades as you were before?—No, I do not think we could be.

21,484. Because you assume the Miners' Federation would ask the same wages?—I think it would be useless to go to the Miners' Federation and say, "We cannot increase our profits; will you allow us to take off 30 or 40 per cent. wages?"

21,485. In the past were the men enjoying as good a standard of life as in other districts?—They did not earn such high wages, but perhaps they did not spend so much. In view of the fact that a large number have been able to build their own houses and buy little bits of land, it seems to show that some of them are fairly comfortably off, but I do not think they had excessive wages.

21,486. To maintain the same standard of living in your district as in other districts a lower wage will suffice, will it not?—I should say a slightly lower wage would.

21,487. So that if the Miners' Federation insists upon the same actual money being paid in your district, it will close it through that demand and nothing else?—You have to remember that the cost of living has gone up to everyone. If it has gone up to the miners in South Wales, it has gone up to the miners in our district.

21,488. Assuming the conditions are the same and the wages are the same, it is because of that that you fear you will not be able to exist?—Yes.

21,489. I believe your district and the Forest of Dean are districts which lend themselves to co-operation among owners more than other districts?—I should think they would.

21,490. I think in the past your machinery was pretty antiquated, taking it altogether, was it not?—I should not call it antiquated now.

21,491. You have improved, and there is a good deal of improvement?—In the last twenty years there has been a very great deal done in improvement.

21,492. Sir Adam Nimmo: Just following on these questions of Mr. Cooper and Mr. Evan Williams, there is one point I wish to get cleared up in my mind, and that is: assuming control to be withdrawn, and assuming a short supply of coal in the country, would your price in your districts not rise to give you a sound economic position?—I do not think it would.

21,493. Where would the difficulty come in?—We do not supply the whole district.

21,494. I understand that you have a market right down the South-West of England which is being supplied from your district just now?—Yes, partly.

21,495. In ordinary times did you have a competitor in either the South Wales coalfields or the North Wales coalfield?—We had competition from South Wales for small coal, and we had competition for large coal in Bristol. For instance, if for argument's sake we say in 1914 our average profit per ton in Somerset was 1s. 6d., if we had a local market where no other competitors could get in, we could have put up that profit to far more than 1s. 6d. a ton.

21,496. Assuming that there is a period in the near future, say when there is a short supply of coal in the

22 May, 1919.]

COLONEL SIR FRANK BEAUCHAMP, BART.

[Continued.]

country, have you anything to fear from the point of view of your price?—Yes. I do not think it is possible for us to put up our price above others. If the coal control were removed to-morrow, I do not think it is possible to put up the price to 4s. or 6s. a ton, as we should have to do over and above our competitors.

21,497. Where would the coal come from to meet the markets, assuming you have a short supply?—Many of the people could not carry on their business if they had to pay 4s. to 6s. more a ton for coal, having regard to the competitors of other districts making similar goods. They could not burn bricks, for instance, at the same price.

21,498. *Mr. R. H. Tawney*: I understand your difficulty is that you have to sell at the same price as your competitors while your working cost is higher?—Yes.

21,499. Is not the gist of your plan that you propose to secure a system of unification so far as the last increase of wages is concerned?—Not the last, but so far as the increase of wages is concerned which has taken place since 1914.

21,500. You really propose a system of partial unification in order to prevent this district going out under special disabilities?—Yes.

21,501. You are not the only district which is worse off than others?—No.

21,502. If it is good for your district, it is good for other districts which are below the average?—In my opinion, it is good for our district and it would be for other districts.

21,503. If, without raising prices, you are to keep the worst districts working satisfactorily, what is required is some scheme of unification. Is that your point?—Yes.

(Adjourned to to-morrow morning at 10.30.)

SECOND STAGE—EIGHTEENTH DAY.

FRIDAY, 23RD MAY, 1919.

PRESENT:

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. R. W. COOPER.

SIR ARTHUR DUCKHAM.

MR. FRANK HODGES.

SIR LEO CHIOZZA MONEY.

SIR ADAM NIMMO.

MR. ROBERT SMILLIE.

SIR ALLAN M. SMITH.

MR. HERBERT SMITH.

MR. R. H. TAWNEY.

MR. SIDNEY WEBB.

MR. EVAN WILLIAMS.

SIR ARTHUR LOWES DICKINSON, } (*Assessors*).
SIR RICHARD A. S. REDMAYNE, }

MR. ARNOLD D. McNAIR (*Secretary*).MR. GILBERT STONE (*Assistant Secretary*).

MR. WALLACE THORNEYCROFT, Recalled.

21,504. *Mr. Robert Smillie*: May I take it that you agree generally with Lord Gainford's evidence?—Yes.

21,505. On page 8 of your *précis* it says: "The selection of a competent administrative staff. The underground staff is, in fact, always drawn from the colliery workers. Those best educated generally and technically are chosen, and work their way up to the higher positions according to their ability." Has that been your experience at the collieries which you have managed?—Yes.

21,506. That you have endeavoured to choose from the underground workers "those best educated generally and technically"?—Yes.

21,507. Have you ever had any examination, or did you ever suggest any examination, to prove the technical and practical experience and ability of your people who were employed?—No. The best examination is watching their progress in their practical work and conversation with them generally.

21,508. Did you yourself watch the progress of the general work?—Yes.

21,509. In the pit?—Yes.

21,510. This says: "The technical and commercial staff are selected from all classes of the community, but usually have been born and bred in a colliery district." I think I may take it that the most desirable thing in selecting a colliery manager is to get a man of the highest technical and scientific

attainments in mining?—That brings in the conception of the meaning of the word "manager." It depends upon what you call a manager. The manager in our Scottish mines, as you are well aware, has usually over him someone of a much higher technical training than the manager himself, but I quite agree the more technical training the manager can get the better, especially in modern times.

21,511. I should not be prepared to accept your proposition, so far as Scotland is concerned, that the manager of the colliery has usually above him a more highly trained person. Do you insist that that is so?—Yes, broadly speaking.

21,512. Do you know the Coalburn District in Lanarkshire?—I have not been there for 25 years.

21,513. Do you know where it is?—Yes.

21,514. Do you know that there are 14 pits there, comprising four different colliery concerns?—No, I do not know, but I daresay that is so.

21,515. Will you take it from me that there are managers holding first-class certificates in charge of each of those four concerns, and that there is nobody placed above them with higher technical knowledge than they have?—Has not Coltness got a place up yonder?

21,516. No, Coltness has not?—Is not Douglas there?

21,517. No, it is the Coalburn District, not the Douglas District?—Will you give me Auchlochan? Is that one?

23 May, 1919.]

MR. WALLACE THORNEYCROFT.

[Continued.]

21,518. William Burns is one at Auchlochan. Would you say that Auchlochan Collieries has a higher skilled person than the manager of the pits above him to advise?—I do not know the man at Auchlochan, but I rather thought he had.

21,519. Do you know Waddell's place?—No.

21,520. I put it to you that there is a whole district in which the responsibility lies entirely with the acting manager of the colliery?—Probably they have got good men there and do not require some other qualified person.

21,521. Would you come down to the Larkhall District? How many collieries are there which are managed entirely by the manager in charge without the supervision of a person above him?—Has not Sir Adam Nimmo collieries in that district?

21,522. Yes?—Has he not Mr. Gibb over him, a highly technical man?

21,523. There is a technical man above the manager there?—Yes.

21,524. Is there any other colliery you know?—The Summerlee Colliery.

21,525. They have a technical manager highly skilled?—Yes.

21,526. Will you take the Bog Colliery, or the Allantou Colliery?—I am not familiar with that district nowadays.

21,527. However, we need not pursue that. It is not general, I can assure you?—I should say it is still. You have picked out some I do not know anything about. They may have a consulting engineer who pays a great deal of attention to it, but I am sure they have someone.

21,528. They may have a consulting engineer they would see every quarter, but you would not say that is a person in charge?—I know some collieries have a consulting engineer who comes every time when he is wanted.

21,529. You and I have a knowledge of the facts and you differ, and I might perhaps say that I have a wider knowledge than you?—Taking it in proportion to the output, I would say three-quarters of the output of Scotland have a technical man over the manager.

21,530. I put it to you that over your general manager or over your manager holding a first-class certificate at the mines it is well to have a man who is highly skilled technically in mining?—Certainly.

21,531. You would say a person who was highly skilled technically in mining would be a better manager if he had practical experience, other things being equal?—That is one of the most difficult problems we have to contend with in choosing a manager, and to decide exactly (if I may call it so) the specification of the manager—it is a nasty word to use, but it expresses what I mean. If you are choosing a man, you have to pick from the selection that is available the best man you can get for the particular situation, and it depends how much technical knowledge you have, and upon how much technical knowledge is available, how much technical knowledge it is necessary for him to have.

21,532. I would like to put the question again, because you have not tried to answer it. Taking the technical knowledge between two men as being equal, would you prefer a man who had also practical knowledge of mining to be the manager?—Certainly.

21,533. Now that is the question I put to you first. If you had two men or ten men of equal scientific attainments and technical mining knowledge, other things being equal—character and so on—you would choose the man who had practical knowledge?—Yes.

21,534. And if that practical knowledge were gained as a boy or as a young man in practical work, it might be all the better?—That is just where the difficulty comes in. The years he spends as a boy in the pit make it much more difficult for him to attain the necessary standard of technical knowledge.

21,535. I put it to you, the attainments being equal?—These are hypothetical questions which make it extraordinarily difficult to answer fairly.

21,536. Surely that is a fair question. Other things being equal, as to character and technical attainments, you said you would prefer the person

who had practical experience joined with that?—Yes, but whether a man could be in that position is the point.

21,537. Never you mind whether he could be. I say he is?—That is where the hypothesis comes in.

21,538. Do you know how many, roughly speaking, of what are called general managers, or those who really direct the collieries, have had practical experience?—I think most of them have.

21,539. With regard to you yourself, where did you begin your practical experience?—At Merryton Collieries. I was first of all engaged in surveying in Alexander Simpson's office, where I served my apprenticeship.

21,540. Have you had any experience in England at all?—About six or eight months in Staffordshire.

21,541. After you left the office?—No, before.

21,542. Do you call it practical experience being in a surveyor's office and going to the pit from time to time to do a survey?—In my case it certainly was so. Perhaps I had more of a chance than others, being intimately acquainted with a number of head men at the collieries we went to. I used to stay frequently at the various collieries and had the run of the place, and saw the cost sheets and every breakdown and so on. I was particularly fortunate in being able to take full advantage of the system which obtained in Scotland by getting experience as a surveyor.

21,543. Should I be right in putting to you that the law lays it down that that is not a practical experience under the law?—That is where I think the law, perhaps, is rather wrong at present.

21,544. But you must take the law, I suppose?—Yes, but I was speaking of 35 years ago or more.

21,545. So am I. I remember you a long way back. I want to say to you that you yourself were born of what is called a mine-owning family?—That is true.

21,546. And that you never required to do any work to earn your living?—On the contrary, that is not true.

21,547. And you never had any practical work?—It is the contrary.

21,548. Now, I defy you to prove you had any practical work prior to your getting your certificate. I admit you did some surveying, but I take it you did not know much about where to set a prop or to withdraw it, or where to look after your safety, had you been working at the coal face?—There, I think, you are wrong. It is very difficult to argue from such a personal point of view. I have told you before, when I was going round surveying in these different districts, I used to live on the spot instead of travelling backwards and forwards, and to take such particular things as drawing wood out of a stooping-place; in Merryton District many a night I have drawn wood after surveying all day.

21,549. You spent many a night drawing wood?—Yes, along with the fireman at lots of the collieries. Another particular instance I remember quite well is Kilsyth where I used to go regularly for a fortnight or three weeks at a time. There was never a breakdown of any sort or kind at that place of which I was not told, and I used to go to it.

21,550. I remember hearing of a visitor who went down a pit and took a pick at the face and knocked a bit of coal down. He took it home, and he swore he had practical experience?—I think that is an exaggeration.

21,551. But that is your experience, is it not?—No, it is not.

21,552. Those who know you know that?—No, they do not.

21,553. As a matter of fact, the general managers—men in your position—have a right to instruct the local colliery managers as to how to carry on the colliery?—Yes.

21,554. You could not probably do so now, but were you ever in a position to go to the coal face and perform a day's work there?—No.

21,555. Did you ever do any work at the coal face?—No.

21,556. Did you ever do any work in the drawing road in the shape of drawing tubs in and out?—No.

23 May, 1919.]

MR. WALLACE THORNEYCROFT.

[Continued.]

21,557. Did you ever lay any roadways?—Yes.

21,558. Did you ever do any hanging on in the pit bottom?—Yes.

21,559. Well, that adds to your righteousness. I suppose your position, I may take it, is the position of 80 per cent. of the general managers and agents of the coal mines of Great Britain. That is, that not 20 per cent. of the men in high positions have had any practical experience?—I do not agree. I actually acted as a certificated colliery manager for about five years and took the whole responsibility, and was at the pit every morning at six o'clock, and so on.

21,560. I am speaking of practical experience in mining. May I call your attention to that provision: that a person must have five years' practical experience underground, or, if he holds a diploma, two years' experience either at colliery work or in charge of the work?—Yes.

21,561. I want to put it to you—what proportion of the general managers in Scotland, who are at the head of large concerns, have had that practical experience?—I could not put a figure upon it, but I should think by far the greatest majority.

21,562. Let us take some of them. Do you know Mr. David Mowatt, who is probably one of the most highly skilled technical men we have in Scotland?—Yes.

21,563. Are you aware that he had no practical experience?—I am not aware of what he was as a young man. He grew up in the Summerlee Company's office.

21,564. He was in the Summerlee Company's office and acted as a surveyor from a boy upwards and became general manager without any practical work. He surveyed in my place again and again when he was a young man, but he never had any practical work. Mr. David Mowatt is in charge probably of fifteen fairly large collieries in Scotland?—Yes, and very successfully in charge.

21,565. And he has never had any practical experience?—That I do not agree with. It is the definition of practical experience that you and I differ about.

21,566. Surely you will take the practical experience laid down by the Act of Parliament?—By practical experience I take it you mean, actually doing manual work, digging coal at the coal face?

21,567. Yes, or any other class of practical work. I mean a man working for his living?—What I would like to explain to you is that as to boys, a certain number of persons' time is better spent at college, as most do, than pushing hutches about a pit, if they are capable ultimately of absorbing the knowledge they are being taught.

21,568. Are you aware that to-day two or three or four of probably the most important mining schools and colleges have at their head men who began life as practical working colliers, and were colliers until they were 24 or 26 years old?—If you will give me a name I will endeavour to answer.

21,569. Mr. Daniel Burns, of Glasgow Technical College. Do you know him?—Yes.

21,570. Is that right?—I do not know.

21,571. Did he not spend the first fifteen years of his life in the pit producing coal?—I do not know.

21,572. Do you know Professor George Knox, Treforest, South Wales?—I do not.

21,573. He was a working miner in Ayrshire until he was 24 or 26 years old?—I do not know that.

21,574. Do you know the present head of the Wigan Mining College?—No.

21,575. You admit that those are three important mining schools?—I do not know these schools. The Technical College, Glasgow, I am familiar with.

21,576. I am rather amazed at your ignorance of those things because they ought to be known to every person in your position?—It is impossible to know all the mining schools all over Great Britain. The Technical College, Glasgow, I am thoroughly acquainted with.

21,577. At least you know Daniel Burns?—Yes.

21,578. You have no objection to his knowledge?—I am not going to criticise the Professor of the Technical College.

21,579. At least you could claim for the Technical College, Glasgow, on its mining side that it has been fairly successful in turning out students?—Yes.

21,580. On page 9 of your *précis* you deal with the national coal strike, 1912?—Yes.

21,581. You say that that "was the outcome of a desire to raise permanently the standard of wages in the industry"?—Yes.

21,582. Do you still say that?—That is my opinion.

21,583. Will you tell us what the strike was declared for?—On the subject of failure to agree to raise in Scotland, at any rate, the minimum from 5s. 6d. to 6s.

21,584. You have missed it entirely. That was not the cause of the strike at all. The strike of 1912 was not a strike to secure in Scotland, or any other place, an increase in wage. Is it not amazing that you put that into your *précis* and swear to it?—Just wait a minute.

21,585. The strike of 1912 was the abnormal places strike, and a fight for an individual minimum wage for the men who might be working them?—I have a quotation which I had in my mind from the Conciliation Board proceedings of November 6, 1911, when you stated this, speaking of the minimum wage, when we were discussing the minimum wage in detail in Scotland before the strike took place of course: "I do not think the matter would have been raised had it not been for our failure to get a settlement of the abnormal places question. Some of us said in most cases—95 per cent. of the cases—there were abnormal places or deficient places. These were settled. We are not agreed altogether as to whether that is the proper percentage to put it, but we are all agreed that a very large number of cases of settlement have been effected without the workman troubling either the workmen's agent or even the employers."

21,586. That is true. Now the six weeks' strike of 1912, in which all the miners of Great Britain were idle, was not a strike to secure a higher standard rate of wages?—That is how it appeared to us in Scotland. That was the point.

21,587. You have quoted from that—it was on the abnormal places?—Yes.

21,588. We found workmen working in every part of the country, working all day and every day for a fortnight, and at the end of the fortnight they had only earned half wages. We made up our minds that a man who worked every day and a full day was entitled at the end of a fortnight to get a wage for it. That strike took place for six weeks in 1912 in order to secure to each individual an opportunity of securing wages if he worked for it. Will you take it from me that that was the cause of the strike?—Incidentally it fixed the general wages, and that is what we in Scotland always regarded the strike as being about.

21,589. If you do not believe me, when Sir Adam Nimmo comes to cross-examine you, you cross-examine him, and he will tell you what I say is true. I suppose you have heard the old saying that history repeats itself?—Yes.

21,590. I suppose we may translate that into this. Things occur again and again at different periods in history which are almost the same? That may be a fair translation of it?—Yes.

21,591. Are you aware that an Act of Parliament was passed dealing with miners in Scotland in 1592?—No, I do not remember that.

21,592. Would you admit, from your knowledge of history, that the Scottish miners who lived in that day had not any opportunity to return Members to Parliament?—I do not know that.

21,593. May I take it you are not a student of your country's history?—That has escaped my education, at any rate. I have lost that point.

21,594. I will remind you of the fact that the common people had no voice in the making or unmaking of Parliaments in Scotland in 1592. I suppose you will take that?—The franchise has been altered many times, of course.

21,595. I will read you a quotation from the Act of Parliament passed by the Scots Parliament, composed of landlords entirely, and here is the quotation from the Act of Parliament: "And by reason of the said miners and workers dwelling in hazard of

23 May, 1919.]

MR. WALLACE THORNEYCROFT.

[Continued.]

their lives by the evil air of the said mines and the danger of the falling of the same and other infinite miseries and dangers which daily occur in the said work. Therefore our Sovereign Lord the King, with advice aforesaid, relieves the said miners, metallers and others actively employed at the said work from all taxation, charges, proclamations, and other obligations whatsoever both in peace and war and by the tenor hereof taxable all their servants, families, goods, gear and heritages"—you see the miners at that time had goods, gear and heritages; a most remarkable thing!—"and under his special protection declaring that whosoever wrongs or oppresses, directly or indirectly, them shall have done the same to His Majesty." Do you think that that is a sentimental kind of twaddle? Is that sentimental nonsense?—What is the date?

21,596. 1592?—We were not born then. What the conditions of mining were then I have not the remotest idea.

21,597. No, but this Act of Parliament, which you can get if you care to, will let you know what the conditions were?—I have taken a note of the date.

21,598. In any case this Act of Parliament took them under the King's special care, and any person that injured them should be severely punished as if the act was done against His Majesty. Would you be prepared to agree to the House of Commons passing an Act of Parliament of this kind, so far as the miners of this country are concerned, at the present time?—At the present moment the conditions are absolutely different.

21,599. How do you know that when you said you did not know what the conditions were then?—No, but the conditions of a miner's occupation are, in my view, quite comfortable. If I had to work underground every day I would have no particular objection.

21,600. I am coming to that, and I am coming to your work underground every day. In the meantime, I ask you, would you be prepared, seeing that we have advanced, you think, very considerably, to advise the mineowners of this country to help to get that clause put into a new Mines Act?—No, because I do not think there is any necessity for it.

21,601. That is a bit of what you call sentimental nonsense, is it not?—Yes, I do not think that is an exaggerated statement. I think the idea is largely due to people who go down a pit for one day or two days, like your friend who went and picked a bit of coal off the face and said he was a practical man. If they have to stop there and they are quite unaccustomed to the darkness and so on, they regard it as a very unpleasant job.

21,602. I have not got to the unpleasantness or otherwise of our mines yet. I am dealing with the mines in 1592?—I cannot help you there; I was not there.

21,603. Do you say the people who passed that Act, including His Majesty of that ilk, were guilty of wasting time in passing a lot of sentimental nonsense?—No. I should say if Parliament passed it at that time, Parliament was quite right.

21,604. If it could be proved to you the conditions to-day are as bad as they were in the Scottish mines of that day, would you be then prepared to say that you would try and assist us in getting a clause of this kind put into an Act of Parliament?—On that hypothesis, yes.

21,605. Then we must try to prove it, and you have pledged yourself to assist us if we can prove the fact. Are you aware that an Act of Parliament was passed in 1850 to give the Government power to appoint Inspectors of Mines to go down and examine the mines of this country?—I do not remember the date of the first Act of that sort.

21,606. You are aware there was an Act passed, which was called the first Inspection Act, which gave the Government the right to appoint skilled mining people to go down the mines to inspect the mines. You are aware that there are inspectors now, are you not?—Yes. There was a first Act, but I do not know the date.

Chairman: Mr. Smillie is quite right; it was the Act of 1850.

21,607. *Mr. Robert Smillie:* There was an Act of 1842, which only gave the inspectors the right to

inspect on the surface. The Act of 1850 gave them the right to go underground. (*To the Witness.*) Are you aware that Boyd, in his "History of Mines Inspection," states that a certain noble mine owner of that date said there was a good deal of hypocritical sentiment about the legislation which was passed then?—No.

21,608. You are not aware of that?—No.

21,609. Will you take it from me that if you read Boyd's "History of Mines Inspection" you will find it there?—Yes.

21,610. Is that not like history repeating itself again? There you get it in 1592 first of all?—I do not know whether Boyd was speaking from intimate knowledge or not; I cannot say.

21,611. Boyd was speaking from intimate knowledge, because the statement is put in quotation marks and he quotes all the statements made by mineowners and their representatives in the House of Commons in their opposition to any mining legislation and to the taking of the children and women out of the mines. This gentleman of whom I spoke said there was a good deal of hypocritical sentiment about this. Are you aware that one of the Bishops in the same House (the House of Lords) called upon him to withdraw that statement of hypocritical sentiment referring to the mining legislation which had been passed?—No.

21,612. Here we find Mr. Wallace Thorneycroft in the witness chair now telling us that because we are asking for the nationalisation of mines to improve the condition of the mine workers, there is a good deal of sentimental nonsense. That is what is being said, and you still stick to that, I suppose?—Yes.

21,613. I suppose you sometimes in your busy life get a holiday?—Yes.

21,614. Do you ever get a holiday?—Yes.

21,615. Well, you are very lucky, but you do get a holiday?—Yes, I am rather short of one now.

21,616. And you do not take a holiday unless you feel worn out, I suppose?—Yes.

21,617. It is when you are fagged that you want to play golf or shoot or enjoy some of the amusements of the working miners?—Yes.

21,618. You take a rest?

Sir L. Chiozza Money: He goes down a coalmine.

21,619. *Mr. Robert Smillie:* I was going to ask, in view of the splendid healthy condition of the coalminers, whether or not you spent your holiday in one of your own or anybody else's coal pits?—In point of fact that is a thing I often get chaffed about. When I am on a holiday, if there is a mine in the country, I am very often down it.

21,620. If there is a mine in the country?—Yes. In Cumberland or Algeria or anywhere else where I go, my wife, among other people, always chaffs me, because I cannot keep away from it and I go down it.

21,621. Why do you go to Algeria to go down a mine when you have mines of your own in this country?—Variety is a great attraction.

21,622. *Mr. Cooper,* one of our comrades on the Commission, when he gets a holiday, goes home and works at his books. I would expect you and he believe it is a nice healthy employment and recreation doing work. I thought you would have chosen one of those healthy mines as a sanatorium, and would have rested there to recuperate, but you do not?—No, but I put it like this again: A certain person had a son. The son was ordered by the medical adviser to have six months' fresh air and exercise before he went to college. The father sent him down a mine as being a place where he would get fresh air and exercise, and the result was successful.

21,623. I knew a man who had two sons, and both took the whooping cough, and when they were just about to recover the doctor said a change of air would help them considerably, and if he took them down a coal pit it would make them all right, and it did. That proves the healthy state under which the miners live. Did you hear Mr. Herbert Smith put it to some witness as to what the temperatures of some of the mines were?—Yes.

21,624. Did you hear him say, and the witness admit, that sometimes it is as high as 90 degrees?—I do not remember the temperature he put it at.

23 May, 1919.]

MR. WALLACE THORNEYCROFT.

[Continued.]

21,625. Did you hear him say that 80 degrees and 85 degrees are not an uncommon thing?—If he said so, I will accept it.

21,626. Did you hear a colleague of your own admit that where it is 90 degrees or 85 degrees—a state of matters in many Yorkshire collieries—that a person loses 25 per cent. of his energy and strength when he goes down to work there?—I am quite familiar with that, and in fact during the period I was President of the Institution of Mining Engineers, we instituted an enquiry into the question of high temperatures underground to see what could be done to alleviate the position. We all recognised that to work at that high temperature is a difficult thing, and I do not think we can expect a man working at that temperature to do as much work as he does working in a temperature of 65 degrees or 70 degrees. I do not think it is possible. It is a scientific fact, I believe, and that is just the case where the mineowners have initiated investigation on the subject, and have been putting the best brains they can together to find out how to alleviate that difficulty.

21,627. You secure all that from theory, I suppose, and not practice. Have you had a try at working at 90 degrees for 8 hours a day?—In point of fact I spent some time down one of those Yorkshire pits not very long ago.

21,628. Which was that?—Maltby.

21,629. Are you aware that in some parts of the Continent at a certain temperature, 80 or 85 degrees, the hours are only to be six hours a day?—No, I do not know what arrangements are made to that effect.

21,630. Do you know there is a difference in the length of hours because of the temperature?—No.

21,631. You say the fact that a person coming out of the pit black with coal dust does not indicate at all that mining is an unhealthy occupation?—I do.

21,632. Have you ever seen, preserved in the Edinburgh Infirmary what is called “the miner’s lung”?—No.

21,633. You will find the lungs of a miner there preserved in a bottle, and you will be told the professors found they were just like a piece of coal?—Dr. Haldane is an authority that I depend upon about the health of the miners.

21,634. Would you care to breathe coal dust all day yourself for the fun of the thing?—I often have and I have suffered no ill-effect.

21,635. Do you like it? Would you rather breathe coal dust or pure air?—I would rather breathe coal dust than have consumption.

21,636. Would you rather breathe coal dust or pure air?—I should like to have a variety, the same as other people, but the fact of the coal dust being in the mines and entering into people’s lungs, according to Dr. Haldane, who is my authority, is not dangerous to their health.

21,637. What side was Dr. Haldane speaking on at the time?—Dr. Haldane takes no side.

21,638. Does he take no side?—No, I do not think so.

21,639. Yes, he takes sides. Sometimes he is on the Government side and sometimes against them?—Nothing will induce me to say that Dr. Haldane is not a man of absolute integrity to tell the truth, the whole truth and nothing but the truth.

21,640. I take it that Dr. Haldane’s position has chiefly been that coal dust is not nearly so bad for a miner’s lungs as silica dust or metalliferous mine dust, but I do not think Dr. Haldane or any other scientist in the world would prefer having his own lungs filled with coal dust or seeing other people’s lungs filled with coal dust for the good of their health and the salvation of their souls?—One of the suggestions which, I believe, is being tried in practice is to put coal dust down the mines of South Africa which are bad from silicious dust in order to mix the silicious dust with a large quantity of coal dust, in the hope that that will cure the danger of phthisis from the silicious matter. They are actually increasing the dust as a preventive for the disease.

21,641. Do you know the danger of phthisis arises from the silica in the dust being sharp-edged and cutting its way into the lungs when it gets into the lungs?—I am not quite sure of that.

21,642. And coal dust is said to dissolve and not to cut into the lungs?—My conception of what Dr. Haldane’s paper told us was that the coal dust going into the lungs has some property that causes the particles to act as little scavengers and for the lungs to throw off the coal dust and along with the coal dust throw off any other deleterious matter that happened to be in the lungs.

21,643. But, still, he advocates that the mines should be ventilated in such a way as to carry off, as far as possible, the coal dust from the men who are working at the face?—I do not think the ventilation carries off the dust. I rather think a strong ventilation creates dust.

21,644. It carries it off from the men at the face?—It keeps it in the air current. I do not think strong ventilation is a prevention of dust, but rather the reverse.

21,645. The deep pits are usually drier from the point of view, not of moisture in the air, but drier from the point of view of water running on the men?—Yes.

21,646. While the temperature may be higher, there is less inconvenience from roof and side water. I want to take you to some of the shallow pits you have in Scotland, where the seam may be 18 inches, 2 feet or 3 feet thick. Have you known of cases in which miners were working all day long on their side and the cold water running down from the roof on them?—Yes, I am quite familiar with the wet places.

21,647. Have you known of miners working in a place where there were 3, 4, or 5 inches of water lying all day?—Yes.

21,648. Have you known of them coming out of the working places wet from head to foot with the water of the mine?—I have known them coming out of the places very wet.

21,649. Is that a very healthy thing?—Of itself I do not think it does any harm as long as the miner gets home fairly quickly and does not have to stand about in his wet clothes outside.

21,650. Supposing a miner comes up in that state in cold weather, and half an hour afterwards he gets into the workmen’s train—which, generally speaking, is open boxes—and then travels 10 miles to Lanark and then walks two miles from Lanark to his home, is that a healthy thing?—No.

21,651. Would you make any arrangements to prevent his carrying the water in his clothes?—Yes, I would say that should be prevented.

21,652. There should be something done to make it possible for him to change at the pit bank and not go home in wet clothes?—If that is the condition, which I do not know, I am rather surprised the men do that.

21,653. Sixty per cent. of the miners in the Coalburn district travel by train for six, eight, and ten miles to work?—Are sixty per cent. of the places wet?

21,654. No, sixty per cent. of the places are not wet, but ninety per cent. of the men, the colliers, come out of the pit either wet with the water of the pit, or their clothes wet through with sweat. You are aware of that, are you not?—Yes.

21,655. If they are wet through with sweat, they are almost as likely to take cold as if wet through with moisture?—Unless they have a top coat to put on. I am sure they probably take care to protect themselves in some way. That is a very outside place, and I am quite sure, without knowing that those are the conditions, those men have to be paid very highly and above the average to do it.

21,656. Well, they object to take a motor coat or a fur coat with them to the pit, and they leave it at home. You have, at least, seen men working if you have never worked yourself. Do you think that many men on the surface work in the same way that a collier works when he is under-cutting or side-cutting his coal underground?—Do you mean comparing it with other industries?

21,657. I really compare it with the vast majority of industries. Take a stoker on board a ship, or a trimmer on board a ship, or a blacksmith in a country shop. Do they not work a great deal harder and do more physical, hard work than the ordinary rank

23 May, 1919.]

MR. WALLACE THORNEYCROFT.

[Continued.]

and file of the workers on the surface?—You mean the first-class collier working at the face?

21,653. Yes.—I should say he is one of the best physical workers we have.

21,659. You are aware where they have to do their holing or side-cutting, that practically every muscle in their body is fully developed and almost as hard as wood?—Yes.

21,660. That is caused by extra strain at all times on them during the six, seven or eight hours they are at work. Does that not prove pretty hard exertion?—Undoubtedly, generally speaking, the collier is in the pink of condition.

21,661. When they are working, doing the kind of work you and I are speaking about now, they are usually breathing very rapidly because they get out of breath and breathe rapidly?—Yes. It depends upon his fitness, and if a man is not over-exerting himself. That is a question of how much often they breathe and I cannot say.

21,662. I put it to you that if a man runs a mile in 4 minutes 20 seconds he cannot consider very much how quickly or slowly he should breathe, but he has to breathe as quickly as he can?—Yes.

21,663. And it is the same with the miners at the coal face?—It is a question of degree.

21,664. He is not breathing in the atmosphere of the surface but he is breathing the atmosphere of the mine whatever it may be for the time being?—Generally speaking I maintain the atmosphere of the mine nowadays is extraordinarily good.

21,665. I am glad to hear that. I have not been down for a few months, but I will go down now.—I will take you a trip if you like.

21,666. I take it you are really as anxious as we are to improve the standard and status of the miners?—Certainly.

21,667. And you are here to give your evidence against nationalisation because you believe it would not improve the miners' status nor improve his conditions, but probably rather injure his position, and also the position of the nation?—That is my firm and honest opinion.

21,668. Could you not do that without minimising or exaggerating as to the work and conditions of the miners? Do you not think you have exaggerated a bit when you want to get this Commission—some of them you cannot mislead even if you tried and I am not saying you would try—to believe the conditions are not so bad. Do you not think it is unfair to minimise really the hardships of the working miner, and the hard laborious nature of his work, and the conditions by which he is surrounded underground? I want to take you to his home. You do not think his home conditions, generally speaking, are altogether all that can be desired?—Let me answer the first part of your question first, because it was rather a long question. You asked me, could I not have given evidence without exaggerating? I do not know that I have exaggerated, but I cannot help being a little combative, I admit, owing to the statements that have been made on your side of the table which have been pretty severe on some of us at times and I am bound to retaliate a little bit.

21,669. You know a great deal about the home life of the miner. May I take it that you admit from your long experience of various counties in Scotland, that the miner's wife is a fairly careful thrifty woman who does her best?—There is just as much difference between the thrift and so on of the miners and their wives as any other section of the population.

21,670. I suppose you say on the average they are quite as thrifty and clean as the average woman of any class, even of the aristocratic class?—It is an impossible question to answer. Undoubtedly, in a great number of cases it is the reverse, and at the same time I am only too pleased to say in defence of the miners and their wives that they are as good members of society as anybody else.

21,671. When you take into consideration the miner's wife has to clean herself and her family, and the wives of the wealthy people get somebody else to clean them, you think under those circumstances

they are good?—I would like to see all the ones that are below the average brought up to the best.

21,672. I want to find out whether you consider the miners' wives in the mass who are, generally speaking, thrifty handlers and cruel drudges, are doing their best under the circumstances to keep their homes as decent as possible. A man in your position ought to give a direct answer to that question?—Some of them undoubtedly are, some of them are not.

21,673. If that is as far as you can go, I shall have to take it at that. I suppose you do not often visit the homes of the miners?—Constantly in the past, when one was responsible for the going into more details that I have done for the last few years, I used to visit the houses and see that they were kept in proper repair. It was part of my regular routine for many years.

21,674. I suppose you know the Ayrshire houses: the mining row of Ayrshire?—Not intimately. I do not often go to Ayrshire.

21,675. That was your early home, was it not?—No.

21,676. You know a good many of the Lanarkshire houses?—Yes, Lanarkshire, more especially Stirlingshire.

21,677. May I take it the houses are rather better than the average in Stirlingshire than in Lanarkshire?—The newer districts of Stirlingshire, I would say, are no better than the new districts in Lanarkshire. There are some very bad old houses in both districts.

21,678. The old houses in Lanarkshire are worse than the old houses in Stirlingshire. Do you think there is any hope of improving the home life condition of the miners apart from their doing their best to improve their home life. Do you think anything can be done from outside to help them?—I think a great deal is being done. What more could be done we are only too willing and anxious to assist with.

21,679. Can you tell me where a great deal is being done?—You were speaking about the washing, and so forth, a while ago. I am told—I have not seen it myself, but one of my friends has told me—that William Baird & Co.'s washing arrangements at a village in Ayrshire are exceedingly successful, and one of the things we should take advantage of and copy in other districts, following the lead of an experiment that has proved successful.

21,680. Is that in the pit in Ayrshire?—I cannot tell you the name of the place.

21,681. They have recently sunk a deep pit in Ayrshire?—It is one of the new villages somewhere near Ayr. It is a new idea providing washing places, and so forth, with hot water, and all the rest of it, and I am told it is popular and successful. Other things have been tried that were not successful of the same sort. When one finds a successful one I think you will find most of the owners quite willing to adopt it. Obviously the more contented the people are you are working with the more pleasant it is to carry on your work.

21,682. If I told you that nearly five years ago the miners in a colliery in Lanarkshire requested the employers to erect baths and the employers requested me to ask them to leave it over until the war was finished because they could not get the material or men, and the men left it over at my request, and they now ask again and it has been refused, do you think that is altogether playing the game?—I do not know the full details. I would like to hear the other side before committing myself one way or the other.

21,683. Do you say the relations between the workmen and employers have been good or bad in the past? On page 11 you deal with the question of types of grievances; the grievances of suffering and the grievances of strategy. Your opinion is that the present movement is a strategic grievance and not one of substance. What is the present grievance?—My conception is the demand made for 30 per cent. increase of wages and reduction of hours to six and for nationalisation of the mines all at one gulp was an extravagant demand chiefly directed to nationalisation.

21,684. Did you object to the men's demands chiefly because they were in one gulp, as you call it, because

23 May, 1919.]

MR. WALLACE THORNEYCROFT.

[Continued.]

we wanted you to swallow the whole thing at once? Is it because too many things are put forward together and we want nationalisation, and the mine-owners to swallow it at once; is that why you say it is strategic? Will you concede them if they are put forward singly?—I have realised for quite a long time that your ideal was to get nationalisation of mines. You think nationalisation of mines is the right thing. We think it is not. We are both probably quite conscientious, and I am sure we are both conscientiously holding our opinions strongly. The reason I say it is strategic is, in my opinion, the putting forward of this what I call extravagant demand at this time when the nation is very short of coal, and it was a strategic moment to get your ideal.

21,685. My idea is not a matter one way or the other. It is the minors' idea that matters, not mine. I want to put it again. You say it is strategy, and that the increase of wages and shorter hours of labour is not really the thing we want, but to so arouse the nation and take advantage of the nation's weakness to secure something we have been thinking of for some time; that is to say, there is no real reason for this movement, only to satisfy the people who desire nationalisation?—I say there was no real reason as regards the cost of living for demanding 30 per cent. advance in wages.

21,686. What about the hours?—When the country was so obviously short of coal, as it was, and as the demand for shorter hours from, call it, 40 to 43 hours a week, which was about what was being worked on the average by the miners at present, to 35 hours a week or thereabouts, or whatever it works out at, I do not think that was a right thing to demand when the country was so short of coal.

21,687. I will allow that to pass and take it for granted your statement is correct. It is not correct. It was a claim for 48—it was a claim they should come from 53 or 54 hours down to about 48. That makes it far less unreasonable that your figures, of course, which I believe are intended to be taken as a correct thing. You say the relationship between the men and the mineowners was reasonably good on the whole. Do you blame the miners or their leaders for all the trouble that has taken place from time to time?—No. There are faults on both sides.

21,688. Do you remember a strike at your colliery for which to some extent I was responsible, when your manager refused to come down off the pit bank to speak to a deputation?—When was that; what sort of date was that?

21,689. About half-way between the time you took it over and the time you left it. You will remember I went with a deputation in the morning and stopped the men and told the men to keep themselves prepared to go to work. We went to the office; the manager was not there; I heard he was at the pit head; I sent up and asked him to speak to us; he said "No; we had struck for some wages"; and when you came in and heard the facts of it you put a stop to it. Mr. Livingstone was the manager's name?—I do not think that was the cause of that trouble.

21,690. The cause of the meeting being held was a question of deduction?—Yes.

21,691. The cause of the strike was your manager refusing to come down to speak to a deputation. Do you justify that?—That is one of the most difficult things to do. If a man makes a mistake to have to put him right is a very difficult thing. I am glad to hear you say I did it.

21,692. I was only putting it to you the fault was not on the side of the miners or their leaders for all the trouble that has taken place from time to time. I think you are of opinion, and your friends are of opinion, that the miners have not yet reached a sufficient stage of development from their slavery in the past to undertake any responsibility in the management of the industry in which their lives are invested. That is your fear?—Not quite that. Perhaps we are going too quickly. If you refer to the scheme put forward by Lord Gainford—

21,693. I am coming to the scheme afterwards?—Then we might deal with that question when we get there.

21,694. On page 12 you say that the private owners of mines, the private capitalism of the owners of mines, has taken risks that no Government department would take in mining, which is one of the most speculative of industries, or any other industry. Is that your opinion?—Yes.

21,695. Have you ever heard of the Government boring for oil in Derbyshire?—Yes.

21,696. Do you expect they are going to get it?—No, I do not.

21,697. Are there many mining men highly skilled who expect they are going to get oil in Derbyshire. Do you know?—I am quite familiar with the discussion on the question.

21,698. Is the general opinion of scientific men they are not going to get oil there?—That is true.

21,699. Unless they go through to the Australian side, and they might get it there. Is not the Government risking some money there?—I do not know who is risking the money there. I am not just familiar with the position. I am not sure that was done with the consent of Parliament.

21,700. Do you know you are amazingly innocent of things?—Can you tell me who is risking the money there?

21,701. It is generally understood it is the Government. Do you think private enterprise is risking the money?—That is my impression.

21,702. I will leave you of that opinion. At the foot of paragraph 12 you say many socialistic opponents to the system of private ownership hold that to save any money out of wages earned is wrong in principle and should be discouraged, and so on. Let us know some of the many socialists to whom you refer. I am a socialist, and I save any amount of money?—I am glad to hear it.

21,703. Thousands and thousands of pounds I save for a rainy day and old age. Do you think I believe that a person should not save money out of his wages and should look to the State in their old age?—I never said you did. It is quite common in conversation with the workmen, and I have often come across them saying they were not going to save any money out of wages. That is what they have been taught. I cannot give you the names of the authors of that doctrine. I should be surprised to be told that has not been preached.

21,704. You cannot give any socialistic writer, well-known or otherwise, that has advocated that people should not save any of their earnings, but should look forward to the State supporting them in their old age?—I have come across, frankly, the result of those writings constantly in talking to people.

21,705. Do you remember any of the working people who said they were not going to save any money and are waiting for the State to take them over in their old age?—I have heard plenty say they would not save, certainly.

21,706. Did you ever hear any say they could not save?—Not recently.

21,707. Would you take it the position of the orthodox socialist is a workman should not save until he has first made sure that his wife and children are properly fed and clothed; that it would be a crime to save at the expense of the children? Do you think that is a wrong doctrine to preach?—Certainly, the children must be fed and clothed first. That is human nature.

21,708. Do you think it is a right doctrine to preach to workmen that they have no right to save until their children are provided for with food, clothing, house and education? Is it a crime to advocate that?—It is a question rather of degree. Certainly, the children should be clothed and properly fed to keep them in good health. That is the primary object of every married man in his life.

21,709. And it is the duty of the father to provide the wages, if he can do it?—Yes.

21,710. And would it not be wrong for him or his wife to save if their saving scrimped food and clothing?—If they were not maintained in good health, yes.

21,711. You would advocate that, in those circumstances, it would be wrong to save?—I am not sure not to save any money.

23 May, 1919.]

MR. WALLACE THORNEYCROFT.

[Continued.]

21,712. I want you to say it now. You have answered me that it would be wrong if the children at home were not receiving sufficient food and clothing and proper housing because the parents were saving. You say that would be wrong. That was your answer. Then a thing that you believe to be wrong you have sufficient courage, I know, to advocate against?—Yes.

21,713. Consequently, you would become, if necessary, an agitator to go down and tell the people they were not to save from their wages under those circumstances?—That is not the point I have there.

21,714. You have placed yourself, for the moment, on the Socialist platform, as far as that is concerned. I am very glad to have you as a recruit. When you speak of saving, of course, if the working classes were all wise and thrifty and saved, they would all become capitalists and invest their money in mines, or some other things, and there would come a time when nobody would have to work because they all would be capitalists living on each other. For a long time it has become quite impossible for the workers, generally, to save?—No.

21,715. I put it to you, which, I think, can be proved in figures, that the average wage of the adult mine worker prior to the war was under 30s. a week?—I do not think that is right.

21,716. Be careful and think the matter out before you give an answer. I say the average wage of the adult mine worker of every grade?—It depends upon what period you take, of course.

21,717. I will take a period of five years before the war?—In Scotland?

21,718. I will take a period of 40 years before the war. The average wage of the adult mine worker above and below ground was under 30s. a week for 40 years. I am not now meaning the coal getters; I mean the adult mine worker. If that were true—do not take it from me until you go into the figures—is there very much opportunity to save, especially where there is a family?—It depends upon the price of living. Many people have brought up families perfectly healthy and comfortably dressed on 30s. a week. Lots of them have done it.

21,719. I have heard of some wealthy mine owner being proud of the fact that his father never had more than 18s. a week all his life. That is not the point. I put it to you 30s., and at the present time I think it would take about 30s. to get your dinner at the Ritz; but 30s. for a family does not leave a very large margin. Supposing they save 10s. a week of the 30s., it would not be a very big annual saving?—It is astonishing how it grows when once you begin to save.

21,720. When it gets to £40,000 or £50,000 it is astonishing how it grows. £25 a year will not increase very rapidly?—Do you remember the roadman that used to be on the road between Hamilton and Larkhall? Scott was his name. He never had much wage, but he had a good eye for a heast and he used to buy a heast out of savings in the first instance, and he died, comparatively speaking, a wealthy man. He used his intelligence, and that is where private enterprise came in. He had at least two sons set up in farms.

21,721. He became a horse dealer for a time?—Yes.

21,722. Do you know what the public opinion generally is of a horse dealer?—There are lots of good horse dealers.

21,723. You keep your eye upon them when you are buying horses from horse dealers, I am sure. I want you to reconsider your statement on thrift. It is only to the miners you teach or urge thrift. Do you ever try that on your wealthy friends?—I am not in the habit of lecturing anybody; but this is a peculiarly novel occasion. I am asked to give my opinion on all sorts of things.

21,724. I do not think you are asked to give your opinion on thrift. That was a question not put to you?—I think it is very material to the argument.

21,725. You were not requested to give your opinion on thrift or your idea of Socialists, although you became a Socialist to-day yourself. With regard

to the scheme which the employers are putting forward here, which, I think, is contained in the last two or three pages of Lord Gainford's proof, are they satisfied that the past and present state of the mining industry is all it should be?—In the main the past history of the mining industry certainly has provided all the coal that the nation required. There have been disabilities, no doubt, in connection with the acquiring leases and so forth, which usually, in my experience, come back and hit the lessors themselves if they are unreasonable. There have been cases no doubt, where lessors have been obstructive, and the scheme that is suggested gets over that type of difficulty.

21,726. Do you think the mine owners of Great Britain and the shareholders in the mines in Great Britain were producing coal for the use of the nation and the nation's good, or was their object the production of coal for profit?—The object of private enterprise no doubt is consistent with the laws for the time being to make the best economical use of the mines as of everything else, and make as much money out of them as possible.

21,727. As a matter of fact, there never was a mine sunk in this country from the beginning of mining to the present time that anybody professed was sunk in the interests of the nation. Did you ever hear a mine owner confess he sunk a pit because of the nation's need of coal?—I think every pit is sunk because of the nation's need of coal.

21,728. Is it not a speculation with the hope of return on the invested capital? Is it because the mine owner thinks the nation needs coal or that there will be an extension of the demand for coal that he goes on sinking pits?—It is the extension of the demand for coal that causes and makes it practicable to sink new pits.

21,729. Is it the extension of the hope for extension in the demand for coal that leads them to sink pits in the belief that that demand for coal will give them a high return on their capital?—Obviously. Money is sunk in a pit with the intention of making a profit.

21,730. If the nation could produce its own mineral wealth—if one dare call coal of this country your own—for its own use as well as private enterprise is doing it for the purpose of making money out of it, do not you think it would be wise of the nation to do it?—That is a big "if". I do not think it could do that.

21,731. I do not ask your opinion whether they could or not. If they could do it, would it be wrong to do that?—I think it would.

21,732. Then I need not trouble you about whether you think they could or not. It would be wrong?—Yes, I think so.

21,733. I am glad you gave that answer. That is the straightest answer we have had yet. If you think that the nation could produce its own coal from this country for its own use as well as private enterprise you think it would be wrong?—Yes, for the reason that private enterprise develops the best of the nation, and I believe under nationalisation the nation would deteriorate.

21,734. Your answer is this, that if the nation could do it as well as private enterprise had, or would do it, it would still be wrong for the nation to do it?—Yes, for the reason I gave.

21,735. For what reason?—The reason that under nationalisation I think the nation would deteriorate.

21,736. The nation would deteriorate?—Yes.

21,737. The physique of the people of the nation?—No, the enterprise and the progress of the nation would deteriorate under a system of nationalisation.

21,738. I am glad you say the nation could not do it. Supposing it could do it as well as private enterprise, would you settle a minimum wage under your proposed scheme for mine workers all over the country?—I would apply the principle of the Minimum Wage Act and apply it over the whole country, yes.

21,739. What Minimum Wage Act?—The Minimum Wage Act settled an immense variety of rates of wages all over the country, suited to the different customs in each district.

23 May, 1919.]

MR. WALLACE THORNEYCROFT.

[Continued.]

21,740. Do not you know that what the Minimum Wage Act settled, or the Chairman set up in the various districts under the Minimum Wage Act—they only settled the rate of wages in different grades which the employers were bound to pay and if the workmen could not earn wages at the ordinary piece price; that was all?—No; the Minimum Wage Act settled the wage of every shift man and everything else.

21,741. It laid down a certain amount of wage which must be paid to certain grades of workers; and, in the case of piece workers, which must be paid to piece workers if they could not earn wages at their ton rate price?—I have the Minimum Wage Act and the Scottish Award in my hand.

21,742. Read out the Scotch Award?—It fixed coal miners at 5s. 10d., fillers, drawers, working controllers, machine conveyors, and so on, at not less than 5s. 10d.

21,743. At 5s. 10d. a day?—Yes, in 1911.

21,744. Is that what you propose under your proposal to set up as a minimum wage?—No.

21,745. What is your minimum wage which you would aim at?—That I suggest must be fixed by some independent authority, independent of both your organisation and ours. For the sake of argument, I take this minimum rates of wages as fixed all over the country in 1912; add 100 per cent. to them, if you like, if economic conditions will stand that rate, make that the minimum wage, but let it be done in conformity with every other industry in the country at the same time. I understand the principle of the minimum wage has been agreed to by Mr. Lloyd George and other politicians on the advice of the Industrial Council. I do not object to the principle, but I do think in the interests of not only the employers, but the workmen, it is absolutely necessary that the relations between the different classes of work in the different industries should be maintained as to the rates of wages, more or less. Therefore, we suggest that some quite independent authority who fixes the minimum wage for all industries should fix the minimum wage for the coal industry also.

21,746. How would you secure an independent authority?—That is what the Industrial Conference is working at. I do not know how they propose to do it, and I do not propose to venture on making suggestions, as it is *sub judice* with that body.

21,747. I am not dealing with the Industrial Council, but the mine owners of Great Britain. Neither the mine owners nor the miners are parties to the Industrial Council or are going to be parties to the Industrial Council. I want to know how you propose to fix it?—There will be some independent authority set up by Parliament in some shape or form independent of you and me.

21,748. How would you choose them independently?—I do not think that is such a difficult thing as was suggested. Last night I heard Mr. Hodges speak about that. I do not think it is right to say there are no men of independent judgment that could look at a broad question in the interests of both employer and workman too.

21,749. If you do set up machinery of that kind would you be prepared to choose from a panel, one half of which was selected by the workmen, the other half by the employers and select from the panel the person to decide any difficulty that might arise?—In this particular question I would like to see certainly one half of the body settling this question working men not only in the mining industry but any other industry, and one half should be employers, or something of that sort.

21,750. You fail to grasp the question I put to you?—I have not finished yet. We are searching for some solution; honestly trying to propose something that will settle some of the miners' difficulties that we have to face. On the question of the minimum wage the main factor to be considered is the economic conditions of the country at the time; what is the maximum wage that industry can afford to pay, not only our industry, but every industry. It is our desire not to run that wago down to the bottom; our interest, indeed, is the other way. As a coalowner, my interests are not to pay a low

minimum wage at all; my interest *qua* coalowner is to have a high minimum wage.

21,751. I will put the question again. Supposing that you had a Joint Board of Workmen and Employers, taking it for granted your scheme is in force and that the wages question is to be settled, and you have a Joint Board, half working representatives and half employers, and you fail to settle, you say there ought to be an independent person employed?—No; pardon me, you have picked it up wrongly. It is an independent authority dealing with broad facts. It must have under review all the statistics and economic conditions of the country; one particular feature of this scheme is that there will be the cost and profits as well as the selling prices in the hands of the Mines Department that we suggest should be created, and from that information, as well as similar information from other industries, it will be very much simpler in the future to gauge the level at which wages could be fixed without economic disaster to the country. Your point is, if there was to be a panel and one man to be the final arbiter, would I accept a working man as that arbiter?

21,752. I never said so?—I thought that was your point.

21,753. I said in the event of that point, the wages having to be settled by an independent person, would you accept one drawn from a panel on which the workman selected one half of the panel, the employers selected the other half. Would you be prepared to have one drawn from that panel?—To settle a question like the broad minimum wage?

21,754. Yes.—For the whole country?

21,755. Not for the whole country, for the miners of the whole country?—That is where we are at cross purposes. Our scheme is the minimum wage should be fixed not by the mine owners and the mine workers.

21,755a. We need not trouble about that. We are not there, and we are not going there. With regard to the miners and the mine owners, if there was any scheme mutually agreed between them, would you be prepared to have drawn from a panel, half of which was put forward by each side, a man to settle any differences on the wage question?—That is the point I put to you.

Chairman: Drawn by lots?

21,756. Mr. Robert Smillie: Or drawn time about?—No, I do not know I would, unless both parties had some right in the selection of the panel.

21,757. Each party would have their full right in selecting their own share of the panel?

Chairman: Each selecting half of the panel.

Mr. Robert Smillie: Would you be prepared to say that one drawn by lot from the panel should be entitled to settle?

Mr. Arthur Balfour: Selecting a member really from the panel?

21,758. Mr. Robert Smillie: Yes, by lot.—A great deal depends upon the class of question. That is compulsory arbitration. Neither will agree to compulsory arbitration.

21,759. It is not compulsory arbitration if you agree to a thing. It is compulsory settlement of a difference, providing you first agree. We have compulsory arbitration in Scotland for the mining wages under our Conciliation Board, but we agree in the event of a difference to call in a third party?—When you come to the appointment of a man to be an independent chairman of a Conciliation Board I would not object to working men being on the panel, but I think to get satisfactory decisions both parties must agree to the independent chairman they select for that particular question. I would not object to have the opportunity to take a working man's representative for such a job, but to say distinctly that I would accept any man that any Trade Union put up on to this panel is more than I can do. I want to know who those men are first, just as you want to know who the employers' side are.

21,760. We do not care a rap who the employers' side are?—In the past that has not been our experience.

21,761. We have put forward Mr. George Barnes, who the Government thought good enough to be a member of the War Cabinet. Your people refused him?—When?

23 May, 1919.]

MR. WALLACE THORNEYCROFT.

[Continued.]

21,762. We proposed him as a mutual Chairman. They would not have him?—What date?

21,763. Five or six years ago. Good Lord, he has not become more respectable since then?—He has become more experienced.

21,764. It is knowledge?—Both sides want to have confidence in the Arbitrator before there can be success.

21,765. His name was put before your people and they would not have him?—I am pretty sure from what we know now, Mr. Barnes being more prominently in front of us, I would say yes.

21,766. We would not put him forward now?—That is just the difficulty. You must know the man. It is the man that matters, not what he is.

21,767. The importance is what is your proposal. You may leave the Industrial Council out of your mind. I take it your scheme is to settle the wages of the miners? If your scheme is to settle the wages of the miners would you settle a minimum wage nationally, and apply the same minimum to all of the miners in the different parts of the country?—I do not think that is possible, because the customs and habits of each of the different districts are so different. I do not think it is possible to settle a question of this sort except in districts.

21,768. How would you have your districts?—I would like to stick to the districts laid down by the Minimum Wage Act, and take as the basis the wages that were fixed in 1912, add whatever percentage you like to them, possibly all over the country—the same percentage might be applicable all over the country. That I cannot commit myself to. Different districts may have different views. I do think it is necessary to take cognisance of the extraordinarily diverse customs all over the country and not attempt to fix any uniform figure for the whole country.

21,769. You said just now you might take the 1912 basis and add whatever percentage you like. You did not mean to leave it to us to add what we liked?—I also said, so far as your organisation and our organisation was concerned, in my opinion our interests are pretty much the same. The higher the minimum wage the better pleased we should be, so long as we can sell the coal.

21,770. That is going to kill your scheme being accepted. You mean to form a syndicate against the public?—No, exactly the contrary.

21,771. You want to divide profits you can only secure by raising, by combination, the price of coal against the public?—No.

21,772. We are not going into a partnership of that kind to fleece the general public?—You do not understand; probably it is our fault. It is difficult on one sheet of paper to express precisely what you mean, and much more difficult to explain such a scheme but on the broadest possible principle. If there was any possible agreement to the principle suggested I do not think there would be a great difficulty in dealing with the details.

21,773. We found your people could not agree with the principle of nationalisation. All we required was to put forward our principle. They said: "We want to know your details," and we put them in their hands. Now we expect your details, and we have not got them?—The details of our scheme I frankly admit do not differ very materially, so far as wages go, with the method of regulating wages in the past except in the fundamental portion that as well as prices costs are to come in. You know quite well as far as Scotland is concerned—I only speak in detail of Scotland, because I am absolutely familiar with it and so are you—we had a sliding scale going back to 1902; they were 4d. compartments except perhaps once 4½d. in all the Conciliation Board decisions. From about 1905 to 1912, or thereabouts, it was always recognised, and not much disputed by either side, that 6½ per cent. on the wages cost 2½d. a ton, and for every 4d. of a rise or fall the wages changed 6½ per cent. up or down, so that it was quite well understood between us that above the minimum where the prices were rising or falling above 7s. 5d. level out of every

4d. the mine owner got 1½d. That was a quite well understood principle, I think you will agree.

21,774. We never agreed it was a fair principle?—Pardon me. I think you did agree it was a fair principle. In 1909 our agreement was that the relation between wages and prices in the past had been equitable.

21,775. No?—That is part and parcel of the clause of 1909.

21,776. I know it is. Every time an agreement was forced on us we accepted it in order to avoid strikes. We need not go into that at the present time. It is perfectly true 4d. increase in the actual realised value of the coal we got 6½ per cent., which we believed meant 2½d. P.—You use the word "believed." Part of our scheme is instead of letting you have the opportunity of saying you believe you will be able to say you know. Nine-tenths of the difficulties that have cropped up in my knowledge have been because you have used the word "believe." In some cases you have not believed. I want to put it beyond all doubt that you do know in the future—both sides know—what the collective cost is as well as the collective average selling prices. To my mind that is a much more important part of the scheme than any detailed arrangement of how the wages are to be regulated. We propose—to make myself a little clearer, perhaps—in order to arrive at this system to table the actual collective cost of production every three months and the collective selling price, so that both sides would have them before them or any arbiter they ultimately decided upon, instead of being in the dark, and in point of fact, generally speaking, both sides were in the dark about collective costs. Instead of having only one figure before them they would have both figures: the average selling price and the average cost of production. That is really, to my mind, one of the main things in the scheme we are suggesting; that will do more to prevent misunderstandings; that will do more to make a settlement of the wage question easier than anything else. The mere words of the scheme are secondary to the putting you in the position, and everybody in the position who is dealing with the wages question of knowing the real facts of the position.

21,777. I want to put it to you the reason why people work is not so much the love of work as to get wages to keep them; consequently in any wages scheme that could be jointly accepted you would require to fix a minimum wage which would be sufficient to keep an average man and his family?—I agree to that proposition.

21,778. I put it to you if you have 9 or 10 different districts, with a different minimum wage settled in each district, because of the nature and best practice of the district you might have, say, 10s. a day settled in one district and 7s. a day settled in another district for a miner's wages each of whom is doing exactly the same work for the same number of hours. Could you justify that?—That is not what would be the effect of the suggestion I am trying to make clear to you. Assuming you took the rates that were fixed in 1912 all over the country, and, for the sake of argument, add 100 per cent. to them and call that the minimum wage for the next year or two, that keeps the relation between the district more or less the same; the different wages that are paid to the different classes of men in the district would remain in the same relation to one another, and you would have the minimum upset.

21,779. Are you aware the minimum wage fixed by the Chairman—you say you take them all standard now and you might add 100 per cent., or whatever percentage it is—are you aware they range from 3s. 3d. per day up to 7s. 3d. per day and that in some districts the minimum wage fixed by the Chairman was 7s. 3d. and others 5s. 6d.? Ours is 5s. 10d. in Scotland. Some districts are as low as 3s. 4d. and 3s. 6d. Do you think it is just and equitable to continue a system in which one man in one part of a district is making 3s. 6d. a day or 100 per cent. on that, 7s. a day against another man's 15s.?—I want to bring you to this position for a moment. I saw you speaking to Mr. Herbert Smith beside you. I think his rate is 7s. 6d.

23 May, 1919.]

MR. WALLACE THORNEYCROFT.

[Continued.]

21,780. *Mr. Herbert Smith*: 7s. 3d.?—Against what you call 5s. 10d. My answer to that is they do not apply to the same type of man.

21,781. *Mr. Herbert Smith*: But they do?—No, I do not think they do.

21,782. They are colliers and machine fillers?—We had all these things very well thrashed out at the minimum wage time. In Scotland the system is quite different to the system in Yorkshire. There are comparatively few men on the 7s. 6d. basis in Yorkshire, whereas there is a very large proportion of the men on the 5s. 10d. basis in Scotland, and of the men who are on the 5s. 10d. basis there is just about the same proportion in fact who earn wages conformable to the same type in Mr. Smith's district. There were plenty of men who earn wages on the 5s. 10d. basis. It is according to the custom of the country.

21,783. *Mr. Robert Smillie*: Might I put it to you that under the Scottish chairman's finding no man, no matter how skilled he might be, can earn more than 5s. 10d. If the chairman's award is carried out, 5s. 10d. is the highest amount he comes up to. In Mr. Smith's district 7s. 3d. is what a skilled coal getter can get. Mr. Smith and I do not agree with you. They are the same kind of men; they are coal getters at the face, machine fillers at the coal face—all those come under the 7s. 3d. Take the case of Yorkshire and Somerset or Yorkshire and the Forest of Dean, or take South Wales and the Forest of Dean, within a stone's throw of one another—there is a difference there of 3s. 6d. a day between the minimum wage fixed for the Forest of Dean and the Somerset miners and the South Wales miners. I ask you if that is just and equitable, if it is true that the wages are paid to the men in order to enable them to live?—My contention will prove to be absolutely right when you refer to the average wage per person employed below ground. You will find that the average wage per person employed below ground does not differ in the districts to anything like the proportion that you are putting forward now. The average wage to the person employed below ground is the better reference.

21,784. You do not propose to ask any Chairman to fix the average wages per person employed below ground?—No. But I prove that what I am saying to you is right in fact by referring to the average wage per person employed below ground. I know if you take Mr. Dickinson's figures at the present moment for those collieries that he put in, the average wage per person employed below ground does not differ in anything like the proportion that you would be led to believe if the wages were in the proportion of 7s. 6d. and 5s. 10d.

21,785. That is perfectly true, because in Scotland the boys enter the mine at a higher wage than in other districts; but what has that to do with fixing the miners' wages?—It has a great deal to do with it.

21,786. On your scheme would you fix the miners' wages, the hewers' wages, and the men who work at the face at 7s. 6d. in one part of the country and 14s. in another?—I put it to you that, as a practical manager going from one district to another, you cannot compare any particular name of any particular person.

21,787. Will you say Yes or No to that question: are you prepared to fix it at 7s. 6d. in one mining district and 15s. in another? Is that what you mean by fixing the minimum wage in a district?—What I mean by fixing the minimum wage in a district is, taking a date where it is fixed in 1912, the proper thing to do is to put a uniform percentage on to that.

21,788. You will not answer straight to my question. You fix 3s. 3d.?—Where is that?

21,789. Take Somerset, or take Scotland, 5s. 10d. What you mean is to take the rate fixed by the Chairman in that district?—I have Somerset now. He calls it a brancher. I do not know what a brancher is.

Chairman: Sir Richard will tell us.

21,790. *Sir Richard Redmayne*: A brancher is a man who takes a branch.

Witness: He is the 3s. 5d.

21,791. *Mr. Robert Smillie*: Have you the list for Somerset of the highest wage men?—3s. 5d. plus a percentage at that date. There is 25 per cent. on to that. That would be another shilling roughly. One has to read the whole book to be sure what one is talking about.

21,792. 25 per cent. on 3s. 5d. would not be a shilling?—It is something approaching it; it is 11d. That just shows how difficult it would be.

21,793. That makes it 4s. 3d. Are you prepared to fix the wage at 4s. 3d. and then say that you would add 100 per cent.? That would be 8s. 4d. in Somerset, while in Yorkshire, if you fix it at 7s. 3d. plus 7s. 3d., it would be 14s. 6d. Is there any justification for fixing 8s. 4d. in one district and 14s. 6d. in another?—There may be some very good reason. I do not know the customs in that district. I should say there is probably some compensating advantage in some way that I do not understand.

21,794. The principle is that you would be prepared in fixing the minimum wage to fix the wage that was agreed to by the various Chairmen in the different districts, and you would add 100 per cent., or whatever else was necessary, to meet the increased cost of living. If it was 100 per cent. added I say that that would mean 14s. 6d. in Yorkshire for a miner at the face or a machine man at the face, but it would only be 8s. 4d. in Bristol. That is the position. It would be 11s. 8d. in Scotland as against 14s. 6d. in Yorkshire and 15s. in South Wales and 8s. 4d. in Somerset?—And the average itself would come out per person employed much about the same.

21,795. That does not matter.—That is where I disagree with you entirely; it does matter a great deal.

21,796. Your position is that you would take the wage fixed by a neutral Chairman at a certain period, and you would add whatever you thought was necessary to bring it up to the present position?—Not by a neutral Chairman, but by some pretty strong body which could fix the minimum according to the other trades. Keep that in your mind.

21,797. We have it that the wages in the coal trade are not to be fixed by the Board?—I am not reading into this any more than No. 1 in Lord Gainford's proof: "A minimum or standard rate of wages to be paid to each class of workman in that district, and which for the protection of the consumer should be fixed by machinery to be set up in conformity with the proposals of the National Industrial Council."

21,798. That was not proposing to take it out of the hands of the British mine workers, was it, and the British mine owners?—It is proposed to fix the minimum by that body.

21,799. By what body?—By some independent body—Independent of you and independent of us.

21,800. We need not go any further, if that is the proposal. Then when you fix the minimum wage, what happens?—Then the rises above that should be fixed between you and us.

21,801. The rises are to be so much if there are profits made; so much would go to the workman and so much to the employer?—Yes.

21,802. Supposing a district was making losses all the time and other districts more favourably situated were making profits, the miners in the districts which were doing well might be getting 5, 10 or 20 per cent. in their dividend, but the other miners in the other districts would get nothing. Is that what you want the Minors' Federation to take up?—No, that would not be the position, and it would not have been in the past position. It is astounding how the districts react on one another in a free market. The profits in one district have not materially differed from the profits in another.

21,803. But that is what you propose, that each district should hang on its own trade, and the wages should go up and down according to the profits gained in the particular district?—I think in practice you would find that it would work very much as it has in the past.

21,804. You mean the wages of the miners to be regulated according to the profits earned in their particular districts?—That is our proposition.

23 May, 1919.]

MR. WALLACE THORNEYCROFT.

[Continued.]

21,805. Would you make any provision in the event of the poorer districts not making any profit, and not being able to give any increase, while the others were. Would you help the poorer districts?—I would wait until that difficulty arose. I do not think in a free market it would arise.

Chairman: Now I think Sir Leo wishes to ask a question.

Sir L. Chiozza Money: No, not now, sir: my question has been sufficiently covered by the concluding questions.

21,806. Sir Adam Nimmo: Might we first take this minimum wage that you have been dealing with? Do you think that any good purpose is served in the present situation by going back precisely to what was done in fixing the minimum wage in 1912?—I do not. I think it is much better to stick to the work that was done in the interests of both sides.

21,807. I suppose that, at the present time, the minimum wage that would be fixed would be fixed in the light of existing circumstances?—Yes.

21,808. There would be a review of the existing conditions?—Yes.

21,809. And within that review the minimum wage of the mining industry would be fixed in some relation to the minimum wages fixed in other industries?—Yes.

21,810. You do not take the view, do you, that the minimum wage that would be fixed in the mining industry would be precisely the same minimum wage as would be fixed in the other industries?—No.

21,811. Would you have before you this, that the tribunal would take into account any special conditions that appertained in the mining industry?—Yes.

21,812. And would reflect these conditions in the minimum wage that was fixed in the mining industry?—That would be my hope.

21,813. Would they have regard to past wages that had been ruling in the mining industry?—Yes.

21,814. Would you say that side by side with that, they would have regard to the existing standard of living?—Yes.

21,815. The object being to maintain a fair standard of living?—Yes.

21,816. You seem to be in some difficulty with Mr. Smillie as to how this minimum wage would be fixed and what would be the machinery under which it would be fixed. Has it not been suggested that the machinery would be set up by Act of Parliament?—Yes.

21,817. And that the machinery within that Act of Parliament would fix the minimum wage for the mining industry and for all the other industries?—That is what we had in our minds.

21,818. Why do you take the view that the minimum wage in the mining industry must bear a definite relation to the minimum wage in other industries?—Because the minimum wage has a very important bearing on the price of coal in ordinary times, and if the minimum wage is fixed too high, it re-acts on the whole country as well as on our own industry.

21,819. You cannot, in short, put a miner's wage in a privileged position?—That is my opinion.

21,820. It must be more or less closely related to the wages in other industries?—I think so.

21,821. Is that due to the fact that these other industries are dependent on the mining industry?—Yes.

21,822. And if the wages in the mining industry are fixed too high, that position must re-act prejudicially on the other industries?—Yes. You draw an immense number of people into the industry if the output of coal could be absorbed. You get an upset of balance, which is bad for everybody.

21,823. Would it be your view that, in the long run, that would permanently injure the mining industry itself?—That is my opinion.

21,824. Would you go so far as to say that the real interests of the miners are bound up with, and their wage fixed out of correspondence with, the wages in other industries?—It is rather difficult to give advice to the opposite party, but that is really and truly my opinion.

21,825. In the past where wages have been dealt with in districts, it has frequently happened, has it not, that there may be a movement in respect of wages in one district without immediately bringing about a movement in another district?—Yes, without immediately doing it, though it is seldom very long before it does.

21,826. In the long run the wages in the different districts approximate to one another?—Yes.

21,827. Is it your view that the earnings per person employed in the different districts wonderfully approximate to each other?—Yes.

21,828. It was suggested to you that under the scheme which was proposed by the owners, what they had in view was really to form a controlling syndicate?—It was suggested, but nothing is more contrary to the fact.

21,829. Would the industry rest on the ordinary economic basis within the scheme?—Yes, the scheme is specially designed so as to make no alteration to the principle of free competition between individuals and districts.

21,830. I take it that you look upon it as essential from the point of view of the prosperity of the industries of the country that there should be free competition?—I do.

21,831. And that the commodity should be sold at the price which can be obtained in the market upon the basis of open competition?—Yes.

21,832. It has been suggested that this scheme of the owners is a special profit-sharing scheme. Does it in principle really go further than the principles that have been accepted in the past?—Except in bringing in the element of cost, as well as the element of selling price?—No. In fact the wages you and I are familiar with in Scotland have been regulated very closely indeed by profits in the past.

21,833. The sliding scales which have operated in the past have in reality been profit-sharing schemes?—Yes.

21,834. The difference in the past was this, was it not, that the price alone was taken as the measure of the financial ability of the industry?—Yes.

21,835. And that as the price moved up, the wages moved up in definite correspondence?—Yes.

21,836. Would you not say that in reality that was a profit-sharing scheme?—I think it was.

21,837. You agree, I think, that the difficulty that we have had in the past has been that the workmen have said that prices alone ought not to be taken as a determining factor?—Yes.

21,838. Have the owners realised that that was a difficulty that they should try to meet?—Yes.

21,839. Is this scheme which is put forward an effort to meet that difficulty?—It is.

21,840. It goes so far, does it not, as to be a serious attempt to give the men a real interest in the financial results of the industry?—Yes, and especially it gives them an interest to try to help us to reduce costs, because they would get the benefit of a reduction.

21,841. That is to say, if they increased the volume of production, or if they and the owners together reduce the cost of production, equally with the owners, are interested in the whole margin between the cost of production and the realised price?—Yes.

21,842. So that the two sides stand upon an identical basis as far as advantage or disadvantage is concerned?—Yes.

21,843. It is proposed, is it not, to give the men a minimum wage?—Yes.

21,844. We have been dealing with the adjustment of that minimum wage, but the point I wish to deal with now is that the men stand upon a definite minimum wage?—Yes.

21,845. Would it be your view that that minimum wage would be the subject, let me say, of constant change?—No.

21,846. What would be your view about that?—I would say until material reduction in the price of commodities generally takes place, the cost of living, the wages would have to be maintained, but how long we will be able to go on with the present high price of coal I do not know. So long as the minimum wage is in accordance with the general cost of living, in my opinion, the minimum should not be altered.

23 May, 1919.]

MR. WALLACE THORNEYCROFT.

[Continued.]

21,847. Would it not be likely to work out in this way, that the likelihood of change would be very little if the minimum wage were fixed in relation to the minimum wage of all other industries?—I think the chance of change would be reduced, that is, if the minimum wage always became a broad national question.

21,848. The chance of change in that minimum wage of a downward character would not be great?—It would be a tremendous speculation, because the minimum wage fixes the cost of production in all articles, and if it is fixed at a higher price than the world's market would swallow, it would have to come down.

21,849. On the one hand, we fix the minimum wage for the men so as to give them an assurance that their wages would give them a fair standard of living?—Yes.

21,850. On the other hand, it is proposed that the owners should have a minimum return on capital or profit earned for redemption of their capital?—Yes.

21,851. Do you regard it as only fair that if the men are assured of a minimum wage, the owners ought to be assured of a minimum profit?—I think it is to the interest of both parties, because if the owners do not get profits, the industry would die.

21,852. Do you think it is really, in the long run, in the interests of the men themselves to cut down the profit on the industry too much?—No, I do not.

21,853. If a fair interest is given to the industry, does that not mean that more money is thrown back into the industry?—Yes, and it accelerates development, which at the present moment is very necessary indeed.

21,854. The money is put into the industry again in capital expenditure securing development, and that broadens the basis of employment?—Yes.

21,855. And ultimately the workmen themselves are benefited by that?—Yes.

21,856. It was suggested in criticism of a previous witness that if a minimum wage was paid for a time when it was not justified by the profits which were earned, the men would object to what was called a drag upon their wages until they had made good to the employer the minimum profit that he was to get. Do you think there would be any such difficulty?—No.

21,857. In practice?—No, that has always been the case in the past.

21,858. It is not a new principle altogether?—Not at all.

21,859. We have known about the application of this principle certainly in Scotland?—Yes.

21,860. I do not know whether it has been applied in other districts of the country or not, but in Scotland I think you are familiar with an arrangement that was made some years ago under which this principle was put into operation; is that so?—Do you mean just before the war?

21,861. It was some time before the war?—It has always been in operation. In every sliding scale we have it, it has been in operation because the price above which a rise was to take place was always considerably above the average price of the depressed periods; therefore, we always had a very short time, but sufficient time, to make up shorts, so to speak, before the advance in wages took place.

21,862. In fact it was a principle that was acknowledged by the workmen's representatives as being quite fair?—I think it was quite well understood by both sides.

21,863. There might have been room for differences of opinion as to what the making up period should be?—Yes.

21,864. But there was no doubt that there should be a making up period?—Yes.

21,865. Under this scheme that is proposed by the owners there would be no difficulty whatever in ascertaining what should be the period of the drag upon the wage?—I do not see any difficulty in practice.

21,866. Would not the position be this under the scheme, that all the cards would be on the table?—Yes.

21,867. And that the position would be definitely disclosed to the workmen's representatives?—Yes.

21,868. And they would be able to determine the exact amount of money which had to be made up to the owners, and would fix the period of drag in relation to that amount of money?—Yes.

21,869. So that any difficulty that the workmen in accepting that principle in the past might have had would have been overcome in the arrangement with the owners?—Yes.

21,870. Some questions were put to you as to how you would get the tribunal that should fix the minimum wage for the mining industry and for the other industries. May I take it that all you want in this matter is to secure impartiality and independence of judgment?—Yes.

21,871. May I take it that you think it would be better to exclude, as far as possible, from the position of actually giving a decision parties who were directly interested in the matter?—Yes, as far as the minimum wage goes I think so.

21,872. These parties might give as much advice as possible on the particular questions?—Yes, they must be heard, of course.

21,873. But I take it that what would be a desideratum would be that the tribunal would be composed of impartial and independent men as far as we could get them?—Yes.

21,874. As you have indicated before, it is really the man that is the essential thing in dealing with an important question of this kind?—Yes.

21,875. And having regard to the magnitude of the questions involved we would want in this case the biggest man and the best informed man that the country could give?—Most undoubtedly.

Mr. Herbert Smith: What do you mean by "biggest"; do you mean biggest in build?

Sir Adam Nimmo: No, the biggest in idea, in conception and in grasp.

21,876. It was put to you in dealing with these questions of the minimum that what you had in view was so low a wage as was previously in operation, let us say in Scotland, of 5s. 10d. to the hewer; but I take it you are not making any suggestion of that sort in the present situation?—No.

21,877. May I take it that you wish for a minimum wage to be established?—Yes; I even went so far as to say the higher the minimum wage was fixed at the better we as coalowners would be pleased.

21,878. And you want it determined in the light of all the circumstances?—Yes.

21,879. Dealing with the owners' scheme I think this was also suggested, that the scheme protected the consumer against the miner, but did not protect the consumer against the coal-owner; is there any foundation in fact for that suggestion?—None whatever.

21,880. Is it not the case that the coal-owners and the miners are going to be absolutely in the same boat in the working out of the scheme as far as the consumer is concerned?—Yes. I should have liked to make it clear when I was speaking to Mr. Smillie that in the periods of depression, when the minimum is operating, any reduction in cost owing to the joint efforts of owners and miners would certainly go to the consumer.

21,881. How would you bring that about? Would that be brought about by the ordinary operations of supply and demand?—Yes.

21,882. That is to say, free competition in the market would secure that the consumer was getting the best terms?—Yes.

21,883. At any given time?—Yes, that is one of the fundamental arguments, of course. As you are aware, few districts have had collective costs as we have had; and in making these statements that the price falls in the worst month, in the worst part of the cycle, to the cost is not theory; it is fact.

21,884. Now it has been suggested that the scheme proposed by the owners did not give the workmen any improved status; do you hold that view?—No, I do not; it is quite the reverse.

21,885. Would you give us your views on that? Does it not propose to give the men a very real place in the industry?—That is the intention to strengthen their position, in the future. The mining department has never been referred to by anybody that I have heard; at any rate I must have missed the questions. But that is a very distinct part of our

23 May, 1919.]

MR. WALLACE THORNEYCROFT.

[Continued.]

scheme, and that Mining Department would be the recipient of all the information as to costs, selling prices and so on; and the Mining Department would have as part of its organisation a strong Advisory Council on which the best brains of the industry both on the employers' side and the workmen's side would be acting together with men, as we put it, who are eminent in branches of science connected with the industry—by that, I mean men, both employers and employed—for instance, in the steel trade, who are very much interested in the production and closely allied to us—and we think the mining department—that, of course, would include metalliferous mining, iron ore mining and all the rest of it, we think it would be a big step in the progress of the industries connected with mining that such a department should be created with such a strong Advisory Council, which would practically be the advisers on all the main policy conducting the industry.

21,886. So that, on that Mining Council you would have the leaders of the miners, and you would have the leaders of the owners?—Yes.

21,887. Who would also have, I take it, working along with them, men of eminence who were regarded as being likely to assist in the working of the Council?—Yes.

21,888. Coming closer to the individual colliery position, does not the scheme of the owners propose to very materially increase the status of the miners?—That is the intention.

21,889. Is it right to say that at the present time, or say in pre-war days, that he had not a very real say in the industry?—I think they had.

21,890. Take, for example, the question of wages; on the Conciliation Boards, have not the owners and the workmen sat down together on an equal footing with others to discuss questions of wages?—They have.

21,891. They have, in more cases than otherwise, adjusted wages difficulties with each other?—Yes.

21,892. They have frequently agreed on general advances and general reductions of wages?—Yes.

21,893. Would you say that there was anything more important to the industry that the men could be asked to deal with than a discussion of these wages questions?—No, I do not think so.

21,894. Has that machinery been going on in the industry for a long time?—Yes, in Scotland since 1902.

21,895. Now, coming to the other parts of the machinery, have the men not been co-operating with the owners on district committees for some time?—Yes, disputes committees and the like.

21,896. It has been the custom, has it not, to bring the men in connection with these disputes committees to endeavour to arrive at a decision of them?—Yes, in Scotland, certainly.

21,897. Would you say that the feeling that existed between the owners and the men on these committees was good?—Before the war, certainly.

21,898. And that the parties sat down with an earnest desire to be helpful to one another in the light of the difficulties presented?—Yes.

21,899. When it comes to the question of status, on the scheme suggested by the owners what is proposed is this, is it not, that pit committees should be established which would be advisory in their character? Would it be your view that there would be considerable freedom of discussion allowed on these pit committees?—I think so.

21,900. Would the men be permitted to bring up before them any question that they felt was of interest to them?—I think so.

21,901. Would the only limitation to discussion that would take place be this, that they would not be able to exercise any authoritative decision in the conduct of the mine?—No, they would not.

21,902. Is it your view that, short of that, the scheme is intended to give as large an amount of co-operation as is possible?—I think so.

21,903. To secure as large an amount of co-operation as is possible?—Yes.

21,904. You have had a good deal of experience of the working of pit committees, have you not?—I have.

21,905. Would you mind telling us how they worked

out, in your experience?—It is about 20 years since I had the first properly constituted pit committee. That was at the Pleau Colliery, and there it was very successful. One of the fundamental parts of the agreement by which we constituted the pit committees was that either party could call a meeting, but in calling a meeting they must state the subject for discussion at that meeting, and no other subject was discussed. There was no restriction as to what subjects should be brought up at the meeting beyond the fact that it must be stated in the notice calling the meeting by either party.

21,906. Do you think that is an advisable thing in connection with pit committees?—I do. I am very strong on that from practical experience.

21,907. That is to say, that before a meeting is held there should be advice given as to the subjects to be dealt with?—Yes.

21,908. Do you think that is advisable in the working of a committee?—Yes.

21,909. I understand that on both sides it would be given?—Yes, like the letter asking for a meeting states the subject to be discussed at that meeting in an ordinary businesslike way.

21,910. *Sir Arthur Duckham*: The owner has to say it as well?—Yes.

21,911. *Sir Adam Nimmo*: When an owner wished to raise a question at a pit committee he would give the same notice as would be required from the other side?—Yes; that has been the practice at my particular colliery for over 20 years, and I am glad to say that for 15 years after it started we did not have a single idle day.

21,912. So that you see no reason why these pit committees should not work satisfactorily on a co-operative basis?—No, I do not, so long as the spirit of co-operation and conciliation is present on both sides.

21,913. I suppose that is essential to the working of any committee?—That is most essential.

21,914. On the question of status I understand what you suggest is to give the men a place on these pit committees?—Yes.

21,915. And, I take it, to give them a useful place on these committees?—As I have just said, I think that committee that we had at Pleau was a most useful committee. All sorts of questions were discussed, and, as I have said, for 15 years we never had an idle day. All the questions that cropped up were settled.

21,916. Assuming there were questions unsettled at the pit committees, I take it all those questions would be referred to district committees?—Yes.

21,917. There again the men would be sitting down with the owners to discuss these questions really upon equal terms?—Yes.

21,918. And there would be the largest amount of freedom given for the full discussion of these questions?—Yes.

21,919. Does that not come to this, that what is proposed is to work the men into the industry as far as it is practicable, short of giving them any authoritative control or executive control over the management of the collieries?—Yes.

21,920. I suppose you take the view that joint control is impracticable?—I do.

21,921. Do you say that joint control is impracticable, whether it is joint control between the owners and the workmen or, on the assumption of nationalisation, between the Government and the workmen?—I do.

21,922. You do not think it matters at all as to who are the owners as to whether joint control is practicable or not?—The authority of the man in charge of the colliery must be maintained intact.

21,923. And you take that view, whether it is State ownership or private enterprise?—Yes.

Sir L. Chiozza Money: Would you kindly ask him whether that goes beyond the management of the mine?

21,924. *Sir Adam Nimmo*: Do you confine that control to the management of the mine, or would you have it in view that control at some other point might be conceded?—I should like to put it in this way, that the Advisory Council, and ultimately Parliament, should lay down the rules, laws and regula-

23 May, 1919.]

MR. WALLACE THORNEYCROFT.

[Continued.]

tions on which the mining industry has to be carried on; and, subject to those rules and regulations, those who are responsible for the efficiency, for the safety, and for the economy of the mine must have the executive power at the mine, and in all things connected with the mine. All these advisory and discussion committees are excellent things in order to ventilate possible disputes and grievances, or to make suggestions for the social welfare or for the underground welfare, or any other questions that may arise, and a manager would be a fool if he does not take cognisance of suggestions that are of value. I do not think any one of us have ever had suggestions that were of value that we have not acted on or have ever for long managed a mine without having had valuable suggestions from those employed by us. As I say, a man would be a fool not to take advantage of any suggestions made to him for the benefit of the concern, but the responsibility for saying whether A, B or C shall be done or whether A, B or C shall not be done must remain with those who are responsible for the mine and the carrying on of all its departments.

21,925. I think you do suggest in your *précis* that in certain circumstances it might be quite a feasible thing to ask a representative of the miners to go to the Board of Directors. Would you explain what you had in your mind when you said that?—Yes. I would personally in any big company that I had to do with welcome the miners collectively or individually (it would probably be collectively) buying a block of shares, and if they did that I know quite a number of miners or their agents whom I would willingly invite to sit beside me on the Board, and whom I should find to be very useful colleagues, provided that our interests were in common, and we were not pulling against one another at the Board room meetings.

21,926. That is to say, you suggest this condition, that the representative of the workmen on the Board would have to represent financial responsibility?—Yes.

21,927. It would be on that ground that you would regard it as feasible to elect a representative of your workmen on your Board?—You could not manage a pit by a sort of debating society to carry on the every-day work of a colliery. That would be impossible.

21,928. You would desire to encourage the workmen to invest their savings in colliery undertakings?—I should like that.

21,929. If they did that to any considerable extent you would be prepared to recognise that by giving them responsibility on directorates?—Yes.

21,930. I take it that if they were in that position they would have an entirely common aim with the Directors of the company?—They would very soon find that they had.

21,931. And having that aim in view, they would be concentrating on precisely the same objects?—Yes; and they would very soon find that the work of the Directors was not such a sinecure as has been suggested.

21,932. Dealing with the owners' scheme, there is another portion of it which deals with the conservation of the nation's resources and endeavours to provide a means of preventing loss or waste of coal in any direction?—Yes.

21,933. Would you agree that that machinery should go so far as to deal with the lay out of the mine before it was opened up at all?—It depends what you mean by "deal with the lay out" of a mine. If it means that when you are starting a new pair of pits or something of the sort you had to submit plans showing the area that you propose to work from those pits, yes. But to go into all the details of the mechanical arrangements, and all the rest of it, I think would be impracticable.

21,934. I agree. What I put was in view of where you had a new take and you were proposing to develop that, the proposals in respect of development might be submitted to the Mining Council?—Yes, the broad outline. I would have no objection.

21,935. Are you aware that that is contemplated within the proposals of the Land Acquisition Committee?—So I understand.

21,926. Take another case. Take the case where it was quite clear that in respect of certain mines there was glaring inefficiency, contrary to the national interest, are you aware that that Committee proposes to intervene through the Mining Council and possibly the Sanctioning Authority?—Yes. I read that part of the final report.

21,937. In fact, in paragraphs 24, 25 and 26 of the report these matters are dealt with. I understand the proposals of that Committee to go so far as to suggest this, that the Mining Council might even intervene to secure improved methods of working?—Yes, that is what is suggested.

21,938. Do you accept these proposals in principle?—Yes; there would have to be pretty strong cases, and the machinery working this out requires, to my mind, a good deal of thinking about, but that is just what we have provided for in the scheme, that the suggestions put forward here, if intelligently worked by the Mines Department, would be of great advantage to the country.

21,939. I suppose the underlying principle that would be involved would be this, that the case would have to be one where the conditions that were operating were contrary to the national interest?—Yes.

21,940. So long as that was proved, that the Mining Council and Sanctioning Authority should be entitled to intervene?—Yes.

21,941. You were asked by Mr. Smillie as to whether there were not certain teachers abroad who suggested that thrift ought not to be encouraged?—Yes.

21,942. Did we not have one or more economists who came here who seemed to indicate views of that kind?—I really did not pay a great deal of attention to all they said.

21,943. It seemed to me that the statements of Mr. Cole practically amounted to that?—Yes, he was pretty extreme.

21,944. Because he rather suggested that a man ought not to be entitled to have any return on money which he invested, and would that not amount to this, that there would be no encouragement to thrift at all. Do you agree? If an investor was not to get any money at all in return for what he invested, that would be no encouragement to thrift at all?—Yes, I think that would be so.

21,945. Do you know a number of miners who own their own houses?—Yes.

21,946. Does that not apply in all the districts of the country?—Yes, especially the older districts.

21,947. There are thrifty men among the miners anywhere?—Yes.

21,948. Do you see any difficulty in most of them doing what a large number have already done?—I see no reason except the individuality of the person.

21,949. I suppose you would agree that the wages that they are earning now are very high?—They are.

21,950. And that there is lots of room for saving?—I think so.

21,951. It might be a good thing if the saving took place at the present time and these savings were put into houses or other things for their benefit?—Yes.

21,952. We have heard a good deal of the low wages which have been earned by the miners?—Yes.

21,953. I wonder if you saw a statement that appeared in the newspapers recently as to miners making as much as £790 a year?—I am not in the least surprised.

21,954. Mr. Robert Smillie: Did you see the statement?—No, I did not, but I am not surprised to hear of it.

Chairman: Then if you did not see the statement, we cannot go any further with it.

21,955. Sir Adam Nimmo: I refer to the fact that it was published in the papers and was open to all of us here to see it?—I asked for a number of returns from some of the different places that I have to do with, and they are here for the household.

21,956. Sir L. Chiozza Money: That is not what you were asked, was it?—This is given in so many pounds a fortnight, such as £9, £13, and so on.

21,957. How many people is that for?—One person.

23 May, 1919.]

MR. WALLACE THORNEYCROFT.

[Continued.]

21,958. That would be about £2 a week on pre-war values?—Quite so. I have here a man with his sons making £45.

21,959. *Mr. Sidney Webb*: How many sons has he?—Three sons.

21,960. *Sir Adam Nimmo*: I do not want to make any more of this than is necessary. We have published statements showing the very high wages that have been earned. Statements have been made as to the amount that the workers take out of the industry. It is sometimes said that they do not receive any more than one-third of the total return from the industry. What do you say with regard to that?—Since I was here the last time, I have got from Professor Bowley, who, I believe, is an authority on that subject, a pamphlet of his that was published by the Clarendon Press in March of this year in which the direct contrary appears—namely, that two-thirds goes to the wage-earners and one-third to the others.

21,961. *Sir L. Chiozza Money*: Is Professor Bowley to be called here, because all these things are very questionable, and I reject them at once.

21,962. *Sir Adam Nimmo*: You do not agree with the view that is going to be expressed, that the amount that the workers receive out of the industry is only one-third?—No, I do not. These figures prove quite the contrary, and my own experience confirms them.

21,963. *Mr. Sidney Webb*: Professor Bowley says 42 per cent.?—No. I think we had better have Professor Bowley here. I would refer you to page 32 of his publication.

21,964. *Sir L. Chiozza Money*: Professor Bowley shows that the manual workers take one-third?—No, he does not. The wages, salaries, profits of the principle industries from the census of production for 1907; wages, 344 millions; salaries, 60 millions—that is 54 per cent. for wages and 61 per cent. for wages and salaries.

Sir L. Chiozza Money: That includes your own salary.

21,965. *Mr. Sidney Webb*: It has nothing to do with the national income?—I beg your pardon, I think it has.

21,966. *Sir Adam Nimmo*: We will leave that question. I want to get from you your views as to the relations between the owners and the men before the war. *Mr. Smillie* especially referred to that, and it is suggested to us that the industry was in such a condition, the relations were so strained between the parties, that some entire change of power was necessary to carry on. Do you agree with that view?—No.

21,967. Is it your view that the relations between the owners and the men before the war were good?—I do not think they were bad, at any rate. There was friction in a few places very often, but certainly at the collieries themselves there was no friction to speak of.

21,968. Do you say this, that the number of cases of dispute that are likely to arise are greater in the mining industry relatively than in any other industry?—No, I do not think so.

21,969. Would you not say that that is due to the constantly changing conditions?—99 out of 100 disputes as to rates are settled.

21,970. On the whole, the owners and the workmen before the war were getting on quite well, were they not?—I did not feel that there was any great difficulty.

21,971. Would you not say, if anyone came forward and suggested that the relations were bad, that they were exaggerating the position?—That is my opinion.

21,972. Would you suggest that they were exaggerating that for some particular object?—That is what I have suggested.

21,973. I want to ask you about the question of coal-cutters in mines, because I know you have had a great deal of experience of that: Do you suggest that the industry, as a whole, has been backward in the application of coal-cutters and other mechanical arrangements?—No.

21,974. What would you say of your own district?—As it happens I have a return here showing the

amount of coal cut by machines at collieries that I am more or less responsible for, and it ranges from 100 per cent. at one to nothing in others: the figures are 100 per cent., 90 per cent., 54 per cent., 84 per cent., 85 per cent., nothing, nothing, 36 per cent., and 61 per cent.

21,975. Do you mean that under the same management you have pits where you have no coal-cutters, and you have pits where you have 100 per cent. of the coal got by coal-cutters?—Yes.

21,976. What does that mean?—It means that the particular circumstances of each case have to be considered, and while some advantages can be got out of coal-cutters in some places, which we take every opportunity of getting, at other places they are no use at all.

21,977. You have to consider the application in each case?—Yes.

21,978. Is there not a widespread view that all the coal owners have to do is to fill their pits with machinery, and very satisfactory results would be obtained?—That is the impression that one would obtain from a good deal of the proceedings here.

21,979. What do you say of that impression?—I think it is rot! You have to consider each particular case.

21,980. You are not suggesting that there may not be room for advance?—Certainly not.

21,981. And for improvement?—Certainly; we are always learning.

21,982. The fact that, under your management, you have places where you have no coal-cutters, and you have other places where you get all the coal by means of the coal-cutters, seems to indicate that you have to discriminate on the individual position?—There is no doubt about it.

21,983. Do you say the same thing with regard to conveyors?—Yes.

21,984. Is there not outside influence with regard to it?—Yes.

21,985. Is there not a tendency to condemn the industry in those respects quite unjustly?—So it appears to me.

21,986. Would it not be your view that, taking Scotland, for instance, all the practical men there would endeavour to apply coal-cutters and conveyors to the greatest extent possible?—I think they do.

21,987. Have you had much experience of conveyors?—Yes, a great deal; there is no colliery that I have got where I have not tried them in one seam or another.

21,988. Has your experience with regard to them varied considerably?—Very much indeed.

21,989. In some cases have you been able to apply conveyors?—Yes, we have some conveyors going of course, but, as I said last time I was here, we have more on the scrap heap than in the pit.

21,990. That is to say, in the pit you cannot make the application of these things?—Yes, that is so.

21,991. But you go as far as your practical experience permits you to go?—Yes.

21,992. You refer, in your *précis*, to the statements that were made by Sir Richard Redmayne. I take it that your view is that there may have been some misunderstanding as to Sir Richard Redmayne's attitude?—Yes.

21,993. And that probably he did not intend to refer to the technical management of the British collieries.

Chairman: Need we ask this witness what the probabilities of Sir Richard Redmayne's intentions are?

21,994. *Sir Adam Nimmo*: I wanted to get that so that I might go on to the other question. Would you say that, in respect of the 9 points to which he refers, that he is on very contentious ground with regard to most of them?—Very.

21,995. That is to say, you would get as many experts to come forward on the one side to say that he was wrong, as possibly you would get on the other side to say that he was right?—I should say so.

21,996. And that practically in all these questions it is an open matter for consideration in the light of all the circumstances offered?—Yes.

21,997. I take it that your own view is contrary to the view expressed by him?—Yes.

23 May, 1919.]

MR. WALLACE THORNEYCROFT.

[Continued.]

21,998. Mr. Sidney Webb asked you some questions as to the qualifications of the Scottish general managers or agents. Do you not regard these men as highly skilled?—I think they are very good.

21,999. Must a man dig coal and put up props in order to say that he is qualified as a practical man?—I do not think so.

22,000. Would you not think that these men who are in control of the larger undertakings in Scotland and elsewhere are essentially practical men?—I think so.

22,001. Have they been dealing with practical problems all the time?—Yes.

22,002. Have they, by observation, experience and investigation, been up against practical questions all the time?—Yes.

22,003. Are they not nearly all men who have made considerable contributions to the mining side?—Some of them.

22,004. Some of the very men Mr. Smillie referred to, as, for example, Mr. Mowatt?—Yes.

22,005. Would you not say that a man like that was among the most eminent men in mining science in the country?—Yes.

22,006. You would not suggest that he was not a practical man?—No. I should say that Mr. Mowatt is essentially a practical man.

22,007. We know that most of the men who are controlling the larger undertakings are men of that type?—Yes.

Chairman: Most of the men who controlled these mines are of the type of Mr. Mowatt. Need we ask these questions?

22,008. *Sir Adam Nimmo:* I want to ask you one or two questions about distribution, because you put in a statement with regard to distribution. Have not the views which have been recently expressed with regard to distribution been largely coloured by what has happened during the war?—I think so.

22,009. Do you think we should base upon these conditions at all?—No, I think it is very dangerous to do so.

22,010. If you take the pre-war condition with regard to distribution, do you think there is much wrong?—No.

22,011. The figures you gave yesterday do not seem to indicate that there was much wrong?—I think not. I think the competition between the coal merchants in the towns was quite sufficiently keen to keep down the prices as a rule, and there was nothing to prevent anyone buying from co-operative societies. If the co-operative societies could do so much better, it puzzles me to know why everybody does not go to a co-operative society.

22,012. From your general knowledge, would you say that figure of 5s. 6d. out of 22s. represented an excessive charge made by the coal merchant for the services rendered by him?—No. I used to run a business of the sort myself from a depot in Glasgow, and I found competition was pretty keen.

22,013. I have had a similar experience in another city where I thought it better to give it up altogether, because it would not pay. I take it that this price has to cover all the contingencies of the coal merchant: short weight, bad quality, stones and impurities, which he may find in his coal?—Yes.

22,014. That is the total amount of money on which he has to pay his wages?—Yes.

22,015. Do you know that it is the case that the figures submitted by the co-operative societies were pre-war figures?—I have not seen any.

22,016. You did not hear those figures applicable to Scotland?—I have not seen them.

22,017. Your figures submitted appear to be applicable to the pre-war period?—Yes.

22,018. Do you think it is unfair to base anything on these figures?—I do, because I think a great mistake was made in fixing them.

22,019. I know that, in conjunction with your collieries, you are vitally interested in the export trade. Do you look upon it as essential to maintain the export trade at the full flood?—As far as Scotland is concerned, the maintenance of the export trade is vital to industrial life, in my opinion.

22,020. Would you say that in working the export trade it is very essential to have freedom of movement on the part of those who are working the trade?—Freedom of movement, as in price?

22,021. Yes, by the exporter who is working the trade in the different districts?—Yes.

22,022. Would you say also that there must be room for rapid decisions being made?—That is my experience.

22,023. Is it your view that we could not expect to secure these elements under any centralised system of dealing with the coal trade of the country?

—It is, for the reason that, whenever you have a fixed price, competition becomes much easier for your opponent, and it is very bad for your own trade.

22,024. *Chairman:* Who is the opponent in the case you are thinking of?—American or German coal, or any other coal you are up against abroad. We are not up against it at the moment, but in time I have no doubt we shall be up against German coal in the Baltic, and we are now up against American coal in the Mediterranean.

22,025. *Sir Adam Nimmo:* I suppose the exporter has to study the world's movements in the coal trade?—Undoubtedly.

22,026. He has to be ready at any moment to take action in the light of his experience and knowledge?—Yes.

22,027. Do you think, if the mines were nationalised, we should not be running a great risk of imperilling the great trade of the country?—I think we should.

22,028. *Sir Arthur Duckham:* You were speaking about a share in the directorship of the collieries being given to the men if they had financial responsibility. Does not your profit-sharing scheme entail financial responsibility to a certain extent?—No, they have no share in any losses; they are guaranteed their minimum wage.

22,029. You would not suggest giving them a directorship as profit-sharers?—No, that is not in the scheme.

22,030. Would you personally think that it was a proper thing to do? Can you see any objection to doing that?—I see a great objection so long as our objects are not common.

22,031. If the men are profit-sharers, your objects are common?—We should like to have a little experience of the working of the scheme before it went as far as that.

22,032. You would be a little frightened at having the miners on your board, even if you were profit-sharers?—It is rather difficult, as I am here in a representative capacity, to give an opinion on that.

22,033. I do not know whether the Chairman will release you from your representative capacity, and allow you to answer it?—It depends so much on the individuality of the person whom I invite to be with me on the board.

22,034. May I put it to you that no director is on a board without the approval of his colleagues?—That is so.

22,035. That is an essential thing in the working of a company?—Yes.

Chairman: We are very much indebted to you for the assistance that you have given to us.

(Adjourned for a short time.)

Sir Arthur Duckham: Sir, may I put a question to the witness with regard to Mr. Merz's evidence?

Chairman: Yes.

22,036. *Sir Arthur Duckham:* (To the Witness.) Just taking you back for one minute to Mr. Merz's evidence, may I read this expression, which appears

in his *précis* (Shorthand Notes, Second Stage—13th Day, page 785): "The more extended use of electricity accounts to a great extent for the fact that the consumption of boiler fuel at collieries in Durham is only 3 per cent. of the total output of coal as against 5·7 per cent. in Yorkshire, 8·3 per cent. in

23 May, 1919.]

MR. WALLACE THORNEYCROFT.

[Continued.]

Lancashire, 9.1 per cent. in Scotland, and 5.6 per cent. in South Wales. This seems clear evidence of the great economy which could be attained if a cheap supply of electricity from a public supply undertaking were everywhere available." I raised the question with Mr. Merz, and he qualified his statement by saying you could not base strong arguments on these figures. I would like to have your experience on that consumption of the collieries, because it is very interesting?—I saw that statement, and I at once fastened upon it as being a mistake, for the reason that the value of the coal consumed at the collieries is assumed to have the same value as the coal used by railways and works and for domestic purposes. That is not the fact. In fact, the coal used at the collieries is the worst coal produced, and very often is a material which is unsaleable in ordinary times.

22,037. That is the question of quality?—The calorific value of the fuel used at the collieries is the lowest. It is small rubbishy stuff, which is more or less unsaleable in ordinary times. Comparing Durham with the rest of the country, the facts are quite true that in Durham the boiler consumption is only about 3 per cent., but Durham happens to

be the county where a greater proportion of coal is coked than in any other district, and one knows the coking coals of the County of Durham are noted in quality. When they have coke ovens, there is a large amount of surplus heat available from the coking process which is used for the production of steam and power. This says that in Scotland 9 per cent. of the output is used for colliery consumption, but it is always a very low grade. In Scotland the electric power used per ton of output is 1 horse-power for 396 tons, whereas in Durham it is 1 horse-power for 452 tons.

22,038. That is to say, there is more electricity used in Scotland than in Durham per ton of output raised?—Yes, there is 25 per cent. more electricity used in Scotland than there is in the County of Durham.

22,039. The other point Mr. Merz could not answer, which I asked about, was the difference of the depth of the pits and the water. Are there greater depths in Scotland than Durham?—I could not answer that question, but I should say probably Durham and Scotland compared are the same.

22,040. In South Wales there would be presumably greater depths?—Yes.

(The Witness withdrew.)

Chairman: That concludes the evidence on behalf of the Mining Association, and we will now go to the

evidence on behalf of the Miners' Federation, and I will first of all call Mr. Slessor.

Mr. HENRY H. SLESSOR, Sworn and Examined.

22,041. Chairman: I believe you are a Barrister-at-Law, and you are Standing Counsel to the Miners' Federation of Great Britain?—Yes.

22,042. I think on the instructions of the Executive Council of the Miners' Federation you have prepared a Parliamentary Bill (see end of Witness's evidence) which embodies their scheme for the nationalisation of the mines and minerals of Great Britain?—Yes.

22,043. I think you do not speak at all as to any question of policy?—No.

22,044. So far as the law is concerned, your function is to put these suggestions in the form of a Bill on the instructions of the Miners' Federation, and you are prepared to answer any legal questions on the drafting?—Yes. As I understand it, this Bill embodies in a Parliamentary form the scheme which the Miners' Federation have adopted as to the nationalisation of mines and minerals.

Mr. Arthur Balfour: Do I understand that we shall have an opportunity of discussing the whole of the details?

22,045. Chairman: Yes. The witness is the Parliamentary draftsman.

Witness: That is so.

22,046. But you express no personal opinions?—No. I am prepared to explain the various clauses in the Bill so far as a legal opinion goes, but my opinion upon any other matter would not be of any assistance, I think.

22,047. We need not read the whole of the Bill, but in order that it may be followed I will go rapidly through it.

Clause 1 (1) establishes a Mining Council "consisting of a President and 20 members, 10 of whom shall be appointed by His Majesty and 10 by the Association known as the Miners' Federation of Great Britain." Then sub-section (3) says: "The members of the Mining Council, other than the President, shall be appointed for 5 years, but shall be eligible for reappointment," and so on.

Clause 2 (1) says: "The Minister of Mines and one of the Secretaries of the Mining Council (to be known as the Parliamentary Secretary and to be appointed by His Majesty) shall at the same time be capable of being elected to and of sitting in the Commons House of Parliament." Then section 2 (3) says: "There shall be paid out of money provided by Parliament to the Minister of Mines a salary at the rate of £2,000 a year, and to the Parliamentary Secretary a salary at the rate of £1,500 a year."

Sub-section (4) is: "The Minister of Mines and the Parliamentary Secretary shall be responsible to Parliament for the acts of the Mining Council."

Clause 3 is with regard to officers etc., and I need not go into that for the moment.

Clause 4 is as to the constitution of the Mining Council, and it says it shall be a corporation; they are to have a seal and various legal machinery is set up as, for example, that they may sue and be sued. Sub-section (4) is as to documents and so forth.

Then Clause 5 is important, because that is the section which transfers the mines and minerals to the Mining Council, and it says: "On and after the appointed day, save as in sub-section (3) of this section provided: (a) Every colliery and mine"—then it describes what a colliery is—" (b) All coal," and it describes what that is. " (c) All rights and easements"—and it describes them—" shall be transferred to, vested in and held by the Mining Council." That transfers to the Mining Council the collieries, the coal and other minerals and the wayleaves. Then sub-section (3) is: "Provided that the Mining Council may at any time before the appointed day give notice in writing to the owner of, or person interested in, any mine or minerals or rights, disclaiming, during the period of such disclaimer, all or part of the property."

Clause 6 provides for the purchase of mines: "6. The Mining Council shall purchase the mines of Great Britain in them vested by this Act (other than those which are the property of the Crown at the time of the passing of this Act or which have been disclaimed in whole or in part in accordance with Section 5 (3) of this Act) at the price and in the manner provided by this Act. Provided always that the value of any rights as defined by Section 5 (I) (c) of this Act shall not be taken into account in computing such price, for all of which no compensation shall be paid."

Turning back to Clause 5 (I) (c) you will see what has not got to be paid for. The things which have not got to be paid for are rights and easements, wayleaves, air-leaves or water-leaves, shafts, and so on, royalties, lordships or rights. Those things are not to be paid for. Royalties are to be taken without paying for them.

22,048. Mr. Arthur Balfour: It is "rights to use a shaft".

Chairman: Yes.

Clause 7 sets out the Commissioners for the purpose of assessing the price of the mines, who they

23 May, 1919.]

MR. HENRY H. SLESSER.

[Continued.]

are to be, and what they are to do, and how they are to act.

Clause 8 sets out the way in which the mines are to be valued.

Clause 9, which is important, sets out the ascertainment of the purchase price, and it sets out the maximum. It says, having regard to a particular consideration, they are to be bought, but "as regards coal mines in no case shall the maximum price exclusive of associated properties be taken to be more than the following"—that is to say—"when 100,000 tons or less have been raised per annum on the average during such five preceding years, a capital sum equal to one such year's output, at 12s. per ton. When more than 10,000 tons have been raised per annum on the average during such five preceding years, a capital sum equal to one such year's output at 10s. per ton."

The associated enterprises of the collieries are to be valued separately. Will you kindly tell me there—no doubt, it is in your very carefully drawn proof—supposing you had a composite concern as, for example, a colliery which consisted of coal producing and partly of steel works, are the steel works to be taken over?—You will see Clause 5 (1) (a) deals with coal and other mines. Then there is power in Clause 5 (3) to disclaim any mines that it is not considered expedient to take over, and so it really rests with the Mining Council in each particular case to decide just what they will take over and what part.

22,049. No doubt it was my fault that I did not make the point clear. Supposing you had a company which owned coal mines and they used the coal for making steel in the same area. I have in my mind a colliery company like the Ebbw Vale Company. They have a large number of colliers who dig the coal and a large number of other workers who assist in making the steel. How does your draft provide for a case like that? What is to be done with the steel works?—That is a case, I think, in which the Mining Council have discretion. If they decide to take over the steel works as well as the colliery, they can do so; they can take it over as an associated property under Clause 5 (1) (a) if they wish. It depends whether it is in their opinion an associated property. If they do take it, they have to compensate separately for it.

22,050. No doubt some other members of the Commission will ask you questions about it, and I do not conceive it my function to do so; but supposing a colliery company has a line of tramp steamers who convey their coal from Durham to London, are the tramp steamers to be taken over?—I think the same answer applies. Clause 5 (1) (a) says: "All associated properties (including vessels, lighters, railway rolling stock, and all works, including works for the manufacture of bye-products, in the opinion of the Mining Council belonging to any mine undertaking or connected with any colliery or mine)." I would not say, with respect, that they will be taken over, but they may be taken over unless under section 5 (3) the Mining Council wished to disclaim ownership of that particular thing.

22,051. Under this a number of steel works or steamships might be nationalised?—Yes; but if they were they would have to be compensated for separately from the rest of the undertakings.

22,052. Then we come to Clause 10 with regard to the issue of State Mines stock. I need not trouble you with that.

Clause 11 is as to the powers of the Mining Council and sub-section 1 says: "Subject to the provisions of this Act, it shall be lawful for the Mining Council to open and work mines and search for, dig, bore, win and deal with minerals and generally to carry on the industry of mining, distributing, vending, and exporting, together with all other industries carried on in connection therewith. Provided that it shall not be lawful for the Mining Council to lease or sell any mine or minerals or rights to any person, association, or corporation." I do not think we need trouble any more with Clause 11.

Then we come, in Clause 12, to the District Mining Councils and Pit Councils. Sub-section 1 says:

"The Mining Council shall, for the purpose of the carrying on and development of the mining industry, divide Great Britain into districts, and shall in each district constitute a District Mining Council of ten members, half of which shall be appointed by the Miners' Federation of Great Britain." Sub-section 2 is: "The Mining Council may delegate to any District Mining Council or Pit Council such of their powers under this Act as may conveniently be exercised locally, and the District Mining Council shall upon such delegation have and exercise within their district all the powers and duties of the Mining Council as may be delegated to them." Is the Pit Council to have the same powers as the Mining Council? You say the Mining Council may delegate to the District Council or the Pit Council, but you do not include the Pit Council in the next half of the sentence?—I had in my mind that under the next sub-section, the District Mining Council may in their turn delegate to the Pit Council. It may be convenient that the delegation, although technically through the District Council, should be under regulation from the Central Council.

22,053. Could the Pit Council, if the power were delegated to it, control the export trade?—Assuming such powers were delegated, which would be extremely improbable.

22,054. I suppose you would say it would be controlled by the word "conveniently"?—Yes, and "exercised locally." There is full power for the Mining Council to delegate whatever they please to the District Council or the Pit Council. No doubt it would depend upon the discretion of the Mining Council not to delegate unreasonably.

22,055. Then Clause 13 is with regard to the Fuel Consumers' Council and advisory conferences. Sub-section 1 gives power to appoint persons to represent the interests of consumers who are to be what is known as the Fuel Consumers' Council. Sub-section 2 says: "The Mining Council shall have power to convoke at such times as they think fit and under such regulations and conditions as they may prescribe advisory conferences of representatives of District Mining Councils, and the District Mining Councils shall have power in like manner to convoke advisory conferences of Pit Councils within their area." And sub-section 3 says: "The expenses of the Fuel Consumers' Council, National and District Mining Conferences shall, subject to the approval of the Treasury, be paid by the Mining Council." The Fuel Consumers' Council, I gather, is only advisory?—Yes, that is so.

Sir Arthur Duckham: Would you ask, Sir, if it can meet when it wants to or only when it is summoned?

Chairman: I am obliged to you, but perhaps you will ask that presently.

Sir Arthur Duckham: If you please.

22,056. *Chairman*: Then Clause 14 is as to the payment of the Mining Council, District Mining Committees and Pit Committees. It says: "There shall be paid to each of the members of the Mining Council, other than the President, such salary as the Treasury may determine, and to the members of the District Mining Councils, and to the Pit Councils, such salaries and emoluments as the Mining Council with the consent of the Treasury may determine."

Clause 15 provides for accounts.

Clause 16 provides for the transference of existing assets and liabilities.

Clause 17 is as to the payment out of moneys provided by Parliament. We are not responsible for policy, so I do not ask you anything about that.

Clause 18 deals with payment out of Consolidated Fund.

Clause 19 is a clause which gives the mining Council power to make regulations.

Clause 20 is as to statutory regulations.

Sir L. Chiozza Money: Would you mind calling attention to Clause 20, Sir?

22,057. *Chairman*: Yes, I will read it: "Every mine worked under this Act shall be managed and worked subject to the provisions of the Metalliferous Mines Regulations Acts, 1872 and 1875, the Coal Mines Regulation Act, 1908, the Coal Mines Act.

23 May, 1919.]

MR. HENRY H. SLESSER.

[Continued.]

1911, and any other Act regulating the hours, wages, or conditions of labour in mines. (2) There shall be transferred to and be vested in the Mining Council all the powers and duties of the Secretary of State and of any other Government Department imposed upon them by the Metalliferous Mines Regulations Acts, 1872 and 1875, the Coal Mines Regulation Act, 1903, the Coal Mines Act, 1911, or any other Act, regulating or affecting mines or the hours or conditions of labour therein."

Clause 21 is as to the duty of the Mining Council to supply coal, and Sub-section (1) says: "It shall be the duty of the Mining Council to ensure that there is a sufficient supply of fuel at reasonable prices throughout Great Britain, and for this purpose it shall be lawful for the Mining Council, or for any local authority or Government Department acting on their behalf, to establish stores and depots and to employ vehicles and to use all other necessary means for the selling of fuel and to sell fuel within the area of every local authority, and, further, for this purpose it shall be the duty of the railway companies or authorities of Great Britain to provide such facilities for the conveyance of fuel as the Mining Council may deem necessary to enable them to carry out the duties imposed upon them by this section at rates not greater than such railway companies or authorities are now entitled to charge for the conveyance of fuel."

Is there anything in Clause 10 with regard to power to make sidings, supposing it is necessary to make them?—Clause 11 gives power to acquire land. Sub-section (4) says: "The Mining Council may compulsorily purchase land."

22,058. Let us look at Clause 11 (4). That gives the Mining Council the right compulsorily to purchase land and invokes for their assistance the well-known Lands Clauses Acts of England and Wales.

Then Clause 22 is as to the title and the commencement of the Act.

Clause 23 says that the Act shall not apply to Ireland.

22,059. *Mr. Frank Hodges: (To the Witness.)* With regard to this disclaimer clause, which I think is the way it can be described, would that clause provide or permit the Mining Council to disclaim a mining property if it thought that it was an unsuitable property to purchase?—Yes. I take it whatever properties are vested in the Mining Council under Section 5 (1) (a) may be disclaimed under 5 (3) which says: "Provided that the Mining Council may at any time before the appointed day give notice in writing to the owner of, or person interested in, any mine or minerals or rights, disclaiming, during the period of such disclaimer, all or part of the property in such mine or minerals or rights to the extent specified in the notice." They have the power subsequently to take and to terminate their disclaimer, but whatever property is given to them in the earlier part of the section they can disclaim in the latter part if they think fit.

22,060. Your draft does not set up hard and fast regulations as to the conduct of either the Mining Council, the District Councils or the Pit Councils. Is it your view that all the regulations applicable to the working of the industry will be drafted principally by the Mining Council in accordance with what they regard from time to time to be the requirements of the industry?—Yes. As I understand the great necessity is to have an Act which gives considerable elasticity for very varying industries and difficulties and give power to frame regulations and delegate to the District or Pit Council whatever is expedient. Thus the appointment of managers over a particular district, so far as the Bill is concerned, may be decided to be done by the Mining Council or District Council or Pit Council, whichever is most expedient. There is nothing in the Bill to fetter or hamper the discretion of the people who understand the industry as to how they will conduct the pit or business generally.

22,061. *Mr. Robert Smillie:* With regard to Section 20, under that, as it stands now, and as long as the Mines Regulations Acts continue in force, the Pit Committee would not take any responsibility off

the shoulders of the manager under the Mines Regulations Acts?—No. I think, although there is power in Clause 19 to prepare regulations as to functions, it is clear those functions could not be greater than the powers which are already given, or less than those already given under the Mines Regulations Statutes, and if anything were done contrary to the existing laws it would be *ultra vires* as long as the existing law is in force.

22,062. And the power would still rest with the manager under the existing law?—Yes, just as it does to-day.

22,063. *Mr. Sidney Webb:* Your Bill is compatible with various interpretations. The Mining Council may make regulations from time to time. As it stands, under Clause 1 the Mining Council is to consist of 20 members and a President?—Yes.

22,064. And 11 of those would be chosen by the Government in effect?—Yes.

22,065. Consequently that is what would be called an official majority?—There would be a majority of one—namely, the Chairman. Ten would be appointed by the Government, and the Chairman himself is appointed by the Government. There would be 11 appointed by the Government and 10 by the Miners' Federation.

22,066. In clause 2 you make the Minister of Mines responsible to Parliament?—Yes.

22,067. That generally means, if he is responsible he must be able to decide?—Yes.

22,068. I take it, with an official majority, he would be able to carry out the decision of the Government?—I think his position is very like the Secretary of State and the Army Council. In the case of the Army Council you have a number of military members, just as here you have a number of mining members, and the executive powers and regulations of the Army Council are not vested in the Secretary of State but in the Army Council. So here the powers are not vested in the President as such, but in the Mining Council.

22,069. When you come to the District Council, the District Council would be only able to exercise such powers as the Mining Council conferred upon it?—Yes.

22,070. Therefore it would be compatible with the Bill that they should exercise executive powers or be fairly advisory. Would that not be so?—Yes. It is a matter of regulation by the Mining Council what powers are given to the bodies acting under them.

22,071. When you come to the pit council, it would be compatible with the Bill that they should be advisory, or, on the other hand, they might be entrusted with specific executive powers?—I think it goes further than that, because it speaks of exercising such powers as may be conveniently exercised locally, and the use of the word "exercise" means something more than advise.

22,072. At any rate, they will have no powers, except such as are entrusted to them by the Mining Council?—It says, "may delegate . . . such of their powers . . . as may conveniently be exercised locally," and that means something more than advise.

22,073. With regard to the Act of Parliament, the Mines Regulations Act, as Mr. Smillie points out, you maintain intact the authority given by those Acts to the manager?—Yes.

22,074. Similarly, you retain, as I understand it, all the criminal liability of the manager and other persons under the Mines Regulations Act?—Yes, the only difference there is that the authority or owner now becomes the Mining Council, who under the Bill may be sued, instead of the private owner. The manager takes personal responsibility as he does at present.

22,075. Similarly the individual miners are responsible for such things as they are criminally liable for?—Yes. The position of the check-weigher, for instance, is unaffected.

22,076. In the purchase clause there are provisions laid down limiting the compensation to be paid for the coal mines, but you have provided that associated properties are to be separately paid for?—Yes, that

23 May, 1919.]

MR. HENRY H. SLESSER.

[Continued.]

is so. Associated properties are the properties that the Chairman spoke to me about which the Mining Council consider to be subsidiarily connected with or forming part of the mine or mine undertaking, and that includes colliery houses, or such of them as they wish to take over, and they are separately paid for.

22,077. Similarly, you have provided in Clause 9 (2) for a separate valuation and assessments for compensation of the different mines and other properties?—Yes.

22,078. There is not any question of so many years' purchase for all of them?—No, that only applies in the case of the coal mine itself, and not other mines.

22,079. And it is only the maximum?—Yes.

22,080. You contemplate by this Bill that each enterprise would be separately valued?—Yes, and it is rather indicated, owing to the fact that the Commissioners have to look at the nature and condition of the mine and state of repairs, that they may get considerably less than the maximum.

22,081. Now coming to clause 21, which deals with the duty of the Council to distribute over the Kingdom, as I understand, by sub-section (2), it would be possible for that duty to be delegated by the Mining Council to any local authority?—Yes. The object of that section is to give the local authority power—it would be otherwise *ultra vires* the local authority—to undertake this work if the Mining Council delegate it to them.

22,082. I do not see any power of giving a corresponding right of delegation with regard to the export trade?—First of all, there is a general power with regard to export trade under clause 11 (2) (c), and then there is also a power to employ agents and to enter into and enforce contracts. I think those powers between them give power to export and give power to employ agents, because the question of *ultra vires* does not apply except in the case of local authorities. It is open to the Mining Council to employ any agent to export or do anything else for it.

22,083. It would be possible under that section for the Mining Council to employ all or any of the existing export firms to go on with their business as agents for the Mining Council?—Yes. Clause 11 (2) (e) says: Generally do anything that the owner of a mine might lawfully do in the working of the mine, or that is authorised by regulations under this Act or by this Act."

22,084. Therefore it would be possible not only to employ export firms as agents, but it would be possible for the Mining Council to sell coal to the export merchants, and let them carry on the export trade on their own account?—Yes, if they thought wise to do so.

22,085. *Sir L. Chiozza Money*: Returning once more to clause 20, there is no doubt whatever, is there, that it would be *ultra vires* for the Mining Council to make regulations which were inconsistent with the Coal Mines Act?—Yes, I think that is clear. A regulation which is inconsistent with the statute must be *ultra vires*.

22,086. Therefore everything that is contained in the Coal Mines Act stands: as, for example, if you take section 14 of the Act, where the manager is responsible for appointing a fireman. That remains absolutely intact?—Yes.

22,087. *Sir Arthur Duckham*: With regard to clause 14 it says: "There shall be paid to each of the members of the Mining Council, other than the President, such salary," etc., and then it goes on to the District Mining Councils and Pit Councils. In the early part of the Bill you say that the members of the Mining Council shall be whole-timers. Are the members of the District Councils and Pit Councils to be whole-timers?—That depends upon the regulations. Clause 19 deals with the functions, duties and powers of the District Mining Councils, and that, among other things, might very well lay down the amount of time which was necessary for the work.

22,088. The point is that you lay down the Mining Council and not the other Councils?—The whole scheme depends upon the efficiency of the Mining Council.

22,089. They are to sit every day?—Yes, they are. If they do not sit continuously, the whole thing breaks down. It will be necessary for them to see how far they delegate, and it is difficult to say what the other bodies shall do until you see what is delegated.

22,090. You mentioned the function of the Army Council and other Government bodies' functions. Is that surmise or what?—It is only my knowledge of constitutional law.

22,091. Would you be surprised to hear that a decision of the First Lord of the Admiralty carries against the whole of the Board?—Are you speaking of the law?

22,092. That is the constitution?—I think it is quite possible in the operation of this Act that the decision of the President, who is to get the money from Parliament to carry through the scheme, would probably weigh more heavily than any other member with the Mining Council.

22,093. It is not quite a question of weighing. The decision is put forward as the decision of the Board of Admiralty. I am not sure about the Army Council?—I was only concerned to point out in the matter of issuing regulations governing the Army, they issue them in the name of the whole Army Council and not in the name of the Secretary. I should think it is highly probable here the Minister who is to get the money from Parliament to work the scheme will have a decisive voice.

22,094. I only wanted to bring out that he had a decisive voice in other departments?—I think he will work in much the same way.

22,095. *Mr. Evan Williams*: I want to put one or two points by way of explanation. Is it intended by this that the minerals shall be paid for on acquisition?—With regard to the minerals themselves, there is no power for compensation for unworked minerals.

22,096. Then are the minerals which are being worked to go in with the colliery?—Do you mean those actually above the surface of the ground?

22,097. No. Take minerals on lease in a colliery being worked. Is it intended by this to pay compensation for those minerals to the owners of the minerals?—I think not.

22,098. *Chairman*: Mr. Slessor is quite right. It is got at in this way, if you will kindly look at Clause 1(c). They are to transfer all rights and easements and royalties. Royalties are transferred. Now if you look at Clause 6, it says: "Any rights as defined by section 5 (i) (c) of this Act shall not be taken into account in computing such price for all of which"—that is to say, for the royalty rights—"no compensation shall be paid."

Mr. R. W. Cooper: Literally it means a great deal more than that.

Chairman: Yes, but the question is with regard to royalties.

Mr. Evan Williams: My difficulty is that sub-section (3) deals with any mine or minerals. Section 5 (1) (c) deals with rights and easements and uses the words "royalties, lordships or rights in connection therewith." That is, in connection with easements.

Chairman: It says "or other royalties."

Mr. Evan Williams: Yes, but it is "other royalties . . . in connection therewith." I apply "in connection therewith" to royalties, lordships or rights.

Chairman: If that is right, royalties are mentioned.

22,099. *Mr. Evan Williams*: But in (b) coal or other minerals are mentioned specifically, but there is no provision for any payment to be made?—That is so.

22,100. And it is the intention that the coal and minerals shall be acquired by the State without compensation?—The ungoten minerals: those which have not been won.

22,101. Those which have been actually dug out of the ground?—Yes, there would be compensation paid for those on the surface.

22,102. Those which are on the trams or the trucks?—Yes, exactly.

23 May, 1919.]

MR. HENRY H. SLESSER.

[Continued.]

22,103. There is something I do not understand about this disclaimer. Is this construction correct, that the Mining Council may disclaim the purchase of a particular colliery?—Yes.

22,104. And give notice to that effect?—Yes.

22,105. During the currency of that notice the owner is precluded from dealing with it in any way or working it?—Not quite; he has to get the permission of the Mining Council.

22,106. Then at the expiration of that notice that colliery does vest in the Mining Council as if the disclaimer had not been given?—Yes.

22,107. Does that mean that particular colliery vests in the Mining Council without compensation?

No; there is a provision that when it vests compensation is made like other cases. It is only a suspension of the period.

22,108. A suspension of purchase?—Yes. If that is not clear it ought to be made clear. The intention is quite clear. If the draft is imperfect it may resemble other Bills in that respect. The intention is that where the disclaimer is given it is merely to effect a suspended vesting, but when the vesting is decided on that mine is compensated for in the same way as the others taken at an earlier date.

22,109. There is no limit to the length of the notice?—No.

22,110. You may give notice in 10 or 20 years?—Yes.

22,111. So that you may defer the purchase of a colliery for 10 or 20 years?—Yes.

22,112. The owner in that time can only work it if he gets consent from the Mining Council?—Yes.

22,113. And if it is taken over at the end of that notice is the value at the time of taking over that which you take into consideration?—The ascertainment of the value is when it is taken over.

22,114. In taking over a disclaimed colliery in this way—that is to say at the end of five years—is it the value at the end of five years, or the beginning of five years?—At the end of five years, if it is disclaimed. If it is disclaimed the whole thing operates later.

22,115. I think you made it clear that it is possible for the Pit Council to appoint or dismiss managers?—No. What I said was that it is not possible for the Pit Council to do anything which is inconsistent with existing Statutes.

22,116. But it is possible for the Mining Council to delegate the appointment of a manager to the District Council, and it is possible for the District Council to delegate that to the Pit Council?—Yes.

22,117. So that it is possible for a Pit Council to appoint and dismiss the manager of that particular pit?—In that sense it would be possible, provided whatever was done did not offend against existing Statutes.

22,118. There is nothing in the existing Statutes about the appointment of a manager, except the owner must appoint him?—In that sense it is possible, but I should think improbable.

22,119. Powers may be delegated by the Mining Council to the District Council, and by the District Council to the Pit Council?—In the same sense that the Army Council might delegate the power of a general to a private, but it is not likely to happen.

22,120. There is one other point I am not clear about under Clause 20 (2). Does that mean that the present safety control which is exercised by the Home Office over mines is to be transferred to the Mining Council?—Yes.

22,121. All the powers of the Home Office?—Yes.

22,122. The control of Inspectors?—Yes, everything.

22,123. So that the Mining Council, being the owners of the mines, also have powers of inspection?—Yes, except that you certainly would have to have an inspection department. You would have to have a different department. Exactly the same problem will arise with regard to the new Transport Bill which is before Parliament, where the Minister would ultimately be responsible for the inspection.

22,124. Every power the Government now has over mines is to be concentrated in this Department?—Yes.

22,125. And no other Department of the Government is to have any say on the safety or anything else with regard to the mines?—No; it is entirely a matter for the Mining Council, subject to Clause 19 (2), which provides: "The Mining Council, before making or altering any regulations or conditions of employment, including wages, as affect workmen engaged in the mining industry, shall consult with the association known as the Miners' Federation of Great Britain, and, in the event of such representatives and the Mining Council failing to agree, the matter in dispute may be referred to arbitration on such terms as may be mutually agreed." That to some extent deals with the question of the conditions of labour.

22,126. Does that mean that the question of wages will be subject to the Mining Council?—And the Miners' Federation, and by arbitration if there is a dispute.

22,127. This contemplates that as long as this Act continues in force the Miners' Federation, however large or small in proportion to the number of men it represents, is the body to remain in power?—It takes the position as it is to-day, the Miners' Federation being representative of the miners, and for that reason you will see the same argument to a certain extent applies to the Coal Owners' Association.

22,128. I will not argue; I only want to know what you mean. You appreciate that the Miners' Federation is the one and only body which is to be concerned?—Yes. It is always open later on to amend the Bill if necessary. I was going to say that the Coal Owners' Association is similarly recognised in the clause dealing with valuation, as the appropriate body to represent the coal owners.

22,129. With all respect, it scarcely represents the coal owners.

22,130. *Mr. R. W. Cooper:* With regard to clause 21, am I correct in interpreting that clause as in effect preventing the railway companies or the railway department if the railways become State railways from raising the existing rates on mineral traffic?—Yes, I think that is correct.

22,131. Would you look at clause 11 (3). Am I right in supposing that that clause enables the Mining Council to carry on business as shipowners?—It gives them the power like you often have in the case of the Memorandum of Association of a limited company, to use a number of expedients for carrying out their duties. I take it that nothing there gives them power to use the powers or expedients for any purpose greater than the duties which are cast upon them under the Act. That is, they would be allowed to use ships for certain purposes, such as handling coal, but not as shipowners in the sense of running a competing passenger service to New York.

22,132. I follow. But they can use their ships for the purpose of taking coals out and bringing other commodities home?—There are certain powers given them in the earlier sub-section. If you look at clause 11 (1) you will see it says: "It shall be lawful for the Mining Council to open and work mines and search for" coals and other mineral. Then the powers are defined, and in addition to that under (a) they may work railways, tramways, and so forth.

22,133. And ships?—Yes, for the purpose of supplying and delivering coal or other products.

22,134. I agree. Am I right in saying that they may own ships and work ships for carrying coal to various ports and use those ships for cargo back to England from those foreign ports?—That depends upon the words, "or other products," and whether they are to be used *ejusdem generis* with "coal."

22,135. But you would not expect the ships to come back in ballast?—My idea is that this whole reference to working ships is only really substantially working lighters and local ships.

22,136. Not shipping generally?—No, I do not think so. This is only a power, and I think a legitimate power, which is given to the conduct of that

23 May, 1919.]

MR. HENRY H. SLESSER.

[Continued.]

industry, but it is limited by the general duties to winning and distributing coal.

22,137. I will not argue the point. I am merely asking you as to the interpretation of the clause. It struck me as giving power to work ships and own ships, and to deliver coal to foreign ports, and, of course, *ex necessitate* to bring back cargoes from the foreign ports to the English ports?—I think these particular words are in a New Zealand Act dealing with State mines, and I think they are to be used in some limited sense.

22,138. Supposing they had power to run ships, and supposing they lost money in carrying on the ships, I gather the money would come out of funds provided by Parliament?—Yes, it would come out of the general funds.

22,139. Provided by clause 17 (1)?—Yes, that depends on whether there is not a total profit with the running of ships pooled in with the other matters, and that rather depends upon the result of the industry.

22,140. Now would you look at clause 11 (1). That clause appears to prohibit the Mining Council disposing of any mines that it might acquire in any way. Is that so?—Yes.

22,141. Now let me ask you a question on clause 5. I have not yet seen in the draft Bill any appointed day mentioned. You referred to the appointed day. What clause provides for fixing the appointed day?—Clause 22. It is "the first day of the second year after the coming into operation of the Act."

22,142. Do you intend by that clause to transfer to the Mining Council tin mines, lead mines and china clay mines?—This is the position if I may put it shortly. By clause 5 (1) all the minerals are transferred other than those which are set out in the first schedule and in the first schedule I think you will find among other things building clay but not china clay.

22,143. There is not china clay or tin or lead?—That is so.

22,144. Nor tin, nor lead?—Therefore the answer is that those minerals not being mentioned in the schedule would be transferred subject to 5 (3) which gives power to disclaim and presumably I think you may have disclaimer for classes as well as individual mines and minerals. You may disclaim a whole group.

22,145. With regard to the expression associated properties, I gather from your answer to the Chairman you intended if as is the case some of the large steel making companies in this country should also happen to be owners and workers of collieries that subject to the disclaimer clause all their steel works as well as their collieries will vest in the Mining Council?—The phrase used is: "All associated properties in the opinion of the Mining Council belonging to mining undertakings or connected with any colliery."

22,146. What do you mean by those words? They are subject to the opinion of the Mining Council?—Yes.

22,147. You probably know the names of some of the large steel working concerns in this country. Have you heard of Bolckow, Vaughan & Co. in the county of Durham?—Yes.

22,148. They have, as you probably know, large blast furnaces and steel furnaces at Middlesbrough and a large group of collieries some miles away from Middlesbrough?—Yes.

22,149. They have also ironstone mines in Cleveland further away again to the south. Is it possible under that clause of yours, subject to the disclaimer clause, that, if the Mining Council thought fit, the whole of these properties of Bolckow, Vaughan & Co. would become vested in the Mining Council?—I do not think you could say those were works belonging to the mining undertaking. It might be the mining undertaking and steel works were both owned by the same company. I should think it would be stretching language to say they belonged to the mining undertaking.

22,150. How do you define the expression "mining undertaking" in the case I take?—It is a case for the Mining Council to decide in the first place.

22,151. Do you intend, in such case as I put now, which is not an isolated case, that the question should depend entirely upon the *ipse dixit* of the Mining Council?—I think somebody must decide whether the matter belongs to the mining undertaking or not.

22,152. If the Mining Council decided it, rightly or wrongly, that the Bolckow, Vaughan steel works belonged to their colliery undertaking, the steel works would pass to the Mining Council?—Not necessarily. I take it there are legal remedies to decide if the Mining Council acted properly or were within the meaning of the words.

22,153. That is a very ticklish horse to ride?—Somebody has to decide which works belong to the mining undertaking and which do not.

22,154. I will take your answer with regard to disclaimer apparently either your associated properties, such as steel works on the one hand or collieries on the other, should be disclaimed for any length of time at the option of the Mining Council?—Yes.

22,155. If that option is exercised, rightly or wrongly, that steel works are, they clearly could not be worked by the owner?—I do not think, with respect, that is so, because it cannot be worked without the permission of the owner.

22,156. I see that?—I attach importance to that protection.

22,157. It leaves the steel works and the mining owner to the judgment of the Mining Council?—On the assumption that the particular individual steel works belong to the mining undertaking.

22,158. That turns on the slender ground of the meaning of the words "mining undertaking"?—The difficulty would arise apart from nationalisation in any scheme dealing with these works as well as to mines.

22,159. I am discussing the language of your drafting?—I suggest whatever scheme you have you must invest some authority with the power of deciding at what point a property is said to be ancillary to an undertaking.

22,160. I shall be curious to hear what the steel works have to say upon the subject. Will you show me the clause which fixes the price of the associated properties?—You will find in clause 10 (1), "The purchase price, any mine and such of its associated properties as have been purchased."

22,161. That provides for payment I see. I want to find the clause which fixes how the value of the associated properties is to be ascertained?—That is 8 (1): "The Commissioners shall as soon as may be after the passing of this Act cause a valuation to be made of all mines other than those disclaimed, whether or not developed or working or abandoned or exhausted, in Great Britain, showing what on August 4th, 1914, and what at the date of the passing of this Act was respectively the total ascertained value of each mine and its associated properties." The question of the basis on which the associated properties are to be valued is not laid down in the Bill. There is a general instruction to value.

22,162. They cause a valuation to be made?—Yes. Then they are paid for under clause 10 (1).

22,163. With regard to the things that are not to be paid for, I gather, although, if I may respectfully say so, I do not quite gather it from the language of the draft, that what you really mean is the thing that has not to be paid for is simply—I adopt the phraseology of the Finance Act, 1909-10—the rental value of the mineral rights?—Yes.

22,165. And you intend everything, except the rental value interest, to be paid for?—If it is a part of the mine, subject to the provisions as to the maximum price.

22,166. I suppose under that a colliery undertaking which was working its own freehold property—you know what I mean?—Yes.

22,167. And therefore, strictly speaking, no rental value subject to the maximum proposed would receive the selling value of its interest?—Subject to the maximum.

23 May, 1913.]

MR. HENRY H. SLESSER.

[Continued.]

22,168. The maximum, I suppose, has been inserted by you simply upon the instructions of your clients?—That is so.

22,169. I do not propose to ask you any question as to the propriety or otherwise of the maximum. With regard to sub-clause 2 of clause 20, I gather you agree the effect of that clause is practically to wipe out the Home Office under the existing Coal Mines Regulation Acts and to substitute for the Home Office the Mining Council?—Yes, that is right.

22,170. The position then would be this, that the Mining Council will be the owners and workers of the collieries and would also be the persons responsible for seeing that they perform the regulations imposed by the Acts of Parliament?—Yes, there will be nothing to prevent any individual aggrieved persons prosecuting them.

22,171. You mean as members of the public?—Yes.

22,172. I suppose on the principle, subject to the terms of the Act, every member of the public can prosecute for an infringement of the law?—I was thinking of the coal miners acting through the Miners' Federation.

22,173. With regard to the Mining Council, I gather that is to be what I may call a body corporate?—Yes.

22,174. With perpetual succession and capacity to hold land and to sue and be sued?—Yes.

22,175. Supposing I was a contractor contracting with the Mining Council and I recovered judgment against them in an action, could I levy on any of the assets for the time being vested in the Mining Council under sub-clause 3 of Clause 4?—I think the same position has come up in connection with properties owned by the Postmaster-General as to the position of a Corporation, sole or otherwise, under the Crown—I speak subject to correction. I think when the petition of right has originally been granted or specific rights of suit for breach of contract provided they proceed under that and you have the rights of any other plaintiff in an action.

22,176. Do you expect that the proceedings under sub-clause 3 of clause 4 of any person contracting in the way of business with the Mining Council would have to be by way of the procedure known as Petition of Right?—I think the position is just the same as in the case of the Postmaster-General.

22,177. I see in sub-clause 4 of clause 3 there are two provisos that any person employed under the Act is to be at liberty to participate in any civil or political action, and a further proviso: "That no such person shall suffer dismissal or any deprivation of any kind as a consequence of any political or industrial action, not directly forbidden by the terms of his employment, or as a consequence of participation in a strike or trade dispute." Can you tell me what are the disabilities that Civil Servants are at present under? Are they not precluded from taking political action?—I think they are.

22,178. And you intend that although miners may become under the Mining Council they are not to be deprived of their rights to exercise full political action?—That is the intention.

22,179. However, as regards payment, the great feature appears to be this, that the individual interest in all mines of all rights, plant and machinery connected therewith that may be vested in the Mining Council is to be paid for subject to a maximum, and paid for, I suppose, at the fair selling value, except that the rental interest or rental value is not to be paid for?—Yes, that is broadly the position, as I understand it.

22,180. *Mr. Arthur Balfour*: In clause 1 (3) I see the Miners' Federation are to form 10 out of 20 of the Mining Council. What would happen if this was passed as an Act of Parliament and the Miners' Federation for some reason lost its power and only represented, say, 100,000 of the workers instead of the number they represent to-day. They would still have 10 on the Mining Council?—In that case, I think it is clear the Act would have to be altered.

The object is to give a fair representation to the workers in the industry. Clearly if a particular Association failed to adequately represent the miners the Act must be altered.

22,181. Would it not be better to say so at once?—That is a question that ought more fairly to be put to the persons instructing me. My instructions were to put it in that form that contemplates the Miners' Federation as the miners' representatives.

22,182. Now go to section 3 (4). Under that I take it if there was a dispute at any moment the 10 Miners' Federation people on the Council for the time being who are practically owners and miners of the concern could go on strike, if they wished?—I do not follow that. They are not employed by the Mining Council.

22,183. They are the body who is going to run it?—"All or some of whose members are wholly or partly employed in or about mines, or in any other manner employed by the Minister of Mines, or the Mining Council." I do not think the Mining Council themselves are employed by the Mining Council.

22,184. So that any 10 members could take part in strikes and lock-outs or in terminating strikes and lock-outs?—That clause does not seem to touch the members of the Mining Council.

22,185. Is there anything in your Bill to make it quite safe that the 10 members on the Mining Council shall not go on strike and ferment disputes?—The matter is not dealt with one way or the other.

22,186. You do not answer the question. Is there anything in the Bill to prevent it?—No, I do not think there is anything to prevent it, anything more than there is to prevent the 10 members of the Government going on strike, or the President.

22,187. Clause 5 (1) (c) is plain confiscation of the unrelieved property; that is what is referred to in that clause?—The persons instructing me consider there would be no compensation for the rights and easements there stated, and the clause carries out that intention.

22,188. As regards wages, if these powers were delegated to the Pit Councils they could settle wages?—Subject to the provision that the wage question shall be settled in consultation with the workers.

22,189. The Act really settles wages to the detriment of the consumers?—I can only answer in this way. The Bill does not say which subjects are, if I may use the phrase, reserved subjects, and whether to be reserved to the Mining Council or reserved to the District Mining Council, or reserved to the Pit Council. It gives a discretion to delegate such powers as can be exercised locally. I should say the wage question is not a question that could be conveniently exercised locally. Even if it were delegated, it would probably go to the District Mining Council and not the Pit Council. I think it says in terms the delegation is to the District Council: "A District Mines Council shall, in the first place, subject to the approval of the Mining Council, have power within their area to appoint Pit Councils for each mine or group of mines," and so on, "and the District Mining Council may delegate to such Pit Council such of their powers concerning the immediate working or management of a particular mine or group of mines as the District Mining Council may, subject to the approval of the Mining Council, think fit." I do not think that would extend to the question of wages. The intention is the question of wages would rest with the District Council, that is, by districts, as under the present Minimum Wage Act, if not with the Mining Council it will not rest with the Pit Council.

22,190. It is certainly the management of the pit; the word is "immediate"?—The matter is entirely elastic. One cannot dogmatise. I think that means something more immediately connected with the winning than a general wage question.

22,191. In Clause 13 (1) you provide for a Fuel Consumers Council, but it has no powers; it is an advisory body?—Yes.

22,192. It has no power to discuss the wage question or the controlling of expenditure?—I take it

23 May, 1919.]

MR. HENRY H. SLESSER.

[Continued.]

the general powers of the Mining Council to make regulations under the Act provided for in Clause 19 would enable the Mining Council to make regulations, among other things, as to the manner in which the Fuel Consumers' Council should be convoked and what it has to do.

22,193. The Fuel Consumers Council is subsidiary to the Mining Council?—It would be like the Food Controller's Council that did such valuable work during the war.

22,194. Under Clause 21 you refer to a sufficient supply of fuel at reasonable prices. Who is going to settle the reasonable price—the Mining Council?—I think those words are practically the same words as in the New Transport Bill with regard to electricity; they are really declaratory.

22,195. It means the whole of the consumers of the country are in the hands of the Mining Council as to reasonable price?—I think there is this advantage under the Bill. At present, except for war emergency legislation, there is no necessity on any owner or seller of coal to sell coal at a reasonable price. He can sell it at the price he can get. Under the Bill there is an obligation on the Mining Council to sell it at reasonable prices, whatever they may be.

22,196. If a man sells it too high he has to keep it, because people will go and get it somewhere else?—There is a duty on the Mining Council to supply coal at reasonable prices.

22,197. They decide the reasonable prices?—It may be a matter of mandamus; I cannot say.

22,198. *Mr. R. W. Cooper:* There is one question I forgot to ask you. Take clause 16 sub-clause 1. You say there: "There shall be transferred to the Mining Council all the existing assets and liabilities of mine undertakings and associated properties, as and when they are transferred to and vested in the Mining Council other than liabilities for" rents and so on. No doubt you will readily imagine, and you probably know, that many of these mining undertakings have a large amount of invested reserve funds which represent the profits of past years. Am I right in supposing that under that clause as you have framed it, those vested reserve funds would pass to the Mining Council. Under clause 16 (3) they are provided for?—Hardly.

Chairman: Supposing the company had £50,000 of war loan.

22,199. *Mr. R. W. Cooper:* That was the case I was thinking of.—Those are moneys due to the company.

22,200. *Mr. R. W. Cooper:* Put it another way. Let us assume that the company held £50,000 of Canadian Pacific Debenture Stock, or better still £50,000 of ordinary stock of a British railway. You would hardly suggest that was money due to the company as holders of the stock, would you?—The intention is that assets which are transferred shall be paid for.

22,201. What I ask is this. What object have you in seeking to transfer to the Mining Council such assets of an undertaking as its invested reserve fund which cannot be of any use to the Mining Council in carrying on the mine itself as an undertaking?—I say quite frankly it may be this clause wants some little re-drafting. The intention is when you have existing liabilities or have credits that that shall be carried on as a going concern.

22,202. All that you intended by this clause was that the balance of debts owing on the one hand to the concern or moneys owing by the concern in the ordinary course of business shall be paid for as the case may require?—Yes.

22,203. The assets outside the fixed mining assets have not to pass to the Mining Council?—No—"As at the date due" suggests that.

22,204. I respectfully submit your clause wants some amendment?—That is very likely.

Chairman: We are very much obliged to you for explaining it to us so lucidly.

(The following Draft Bill was placed by witness before the Commission.)

THE NATIONALISATION OF MINES AND MINERALS BILL, 1919.

A Bill to Nationalise the Mines and Minerals of Great Britain and to provide for the National Winning, Distribution, and Sale of Coal and other Minerals.

Whereas it is expedient that mines and minerals should be taken into the possession of the State.

Be it enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal and Commons in this present Parliament assembled, and by the authority of the same, as follows:—

Establishment of Mining Council.

1. (1) For the purpose of winning, distributing, selling, and searching for coal and other minerals, there shall be established by His Majesty by Warrant under the sign manual, a Mining Council, consisting of a President and 20 members, ten of whom shall be appointed by His Majesty and ten by the Association known as the Miners' Federation of Great Britain.

(2) It shall be lawful for His Majesty, from time to time, to appoint any member of the Privy Council to be President of the Mining Council, under the name of the Minister of Mines, to hold office during His Majesty's pleasure.

(3) The Members of the Mining Council, other than the President, shall be appointed for five years, but shall be eligible for reappointment. Provided that His Majesty or the Association known as the Miners' Federation of Great Britain respectively shall have power to remove any person appointed by them and appoint some other person in his place. On a casual vacancy occurring by reason of the death, resignation, or otherwise of any of such members or otherwise, His Majesty or the Miners' Federation of Great Britain, as the case may be, shall appoint some other person to fill the vacancy, who shall continue in office until the member in whose place he was appointed should have retired, and shall then retire. The members of the Mining Council shall devote the whole of their time to the business of the Mining Council.

Minister of Mines and Parliamentary Secretary.

2. (1) The Minister of Mines and one of the Secretaries of the Mining Council (to be known as the Parliamentary Secretary and to be appointed by His Majesty) shall at the same time be capable of being elected to and of sitting in the Commons House of Parliament.

(2) The Minister of Mines shall take the oath of allegiance and official oath, and shall be deemed to be included in the First Part of the Schedule to the Promissory Oaths Act, 1868.

(3) There shall be paid out of money provided by Parliament to the Minister of Mines a salary at the rate of £2,000 a year, and to the Parliamentary Secretary a salary at the rate of £1,500 a year.

(4) The Minister of Mines and the Parliamentary Secretary shall be responsible to Parliament for the acts of the Mining Council.

Officers, etc.

3. (1) The Mining Council shall appoint a Secretary (to be known as the Permanent Secretary), and such assistant secretaries and officers and servants as the Mining Council may, with the sanction of the Treasury, determine.

(2) Subject to the provisions of Section 11 (2) of this Act, there shall be paid to the Permanent Secretary, Assistant Secretaries and other officers and servants such salaries or remuneration as the Treasury shall from time to time determine.

(3) There shall be transferred and attached to the Mining Council such of the persons employed under any Government Department or local authority in

23 May, 1919.]

MR. HENRY H. SLESSER.

[Continued.]

or about the execution of the powers and duties transferred by or in pursuance of this Act to the Mining Council as the Mining Council and the Government Department or local authority may with the sanction of the Treasury determine.

(4) Notwithstanding anything in any Act, order, or regulation, any society of workers, all or some of whose members are wholly or partly employed in or about mines, or in any other manner employed by the Minister of Mines, or the Mining Council, or a District Mining Council, or Pit Council, or otherwise under this Act, may be registered or constitute themselves to be a Trade Union, and may do anything individually or in combination which the members of a Trade Union or a Trade Union may lawfully do. Provided further that notwithstanding any Act, order, or regulation to the contrary, it shall be lawful for any person employed under this Act to participate in any civil or political action in like manner as if such person were not employed by His Majesty, or by any authority on his behalf.

Provided, further, that no such person shall suffer dismissal or any deprivation of any kind as a consequence of any political or industrial action, not directly forbidden by the terms of his employment, or as a consequence of participation in a strike or trade dispute.

Constitution of Mining Council.

4. (1) The Mining Council shall be a Corporation to be known by the name of the Mining Council and by that name shall have perpetual succession, and may acquire and hold land without licence in mortmain.

(2) The Mining Council shall have an official seal, which shall be officially and publicly noticed, and such seal shall be authenticated by the Mining Council or a secretary or one of the assistant secretaries, or some person authorised to act on their behalf.

(3) The Mining Council may sue and be sued without further description under that title.

(4) Every document purporting to be an order, licence, or other instrument issued by the Mining Council, and to be sealed with their seal, authenticated in manner provided by this Act, or to be signed by a secretary or by one of the assistant secretaries, or any person authorised to act, shall be received in evidence and be deemed to be such order, licence, or other instrument without further proof unless the contrary is shown.

(5) Any person having authority in that behalf, either general or special, under the seal of the Mining Council may, on behalf of the Mining Council, give any notice or make any claim, demand, entry, or distress, which the Mining Council in its corporate capacity or otherwise might give or make, and every such notice, claim, demand, entry, and distress shall be deemed to have been given and made by the Mining Council.

(6) Every deed, instrument, bill, cheque, receipt, or other document, made or executed for the purpose of the Mining Council by, to, or with the Mining Council, or any officer of the Mining Council, shall be exempt from any stamp duty imposed by any Act, past or future, except where that duty is declared by the document, or by some memorandum endorsed thereon, to be payable by some person other than the Mining Council, and except so far as any future Act specifically charges the duty.

Transference of Mines and Minerals to Mining Council.

5. (1) On and after the appointed day, save as in Sub-Section 3 of this Section, provided—

(a) Every colliery and mine (including all mines, quarries and open workings of ironstone, shale, fireclay and limestone, and every other mine regulated under the Metalliferous Mines Regulation Acts, 1872 and 1875, but not including mines, quarries,

or open workings of minerals specified in the First Schedule to this Act), whether in actual work, or discontinued, or exhausted, or abandoned, and every shaft, pit, borehole, level, or inclined plane, whether in course of being made or driven for commencing or opening any such colliery or mine, or otherwise, and all associated properties (including vessels, lighters, railway rolling stock, and all works, including works for the manufacture of bye-products, in the opinion of the Mining Council belonging to any mine undertaking or connected with any colliery or mine, and every house belonging to the owners of any such colliery or mine, which, in the opinion of the Mining Council, is usually occupied by workmen employed at such colliery or mine), (all of which are herein included in the expression "mine"); and

(b) all coal, anthracite, lignite, ironstone, shale, fireclay, limestone, or other mineral, excepting the minerals specified in the First Schedule to this Act, whether at present being worked or not worked, or connected or not connected with any mine, beneath the surface of the ground (all of which are herein included in the expression "minerals"); and

(c) all rights and easements arising out of or necessary to the working of any mine or the winning of any mineral, including all mineral wayleaves, whether air-leaves or water-leaves, or rights to use a shaft, or ventilation or drainage or other royalties, lordships, or rights in connection therewith, whether above or below the ground (all of which are herein included in the expression "rights")

shall be transferred to, vested in and held by the Mining Council in their corporate capacity in perpetuity, and shall for all purposes be deemed to be royal mines, and the minerals and rights thereof respectively.

(2) The Acts contained in the Second Schedule to this Act are hereby repealed.

(3) Provided that the Mining Council may at any time before the appointed day give notice in writing to the owner of, or person interested in, any mine or minerals or rights, disclaiming, during the period of such disclaimer, all or part of the property in such mine or minerals or rights to the extent specified in the notice, and thereafter such mine or minerals or rights shall, until such time as the Mining Council shall otherwise determine, to the extent specified in such notice, not vest in the Mining Council as provided by Sub-Section (1) of this section. Provided that in such case it shall not be lawful for any person other than the Mining Council, without the permission of the Mining Council, to work such mine or minerals in any way. Provided further that on the termination of such disclaimer by the Mining Council, such mine or minerals or rights shall, to the extent of such notice, as from such date as the notice may prescribe, vest in the Mining Council as if such notice of disclaimer had not been given.

Purchase of Mines.

6. The Mining Council shall purchase the mines of Great Britain in them vested by this Act (other than those which are the property of the Crown at the time of the passing of this Act or which have been disclaimed in whole or in part in accordance with Section 5 (3) of this Act) at the price and in the manner provided by this Act. Provided always that the value of any rights as defined by Section 5 (1) (c) of this Act shall not be taken into account in computing such price, for all of which no compensation shall be paid.

23 May, 1919.]

MR. HENRY H. SLESSER.

[Continued.]

Mines Commissioners.

7. (1) For the purpose of assessing the purchase price of mines it shall be lawful for His Majesty, by warrants under the sign manual, to appoint ten Commissioners, to be styled the Mines Purchase Commissioners (herein called the Commissioners) of whom one, appointed by His Majesty, shall be Chairman.

(2) Three of the said Commissioners shall be nominated by the Association known as the Miners' Federation of Great Britain, and three by the Association known as the Mining Association of Great Britain.

(3) At the expiration of twelve months from the passing of this Act, in the event of a majority of the Commissioners failing to agree as to the purchase price of a particular mine or of its associated properties, it shall be lawful for the Chairman himself to fix the purchase price of such mine, which price shall then be deemed to be the price fixed by the Commissioners, but, save as herein expressly provided, the finding of a majority of the Commissioners voting on any question or as to the purchase price of mines shall be final and conclusive and binding on all parties.

(4) It shall be lawful for His Majesty to remove any Commissioner for inability or misbehaviour. Every order of removal shall state the reasons for which it is made, and no such order shall come into operation until it has lain before the Houses of Parliament for not less than thirty days while Parliament is sitting.

(5) The Commissioners may appoint and employ such assessors, accountants, surveyors, valuers, clerks, messengers, and other persons required for the due performance of their duties as the Treasury on the recommendation of the Commissioners may sanction.

(6) There shall be paid to the Commissioners and to each of the persons appointed or employed under this section such salary or remuneration as the Treasury may sanction; and all such salaries and remuneration and the expenses of the Commission incurred in the execution of their duties, to such amount as may be sanctioned by the Treasury, shall be paid out of moneys provided by Parliament.

Valuation of Mines.

8. (1) The Commissioners shall, as soon as may be after the passing of this Act, cause a valuation to be made of all mines other than those disclaimed, whether or not developed or working or abandoned or exhausted, in Great Britain, showing what on August 4th, 1914, and what at the date of the passing of this Act was respectively the total ascertained value of each mine and its associated properties and the rights, as defined by Section 5 (1) (c) of this Act, therein, and the total ascertained value of such mine and its associated properties respectively exclusive of such rights; and the owner of every mine and any person receiving any rents, interest, or profit from any mine or possessed of any rights therein or connected therewith, on being required by notice by the Commissioners, shall furnish to the Commissioners a return containing such particulars as the Commissioners may require as to his property, rent, interest, profits, or rights in such mine.

(2) The Commissioners may likewise cause any mine to be inspected, require the production of documents, or do any other thing which may, in their opinion, be necessary to fix the purchase price of the mine or its associated properties.

(3) The Commissioners in making such valuation shall have regard to returns made under any statute imposing duties or taxes or other obligations in respect of mines, or minerals or rights, and to any information given before or to any Commission or Government Department, including the Coal Industry Commission constituted under the Coal Industry Commission Act, 1919.

Ascertainment of Purchase Price.

9. (1) The purchase price of mines exclusive of associated properties (other than mines in the

possession of the Crown at the time of the passing of this Act) shall be computed subject to the provisions of sub-sections (2) and (3) of this section by ascertaining the average annual number of tons of minerals actually raised during the five years preceding August 4th, 1914:

Provided that as regards coal mines in no case shall the maximum purchase price, exclusive of associated properties, be taken to be more than the following:—

	s. d.
When 100,000 tons or less have been raised per annum on the average during such five preceding years, a capital sum equal to one such year's output at	12 0 per ton.
When more than 100,000 tons have been raised per annum on the average during such five preceding years, a capital sum equal to one such year's output at	10 0 per ton.

(2) The Commissioners in arriving at such computation shall also have regard to the actual gross and net profits which have been made in the mine during such years or thereafter and to the amounts which may have been set aside from time to time for depreciation, renewals, or development, and to the probable duration of the life of the mine, and to the nature and condition of such mine, and to the state of repairs thereof, and to the assets and liabilities of any mine undertaking existing at the time of purchase which are transferable to the Mining Council under Section 16 of this Act.

(3) Provided further that where a coal mine, in the opinion of the Commissioners, has not been fully developed, the amount which would be raised under full development without any increase of capital expenditure shall be taken as the average annual number of tons raised, and the maximum purchase price in such case shall be taken to be a capital sum equal to the product of such number of tons and 12s. or 10s. per ton respectively, for the purpose of ascertaining the maximum value per ton under sub-section (1) of this Section.

Issue of State Mines Stock.

10. (1) The purchase price of any mine and such of its associated properties as have been purchased, as ascertained under the provisions of this Act, shall be paid by the Mining Council in Mines Purchase Stock to the persons who, in the opinion of the Mining Council, have established their title to such stock. Provided that an appeal shall lie to the High Court under rules to be framed by the High Court from the decision of the Mining Council as to the title of any such persons, but for no other purpose.

(2) For the purpose of paying such purchase price the Treasury shall, on the request of the Mining Council, by warrant addressed to the Bank of England, direct the creation of a new capital stock (to be called "Guaranteed State Mines Stock"), and in this Act referred to as "the stock," yielding interest at the rate on the nominal amount of capital equal to that payable at the date on which this Act received Royal Assent on what, in the opinion of the Treasury, is the nearest equivalent Government Loan Stock.

(3) Interest shall be payable by equal half-yearly or quarterly dividends at such times in each year as may be fixed by the warrant first creating the stock.

(4) The stock shall be redeemed at the rate of one hundred pounds sterling for every one hundred pounds of stock at such times and by such drawings as the Treasury, on the recommendation of the Mining Council, may think fit.

(5) The stock may be issued at such times and in such amounts and subject to such conditions as the Treasury may direct, and may be issued as bearer bonds with quarterly or half-yearly interest coupons attached.

(6) The stock shall be transferable in the books of the Bank of England in like manner as other stock is transferable under the National Debt Act, 1870.

23 May, 1919.]

MR. HENRY H. SLESSER.

[Continued.]

Powers of Mining Council.

11. (1) Subject to the provisions of this Act, it shall be lawful for the Mining Council to open and work mines and search for, dig, bore, win and deal with minerals and generally to carry on the industry of mining, distributing, vending and exporting, together with all other industries carried on in connection therewith. Provided that it shall not be lawful for the Mining Council to lease or sell any mine or minerals or rights to any person, association, or corporation.

(2) The Mining Council may, from time to time, in such manner and on such terms as they think fit—

- (a) subject to the general consent of the Treasury, appoint or continue in employment or dismiss managers, engineers, agents, clerks, workmen, servants and other persons; and
- (b) construct, erect or purchase, lease, or otherwise acquire buildings, plant, machinery, railways, tramways, hulks, ships and other fixed or movable appliances or works of any description, and sell or otherwise dispose of the same when no longer required; and
- (c) sell, supply and deliver fuel, coal and other products, the result of mining operations, either within or without the realm; and
- (d) enter into and enforce contracts and engagements; and
- (e) generally do anything that the owner of a mine might lawfully do in the working of the mine, or that is authorised by regulations under this Act or by this Act; and
- (f) employ local authorities for any purpose they may think necessary to carry out their duties under this Act, on such terms as may be mutually agreed.

(3) In addition to the powers conferred on the Mining Council by the last preceding sub-section, the Mining Council may, in such manner as they think fit, work any railway, tramway, hulk, ship, or other appliance for the purpose of winning, supplying and delivering coal or other products.

(4) The Mining Council may compulsorily purchase land or acquire such rights over land as they may require for the purpose of this Act, and shall have, with regard to the compulsory purchase of land, all the powers of purchasers acting under the Land Clauses Act, 1845, and the Land Clauses Consolidation (Scotland) Act, 1845, or any other Act giving power to acquire land compulsorily for public purposes which may hereafter be enacted.

(5) With respect to any such purchase of land under the Land Clauses Acts in Great Britain the following provisions shall have effect (that is to say):—

- (a) The Land Clauses Acts shall be incorporated with this Act, except the provisions relating to access to the special Act, and in construing those Acts for the purposes of this section "the special Act" shall be construed to mean this Act, and "the promoters of the undertaking" shall be construed to mean the Mining Council, and "land" shall be construed to have the meaning given to it by this Act.
- (b) The bond required by Section 85 of the Land Clauses Consolidation Act, 1845, and by Section 84 of the Land Clauses Consolidation (Scotland) Act, 1845, shall be under the seal of the Mining Council, and shall be sufficient without sureties.

District Mining Councils and Pit Councils.

12. (1) The Mining Council shall, for the purpose of the carrying on and development of the mining industry, divide Great Britain into districts, and shall in each district constitute a District Mining Council of ten members, half of which shall be

appointed by the Miners' Federation of Great Britain.

(2) The Mining Council may delegate to any District Mining Council or Pit Council, such of their powers under this Act as may conveniently be exercised locally, and the District Mining Council shall upon such delegation have and exercise within their district all the powers and duties of the Mining Council as may be delegated to them.

(3) A District Mining Council shall, subject to the approval of the Mining Council, have power within their area to appoint Pit Councils for each mine or group of mines, composed of ten members, half of which shall be members of the Miners' Federation of Great Britain, and nominated by the workers of the mine or groups of mines aforesaid, and the District Mining Council may delegate to such Pit Council such of their powers concerning the immediate working or management of a particular mine or group of mines as the District Mining Council may, subject to the approval of the Mining Council, think fit.

(4) The members of District Mining Councils shall be appointed for three years, but shall be eligible for reappointment, and the members of Pit Councils shall be appointed for one year, but shall be eligible for reappointment.

Fuel Consumers' Council and Advisory Conference.

13. (1) For the purpose of advising the Mining Council it shall be lawful for His Majesty to appoint persons to represent the interests of consumers, to be known as the Fuel Consumers' Council.

(2) The Mining Council shall have power to convoke at such times as they think fit and under such regulations and conditions as they may prescribe advisory conferences of representatives of District Mining Councils, and the District Mining Councils shall have power in like manner to convoke advisory conferences of Pit Councils within their area.

(3) The expenses of the Fuel Consumers' Council, National and District Mining Conferences shall, subject to the approval of the Treasury, be paid by the Mining Council.

Payment of Mining Council and District Mining Committees and Pit Councils.

14. There shall be paid to each of the members of the Mining Council, other than the President, such salary as the Treasury may determine, and to the members of the District Mining Councils, and to the Pit Councils, such salaries and emoluments as the Mining Council, with the consent of the Treasury, may determine.

Accounts.

15. (1) The Mining Council shall cause full and faithful accounts to be kept of all moneys received and expended under this Act, and of all assets and liabilities and of all profits and losses, and shall annually lay such accounts before Parliament.

(2) The Mining Council shall annually cause a balance sheet of accounts to be made, including a capital account and a profit and loss account for each mine worked under this Act.

(3) Such balance sheet and statement shall be so prepared as to show fully and faithfully the financial position of each such mine, and the financial result of its operations for the year.

(4) All moneys raised under the authority of this Act shall, as and when raised, and all other moneys received hereunder shall, as and when received, be paid into a separate account called "The National Mines Account."

(5) All moneys withdrawn from the National Mines Account constituted under this Act shall be withdrawn only by the order of the Mining Council or such other person as the Mining Council may from time to time appoint.

(6) All moneys in the National Mines Account, or payable into that account by any person whomsoever,

23 May, 1919.]

MR. HENRY H. SLESSER.

[Continued.]

and also all moneys owing by any person under this Act, are hereby declared to be the property of the Crown, and recoverable accordingly as from debtors to the Crown.

Transference of Existing Assets and Liabilities.

16. (1) There shall be transferred to the Mining Council all the existing assets and liabilities of mine undertakings and associated properties, as and when they are transferred to and vested in the Mining Council, other than liabilities for rights including royalty rents, wayleave rents, or any other underground rents or charges, payable or due at the time of the passing of this Act to any person, all of which shall cease to be payable on and after the appointed day.

(2) On the passing of this Act, there shall be ascertained by the Commissioners the amount of all moneys due to or from all mine undertakings, and the findings of the Commissioners as to the amount of such moneys shall be binding and conclusive on all parties.

(3) The net amount of all moneys due to any mine undertaking, after all debts due from any such undertaking have been deducted, as ascertained under Sub-section (2) of this section, shall be paid by the Mining Council to the persons to whom in the opinion of the Commissioners such debts are due, and shall be deemed to be expenses incurred under this Act. Provided that an appeal shall lie to the High Court, under rules to be framed by the High Court, from the decision of the Commissioners as to the title of any such person, but for no other purpose.

Payments out of Moneys Provided by Parliament.

17. (1) All sums expended or payable under this Act in carrying out the provisions of this Act for expenses, or for salaries or wages payable under this Act, or in the construction, erection, or acquisition of buildings, plant, machinery, railways, tramways, hulks, ships, or other appliances or works, or otherwise, shall be payable out of moneys provided by Parliament.

(2) Provided that moneys received under this Act in respect of the sale or export or supply of coal or other minerals (including the moneys received from the Government Departments) may be directly expended in or towards carrying out the purposes of this Act.

Payment out of Consolidated Fund.

18. After full provision has been made for all outgoings, losses, and liabilities for the year (including interest on securities created and issued in respect of moneys raised as aforesaid, and on moneys paid out of the Consolidated Fund), the net surplus profits then remaining shall be applied in establishing a sinking fund and, subject thereto, in establishing a depreciation fund in respect of capital expended.

Regulations.

19. (1) The Mining Council may, from time to time, make such regulations as they think necessary for any of the following purposes:—

- (a) The management of mines under this Act;
- (b) the functions, duties, and powers of the District Mining Councils, Pit Councils, and other bodies or persons acting in the management and working of mines or distribution and sale of fuel under this Act;
- (c) the form of the accounts to be kept and the balance sheets to be prepared in respect of mines under this Act;
- (d) the mode in which the sinking funds and other funds connected with mines under this Act shall be held and administered;
- (e) generally any other purpose for which, in the opinion of the Mining Council, regulations are contemplated or required.

(2) The Mining Council, before making or altering any regulations or conditions of employment, including wages, as affect workmen engaged in the mining

industry, shall consult with the association known as the Miners' Federation of Great Britain, and, in the event of such representatives and the Mining Council failing to agree, the matter in dispute may be referred to arbitration on such terms as may be mutually agreed.

(3) Provided that nothing in this section shall be deemed to interfere with the right of any employed person, subject to his contractual obligations, to dispose of his labour as he wills.

Statutory Regulations.

20. (1) Every mine worked under this Act shall be managed and worked subject to the provisions of the Metalliferous Mines Regulations Acts, 1872 and 1875, the Coal Mines Regulation Act, 1908, the Coal Mines Act, 1911, and any other Act regulating the hours, wages, or conditions of labour in mines.

(2) There shall be transferred to and be vested in the Mining Council all the powers and duties of the Secretary of State and of any other Government Department imposed upon them by the Metalliferous Mines Regulations Acts, 1872 and 1875, the Coal Mines Regulation Act, 1908, the Coal Mines Act, 1911, or any other Act regulating or affecting mines or the hours or conditions of labour therein.

Duty of Mining Council to Supply Coal.

21. (1) It shall be the duty of the Mining Council to ensure that there is a sufficient supply of fuel at reasonable prices throughout Great Britain, and for this purpose it shall be lawful for the Mining Council, or for any local authority or Government Department acting on their behalf, to establish stores and depots and to employ vehicles and to use all other necessary means for the selling of fuel and to sell fuel within the area of every local authority, and, further, for this purpose it shall be the duty of the railway companies or authorities of Great Britain to provide such facilities for the conveyance of fuel as the Mining Council may deem necessary to enable them to carry out the duties imposed upon them by this section at rates not greater than such railway companies or authorities are now entitled to charge for the conveyance of fuel.

(2) Where the Mining Council delegates to any local authority all or any of their powers under this section, it shall be lawful for such local authority to exercise all or any of the powers of the Mining Council so delegated to them.

(3) All moneys had and received or expended by a local authority under this section shall be deemed to be had and received or expended on behalf of the Mining Council.

Title and Commencement.

22. This Act may be cited as the Nationalisation of Mines and Minerals Act, 1919, and this Act and the Metalliferous Mines Regulations Acts, 1872 and 1875, and the Coal Mines Regulation Act, 1887 and 1908, and the Coal Mines Act, 1911, may be cited together as the Mines Acts, 1872-1919, and shall come into operation on the first day of the second month, which shall be the appointed day, after the passing of this Act, and, save in the case of disclaimer, all valuations, purchase, and transference of mines and minerals to the Mining Council, and all other arrangements for the carrying out of this Act shall be concluded on or before the first day of the second year after the coming into operation of this Act.

23. This Act shall not apply to Ireland.

FIRST SCHEDULE.

Minerals excluded from this Act:—

Sandstone.	Slate.	Building Clay.
Granite.	Chalk.	Gravel and Sand.
Cherts.	Flints.	Igneous Rocks

23 May, 1919.]

CAPTAIN WILLIAM STEPHEN SANDERS.

[Continued.]

SECOND SCHEDULE.
Enactments Repealed.

Session and Chapter.	Title or Short Title.	Extent of Repeal.
1 William and Mary, ch. 80.	An Act to repeal the statute made in the fifth year of King Henry IV. against multiplying gold and silver.	The Whole Act
5 William and Mary, ch. 6.	An Act to prevent disputes and controversies concerning Royal Mines.	The Whole Act

Session and Chapter.	Title or Short Title.	Extent of Repeal.
55 George III., ch. 134.	An Act for altering the rate at which the Crown may exercise its right of pre-emption of Ore in which there is lead.	The Whole Act
1 James I. of Scotland, ch. 12.	Mines of Gold and Silver pertains to the King.	The Whole Act
12 James VI. of Scotland, ch. 31.	Anent the Tenth Part of Mynis.	The Whole Act

(The Witness withdrew.)

CAPTAIN WILLIAM STEPHEN SANDERS, SWORN and Examined.

22,205. *Chairman*: I think you are the Secretary of the Fabian Society?—I am.

22,206. You are going to be good enough to tell us something about the condition of affairs in Germany?—I will try.

22,207. Have you been in Germany yourself very often?—I have resided there for special purposes to study for 18 months, and I have been there every year since 1900 until the outbreak of war.

22,208. *Chairman*: I will ask the Secretary to read your *précis*.

Secretary:

"I have had a fairly wide experience in the administration of both private and public enterprises (in connection with the latter mainly through membership of the London County Council) and have made a special study of working class social, industrial and political conditions in Germany.

The system of State ownership of coal mines in Germany did not arise out of any well considered scheme of Nationalisation, as nationalisation is understood to-day in Great Britain. The mines were pieces of State property which were used for the object of raising revenue, any other purpose being purely incidental. The output was mainly absorbed by the State railways, the Navy, the Army and other national institutions. The management was purely bureaucratic, the workers having no voice whatever in the control and management of the mines. The various Mines Departments in the various States possessing State coal mines were, of course, subject to the criticism of the State Parliaments, but, owing to the undemocratic franchises, democratic opinion had no opportunity of bringing direct pressure upon the administration, which may be justly described as a form of State capitalism, a term which may also be applied equally correctly to all the State productive undertakings of Germany. The State Governments almost universally refused to recognise trade unionism, and this accounts largely for the weakness of the German miners' organisations. It is true that by law the Prussian Government instituted Workers' Committees in all mines in Prussia, both private and State owned, but these Committees were purely advisory, and being without the support of strong trade union organisations were without much influence.

Nevertheless, in spite of the bureaucratic and entirely undemocratic system of administration, the effect of State ownership on the conditions of life and work of the miners was, in some respects, undoubtedly good. The State did not pay higher wages than the private employer, in fact State wages were lower than in some of the privately owned mines. But in pursuance of its policy of social reform as a counter measure to Social Democratic propaganda and as a means of checking physical deterioration in

human industrial and war material, the Prussian Government (which owns the bulk of the State mines in Germany) provided amenities in connection with its mines which were superior to those instituted by private enterprise in the same industry. It was more generous in giving holidays in cases of ill-health; in erecting miners' cottages and advancing loans to miners to build their own houses; and in the establishment of baths and washhouses. Some of the miners' cottages in the Ruhr district are quite admirable and considerably above the general standard of German working-class housing accommodation. It should be mentioned, however, that there was a strong feeling among the miners against owning their own houses on the ground that it tied the workers too closely to the place of their employment and limited freedom of movement. The equipment of some—not all—of the State mines was claimed to be of a high order, and large sums were spent in attempts to minimise the risks to the workers. This policy, coupled with the legislative enactments concerning all mines, also affected the conditions prevailing in privately owned mines.

The results of the working of the State mines in comparison with private enterprise mines, is a matter of dispute. The output of the State mines was, during the few years before the war, from 13 to 15 per cent. of the total coal output of Germany. The Prussian Mining Law of 1907 gives the State the exclusive right to search for minerals and to take over and work any discovered at a fixed valuation. It is, therefore, to be expected that the well-organised private coal-mine interests, opposed as they were to State enterprise and wishing to prevent its extension, should endeavour to prove that the State was not so efficient in its management as the private owner. To obtain a correct judgment on the matter it would be necessary to have all the facts—many of which are not at present obtainable—submitted to an impartial financial mining expert—if there is such a person. In 1913 there was a net surplus or profit on the Prussian State mines of 14½ million marks, and in 1914 it was estimated that the surplus would reach 17 millions. It is contended by private mine-owning interests that certain charges which ought to have been brought into the accounts were met out of taxation; on the other hand, a mining workers' journal* alleges that the whole cost of the Mines Department, which administers the Acts relating to all mines, private and State, and the cost of the Academy of Mines and of the National Geological Museum, are all included, unfairly, in the statement of expenditure of the State-owned mines. With regard to output it would appear that, on the whole, the production per miner in the State mines is less than in those privately exploited. But it is not clear whether the production per miner per day worked is less. In the Saar District the State mines show a larger output per miner

* *Bergarbeiter*, March 14, 1914.

23 May, 1919.]

CAPTAIN WILLIAM STEPHEN SANDERS.

[Continued.]

than the privately-owned mines in Lorraine. Dr. Ernst Jungst declared in 1913 that it was impossible to solve the question of comparative output with the data available. As to the State administration, it is alleged by the German supporters of private enterprise that it was costly and unenterprising, and, at the same time, that it was too much concerned in providing amenities for and considering the welfare of the miners and not sufficiently bent upon getting the full value out of the mines. The workmen also complained that the bureaucratic State management was sometimes wasteful in its methods. It would appear that although the State mines yielded a considerable revenue, the administration was not as competent, nor had it evolved such elasticity in its system, as that of the State railways. But in this connection, two facts should be borne in mind. First, that the State mines form only a comparatively small part of the whole mining industry while the State owns and works practically the whole of the railways; and, second, that, as already mentioned, private enterprise in the German coal industry was exceedingly well organised, and in its fight against the extension of State ownership or control was not over scrupulous in its method of attack nor in the kind of evidence it adduced. How powerful private enterprise was, and how ingenious in protecting its interests, may be seen in its defeat of the attempt of the Prussian Government to obtain a controlling interest in the Hibernia Coal Company.*

As to opinion in Germany on the question of State ownership of the mines, it may be stated that the orthodox political economists as represented by Adolf Wagner, Gustav Schmoller and other well-known professors, on the one hand, and the Social Democrats on the other, were both in agreement as to the necessity, in the public interest, of nationalising the whole of the industry. They differed, of course, as to the method of control. The economists were averse to democracy in industry as understood in Great Britain; the Social Democrats, while opposed to syndicalism, were desirous of securing more political power and industrial rights for the workers before increasing the area of State ownership. The political conditions in Germany, especially in Prussia, were of a kind that gave justification to this attitude on the part of a party standing for democracy.

It is not possible to state what was the attitude of the majority of the miners themselves on the question

* Elmer Roberts. Monarchical Socialism in Germany.

as they were not only badly organised, but the various workers' organisations that existed were on anything but friendly terms with each other. This weakness was due partly to the antagonism of both the State and the private employers to trade unionism and partly to the religious, political and national differences between Germans themselves and the Poles and Germans employed at the mines. In 1913 there were 765,000 mine workers in Germany. Of these only 104,113 were members of Miners' Central (i.e., Social Democratic) Union, the only organisation in the industry which was similar in structure and aim to those unions of this country connected with the Miners' Federation of Great Britain. A smaller number belonged to the so-called Christian Trade Union and still fewer to the Hirsch-Duncker organisation. There were also several thousands in what were known as "Yellow" unions (Free Labour Associations) founded by the employers to combat the Central Union. The members of the Central Union would, as Social Democrats, be in favour of complete nationalisation, providing that the administration was subject to the control of a popularly elected Government. As to the others, they would probably have been divided in opinion.

No doubt the Social Democrats, before the Revolution of November, 1918, would have been satisfied with nationalisation under a democratic form of government, but the actual workers in the industry would almost certainly have claimed a voice in the management and in the regulation of disciplinary conditions. The Social Democrats had not worked out any plan to deal with these problems, being immersed in the task of acquiring political power. But in other countries the problems have been dealt with, and in several cases with satisfaction to the workers, notably in the French State Railway administration, the New South Wales Railway Service, the Swiss Railway Service, the Municipality of Lyons, the Canton of the City of Basle and elsewhere.**

Chairman: Gentlemen, Mr. Sanders has given us a very valuable *précis* of what happened in Germany, but, of course, he is not expressing any individual opinion; therefore it is not necessary to cross-examine him on his individual opinion. Unless you think anything he has said is inaccurate, I do not know that it is necessary to ask him anything. Does any gentleman on my left wish to ask Mr. Sanders any questions? (*No reply.*) Does any gentleman on my right wish to ask any questions? (*No reply.*) Thank you, Mr. Sanders.

** See State and Municipal Enterprise. Fabian Research Department.

(The Witness withdrew.)

(Adjourned to Tuesday next at 10.30.)

SECOND STAGE—NINETEENTH DAY.

TUESDAY, 27TH MAY, 1919.

PRESENT :

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.
MR. R. W. COOPER.
SIR ARTHUR DUCKHAM.
MR. FRANK HODGES.
SIR LEO CHIOZZA MONEY.
SIR ADAM NIMMO.

MR. ROBERT SMILLIE.
SIR ALLAN M. SMITH.
MR. HERBERT SMITH.
MR. R. H. TAWNEY.
MR SIDNEY WEBB.
MR. EVAN WILLIAMS.

SIR ARTHUR LOWES DICKINSON,
SIR RICHARD A. S. REDMAYNE, } (*Assessors*).

MR. ARNOLD D. McNAIR (*Secretary*).MR. GILBERT STONE (*Assistant Secretary*).

Sir L. Chiozza Money: Sir, I am very sorry to interrupt, but I wish to direct attention to a matter which has occurred. You will remember that Mr. Harold Cox recently gave evidence before this Commission. He has since reprinted his evidence, or some one has done it for him, and it appears in a pamphlet entitled "The Coal Industry: Dangers of Nationalisation," in which there is the following foreword: "The following pages are based upon the evidence given by me before the Coal Commission, with further material added and necessary corrections." There is nothing in the reprint to show what has been added, but amongst the things added there appears this at page 9: "The Post Office is a favourite example for State Socialists. They are apparently unaware that, except as regards the conveyance of letters, the Post Office has for many years been virtually a bankrupt concern. In 1916 the Committee on Public Retrenchment, of which Sir Leo Chiozza Money and Mr. J. H. Thomas were members, reported unanimously with regard to the Post Office: 'We have, however, been impressed by the fact that of all the numerous services managed by the Post Office, hardly one shows any profit, except the Letter Post.'" Mr. Harold Cox was a member of this Committee, and so was I, and he and I know that in signing that report it was a report made in time of war. In making that report, we deliberately put in those words: "We have decided, after discussion, to adopt the procedure of

Select Committees and not to publish any Minority Reports or individual reservations." Among the individual reservations which were made was one made by myself, in which I think Mr. Thomas also agreed, that we did not agree with the paragraph as to the Post Office. There are many other similar things in the report also. It seems to me very unfair to publish evidence given before this Commission and to add things taken from another Committee's Report, and to represent that one of the Commissioners agreed with that form of report when as a matter of fact the Report as a whole was only signed by the members because it was in time of war, and we felt we had to get on with practical things, and therefore we would not worry about making individual reports. I wish to point out that this attack on the Post Office, which is continuous, seems to be exceedingly unfair.

Chairman: Thank you, Sir Leo. With regard to the evidence this morning, the first witness will be Mr. Hughes, who will place the case of the Surveyors before the Commission. Then we shall have Mr. Gibson, who submits a proof on behalf of the Scottish Mine Managers' Association. There will be two other witnesses with regard to mine managers tomorrow. After we have heard Mr. Hughes and Mr. Gibson, Mr. Straker, the Secretary of the Northumberland Miners' Association and a member of the Executive Council of the Miners' Federation of Great Britain, will go into the witness chair.

MR. AUSTIN OWEN HUGHES, Sworn and Examined.

22,209. *Chairman:* I think you are the Head Surveyor of the Powell Duffryn Steam Coal Company, Limited?—Yes.

22,210. I believe you speak as to the surveying subject?—Yes.

22,211. *Chairman:* I will ask the Secretary to read your proof.

Secretary:

"The standard of education, training and experience required to produce an efficient Mine Surveyor:—

Preparatory to being a pupil in mine surveying a secondary education at least is necessary, consisting of a thorough knowledge of Higher Mathematics, including Trigonometry, the use of

Logarithms, Mensuration, Theoretical and Applied Geometry, English Grammar, Composition and Phraseology. I consider a training of 5 years necessary to a pupil, the last 2 years being made to be the requisite period in the practical experience in the surveying of mines for qualifying to sit for a Mine Surveyor's certificate. The knowledge to be acquired in this qualifying period must include the construction and uses of the theodolite, Mine Surveyor's dial, levelling instruments and the other manifold accessories appertaining to field and mine surveying, together also with the practical use of the various appliances for the transfer of all survey and levelling work on paper in the shape of accurate plans and sections of the surface boundaries of

27 May, 1919.]

MR. AUSTIN OWEN HUGHES.

[Continued.]

mineral takings and the relative positions of mine workings in the seam or seams of coal being worked. Having attained the foregoing knowledge and experience, the pupil obtains by a written and oral examination a certificate of competency as a Surveyor of Mines, granted by the Secretary of State of Home Office.

2. His duties, as demanded by the Coal Mines Act, must be to provide:—

- (1) An accurate plan of the workings of the mine up to a date not more than 3 months previously, showing the boundaries of the mine, relative positions of mine workings with surface and variations of ordnance basis levels of the mine roadways, all faults, disturbances and washouts, depths of shafts and sections of strata sunk through.
- (2) A separate plan showing the system of ventilation of each seam in the mine, direction of air currents, points of air measurements, devices for regulation and distribution of air, &c.
- (3) Plans of abandoned mines within 3 months after abandonment showing all particulars of the plan of the mine as described under paragraph (1).
- (4) Plans of the workings of the mine for rescue brigades to be kept up to a date not more than 3 months previously showing detailed particulars as to mode of ventilation, &c.
- (5) A sketch plan for each pit-head showing the means of egress from each part of the mine, &c.
- (6) A proper plan showing all fixed electrical apparatus in the mine, &c.

In addition to the above Home Office requirements, duplicate plans are made and respectively kept up to date for the General Manager, Agent and Manager of the Mines, totalling three distinct duplicate plans of each individual seam. As the seams are often 10 in variety, this means 30 plans or tracings to be posted up every 3 months. Other plans are also prepared and kept up to date on reduced scales for the use of Directors and General Managers of a similar nature to the above larger scale plans.

In many cases throughout the country, to minimise the cost to the Coalowner, the Surveyor designs and draws up the plans of winding, hauling and other class engines and the requisite houses to accommodate same. The importance and responsibilities are also embraced in the designing and making plans and sections of surface arrangements for a colliery, including the correct laying out of railways, sidings, tramways and mechanical haulages; a thorough knowledge of mining for the safest and most economical way of laying out the workings of a mine, including expensive drivages of hard headings from seam to seam in directions and to gradients given by Surveyors. Owing to mineral takings being subdivided into as many as 12 to 30 different Royalty Owners, strict attention has always to be observed in the avoidance of roadways passing through expensive wayleave estates without unduly affecting the best working methods of the colliery. Also the Surveyor has to, either by calculation or allocation, ascertain the due proportions of coal payable as royalty and wayleave to the respective Property Owners. The accuracy of the Surveyors' work under all conditions is the greatest safeguard to the lives of all employed in a mine; illustrating, for instance, the immense dangers of new workings approaching old and disused workings, which latter often contain accumulations of great weight of water or of inflammable or other poisonous gases and would, if accidentally released, result in great loss of life. In all cases of fatal accidents or accidents which may probably prove fatal, the Surveyor has to prepare sketches to scale and produce same as a sworn-in witness at the Inquiry or Inquest, as the case may be.

3. I beg to include with this *précis* a diagram picture showing comparisons of wages of the educated,

trained, experienced and Home Office Certificated Mine Surveyor—"

22,212. *Chairman*: Have you that diagram?—Yes.

(*The diagram was produced.*)

22,213. On the right hand side the diagram says: "Colliery labourer also assisting surveyor in the mine, average weekly wage, £4 0s. 6d." Then the next gentleman is "Certificated Mine Surveyor (other than head) (educated, highly trained, experienced and executing work of vital importance), average weekly wage throughout Great Britain, £4 5s. 8d." Then this shows the average weekly wage of the Head Certificated Mine Surveyor is £5 10s. The next is: "Colliery labourer (unskilled) also assisting surveyor in the mine." There is a note that the colliery labourer needs no education whatever, and it gives the average weekly wage throughout Great Britain as £4 0s. 6d. Then comes the fireman assisting the surveyor in the mine. The note says that the fireman is not an educated man and is subservient in his ordinary duties to the uncertificated colliery overman. The average weekly wage throughout the kingdom is £5 7s. 3d. That is a very interesting table, and we are very much obliged to you for it, because it puts it very clearly.

Secretary:

"3. I beg to include with this *Précis* a diagram picture showing comparisons of wages of the educated, trained, experienced and Home Office Certificated Mine Surveyor, with the fireman and labourers assisting him on a survey underground, in addition to the accompanying diagram the following statement will indicate the comparisons of Surveyors' wages and wages paid to unskilled labour. The latter are based from Mr. Finlay Gibson's figures which have already been before the Coal Industry Commission, whilst the Surveyors' wages are averages from personally signed statements of Surveyors. In both cases the recent award of 2s. per day has been added.

COMPARISONS OF WAGES PAID TO CERTIFICATED MINE SURVEYORS AND MORE OR LESS UNSKILLED AND PURELY UNSKILLED COLLIERY LABOUR.

Weekly Wage (Average) Paid on May 10, 1919.

	£	s.	d.
*Head Certificated Mine Surveyor	5	10	0
*Certificated Mine Surveyor (other than Head)	4	5	8
* (Educated, highly trained, experienced and executing work of vital importance.) Unlimited hours of employment.			
Fireman, examiner or deputy, assisting Surveyor in the mine	5	7	3
(Not an educated class of man and subservient in his ordinary duties to the colliery overman.)			
(Mr. Finlay Gibson's statistical evidence, Form 5-5, with addition of recent advance and multiplied 6½ days per week.)			
Colliery labourer (unskilled) also assisting Surveyor in the mine	4	0	6
(No education, even of an elementary kind necessary for his duties.)			
(Mr. Finlay Gibson's Form 5-6, recent advance allowed for 6 days per week.)			

4. The comparisons obviously show the present inadequate remuneration of a Certificated Mine Surveyor and on behalf of the Mine Surveyors of Great Britain.

5. The following scale of salaries are requested for immediate adoption:—

£300 first year's certificated service, afterwards £26 annual increment until a maximum of £600 be reached.

A minimum salary of £600 per year for Head Surveyors with free house, coal, firewood and light to every married man holding a Home Office Mine Surveyors certificate.

27 May, 1919.]

MR. AUSTIN OWEN HUGHES.

[Continued.]

When these salaries are reduced by more than half to ascertain the pre-war values of same, the figures will appear to be reasonable.

I beg to submit also the unwarranted condition of the present remuneration as noted out to the Surveyors of Metalliferous Mines and to Land Surveyors of Mineral Estates."

22,214. *Chairman: (To the Witness.)* I am going to ask Mr. Frank Hodges, who comes from the South Wales district, and Mr. Evan Williams, who is also familiar with that district, to ask you questions; but before they do so, do you wish to add anything to your proof?—I wish to dilate somewhat upon these different points which are before you in an abridged form.

22,215. Which point do you wish to dilate on first?—On the preparation of accurate plans.

22,216. Then will you kindly dilate upon the preparation of accurate plans?—Section 20 (i) of the Coal Mines Regulations Act, 1911, says: "An accurate plan of the workings of the mine up to a date not more than three months previously" shall be kept. How much lies in those words, "an accurate plan," only the skilled surveyor of to-day fully realises, with the constant experience of present workings to be carefully watched against the unexpected striking of the workings of former years, frequently filled with water and deadly gases. How often do we hear of the piercing prematurely of those old workings inaccurately recorded by unskilled men with a superficial knowledge of surveying, which inaccuracies have cost the country many valuable lives of the workers underground, and involved colliery companies in the loss of thousands of pounds? The curse of past years has been the employment of incompetent and careless surveyors who gave temporary service for a small salary, and whose inaccurate records are the distraction and incubus of the competent surveyor of to-day whose responsibilities are greatly increased thereby. The post of a mine surveyor was up to a few years ago looked upon merely as a stepping stone to a colliery manager's post, and it is chiefly the work of these men, who have looked upon it and used it as such, that has been the undoing of the mine surveyor by the inaccurate records left behind them. I do not wish to infer that this was so in every case, for I know of several very excellent mine surveyors who are now mine managers; but, generally speaking, it cannot be disputed that mine surveyors of the past, using their post temporarily as a stepping stone to another position, carried out their work in anything but an efficient manner. His Majesty's Inspectors of Mines recognised the arduous task of the mine surveyor and the skill and technical knowledge necessary to provide reliable

plans of a mine, and it is due to their efforts chiefly that of late years the mine surveyor has been recognised by the Home Office as a person upon whom rests a large amount of responsibility, and whose knowledge and skill must be tested before a Board of Examiners. This Act of 1911 has effectually stopped the quacks who have done so much to degrade the profession, but it does not prevent mining students swotting to get through an examination and then to hold the position of mine surveyor with the ultimate object of attaining to the position of the little better paid mine manager, and thereby stultifying by neglect the surveying knowledge gained and preventing him from taking that whole-hearted interest in his survey work that is absolutely necessary for accuracy. The higher standard of education of late years has produced young men of higher ambitions generally, and others who are attracted to the work of mine surveying feel they need only the incentive of adequate pay to perfect themselves in the profession and raise it to a standard of excellence that will be a credit to the coalfields of our country, whose greatest asset is its coal industry.

22,217. Have you sufficiently dilated upon the first point?—I have a little more I should like to say.

22,218. Lots of people have a lot to say, but what is the next point you have?—I just wanted to prove that the work of a colliery surveyor has to be done by a skilled man.

22,219. I think you may take it that all the members of the Commission would entirely agree with you there, that the colliery surveyor's work requires a skilled man. You need not trouble about that point. Speaking for myself, and, I think, speaking for all the Commissioners, we are quite in agreement without question that for a colliery surveyor's work you must have a skilled man, so that you need not labour that point?—If you please.

22,220. What is the next point?—I was going to take the whole of these points.

22,221. Well, you have finished with that one. What is the next point? Do you wish to say anything with regard to earnings and what they ought to be?—I should like to bring before your notice some of the work done by a mine surveyor, and I shall be pleased if I may be permitted to put before the Commission a glass model of the pit bottom of a shaft recently sunk, and which was made under the supervision of Mr. Vaillant, the head surveyor of the Great Western Colliery Company.

22,222. Very well; we will call Mr. Vaillant now and have the model produced.

(A glass model was produced.)

Mr. JOHN IGNATIUS VAILLANT, Sworn and Examined

22,223. *Chairman:* What does this model represent?—This represents the opening development of a new colliery, the Cwm Colliery, at Llantwit Fadre.

22,224. Is that near Pontypridd in South Wales?—Yes. Five miles from Pontypridd. This is a section which shows two shafts from the surface, the one 743 yards and the other 765 yards. The lines that you see represent a series of drivages underground. I should like to point out first of all that before anything is done underground a plan is drawn to show exactly how we are to do the work, and directly the shafts are down, the coal proved then the landings are marked out. It is the work of the surveyor to lay out the roads as intended.

22,225. I think I understand this. You must remember that some of the members of the Commission have been engaged in coal mining for forty years and they have just begun to know something about it. Does this model accurately represent the work of the surveyor?—Absolutely.

22,226. It shows the difficulties the surveyor has?—Yes.

22,227. And it shows the skill he must have in order to lay out a proper plan of the mine?—That is the case.

22,228. I do not think we need trouble you any more.

(The Witness withdrew.)

22,229. *Chairman: (To Mr. Hughes.)* Will you continue?—I think we understand the model.

Witness: I should like also to show a small plan of the section of the sinking of a shaft as to which details of the sinking have to be kept by the surveyor and recorded upon the plan. (Plan produced.)

22,230. This is the same sinking what the Cwm sinking. Will you tell us briefly what the plan is, does

it show the various strata through which you have to sink to reach the seams of coal?—That is so, from the surface.

22,231. And the surveyor is responsible for a plan like that?—Yes.

22,232. That again proves your point and shows what a skilled man he must be?—I think so, especially when he has to be up against the sinker, who is a very sharp man indeed.

27 May, 1919.]

MR. AUSTIN OWEN HUGHES.

[Continued.]

22,233. What is the next point?—The next point is that I should like to show another small plan which shows the difficulty of the surveyor in preparing the work.

22,234. But I do not think you need trouble about that, because we all agree with you: you must be a man of great skill?—But the work would be rather interesting if you saw it before you.

22,235. Very well, we will just see the plan?—(*Producing plan.*) This is a plan by Mr. Leston of the Powell Duffryn Company, showing the contouring of a seam of coal down the pit the difficulties of mining and the difficulty of the work the surveyor has to carry out.

22,236. I am afraid we cannot go into a great number of plans, but we appreciate your point. What does this next plan show?—(*Producing plan.*) This shows the working of the seam with the big faults running through the valley at right angles to the strike of the seam with the contouring of the seam clearly demonstrating the amount of the throw and the increase of the throw of the big fault as it travels in one direction or the other.

22,237. That plan, again, shows that you must have a man of great skill to do work of that sort?—Yes.

22,238. Now, what is the next plan?—(*Producing plan.*) The next plan is one showing the peculiarity that is met with underground by great washouts occurring in the seam which may, or may not, affect the seam above or below, and those washouts have to be carefully put down by the surveyor when they have been proved either by trial pits, or bore holes, and they have to be accurately recorded so that the managers of mines may not drive in any direction an expensive road which may go into that barren ground.

22,239. Yes, that is most important. Then I suppose you would say that £5 10s. a week is not sufficient for a gentleman who has to possess all this knowledge?—Not at the present day.

22,240. You have quite demonstrated that to us. I will ask you two questions now, because I quite appreciate the result of your evidence. First of all, are you in favour of the nationalisation of the coal royalties?—It is a matter that we have not given great attention to.

22,241. If you have not given attention to it, your opinion will not be very valuable. Now with regard to the coal industry, what is your view with regard to the nationalisation of that? Have you given attention to that?—Yes.

22,242. What is your view? Do you think it is a good thing or a bad thing?—It will be a good thing in one way.

22,243. What are your reasons for saying it will be a good thing?—We look upon our coalfields or coal as a very valuable asset of the country, and at present with the irregularity of the boundaries with each mine taking there is a considerable loss of this valuable asset of the country. Hundreds of thousands of tons of coal are left in useless barriers through these irregularities. If they were under the State these irregularities would be very largely laid out in straight lines, limiting the amount of barrier that would have to be left to protect one colliery's workings against the other.

22,244. *Mr. Frank Hodges:* Do you regard your present employers as men who have appreciated your education and intelligence up to now?—Unfortunately I do not. If they had we should not have troubled to ask to appear before this Commission for redress.

22,245. So that it is not true to say, as has been said, that the present system of ownership is one that readily appreciates intelligence and pays for it, and pushes it forward?—Far from it.

22,246. When you make this comparison between your wages and the wages of a labourer and make the distinction as you do between your education and the education of a fireman, is it because you feel that the latter class are not being properly paid, or being paid too much?—Oh no, it is not that at all. I do not think that the miners are paid too much for their

work, but the mine surveyor is paid far too little for the skilled work which he carries out.

22,247. Do you think that if the industry were owned by the nation you would, as a class of workmen, give the same valuable services, with the same amount of zeal, to the nation as you now give to these people who apparently do not appreciate the standard of your education?—Certainly. That is one of the failings of the present-day colliery surveyor; he does his work too conscientiously for the pay which is given him.

22,248. *Mr. Evan Williams:* Do you come here representing any organised body of surveyors?—Yes.

22,249. What body is that?—The Institute of Mine Surveyors recently formed.

22,250. How recently?—March of this year.

22,251. Was it formed for the purpose of bringing the grievances of surveyors before this Commission?—Yes, that is one of the objects.

22,252. I gather from your reply to Mr. Hodges that your sole purpose in coming here is to try and get higher salaries for surveyors?

Mr. Frank Hodges: I did not put that question. I never asked the witness the question whether it was his sole purpose to come here for an advance in wage. I did not ask a question about his wage but the character of the work he was performing under a different system.

Mr. Evan Williams: I am not referring to Mr. Hodges' question but his reply.

Mr. Frank Hodges: He did not give that reply.

22,253. *Mr. Evan Williams:* I think he gave a reply which bears that construction. (*To the Witness.*) What is your object in coming to give evidence before this Commission?—My main object in the first instance is this. The Institute of Mine Surveyors has not originated or been brought to birth by the present industrial unrest in the country, but has been growing for many years, and has come out at this particular time when they have seen an opportunity of putting before the Coal Commission some wrongs which they think need redressing. It is also the object of this Institute to educate their members and to impress upon the Commission the necessity of having skilled and experienced mine surveyors upon their Board of Examiners so that whenever a colliery company employs a surveyor having that certificate there is the assurance that the man is a skilled man and able to carry out and make reliable plans of the mine.

22,254. Do you mean to cast any reflection upon the competency of the present Board of Examiners?—I would rather you did not ask me that question.

22,255. But it is a question which I think arises out of your reply. However, you come here representing that body?—Yes, I come here representing that body. We have branches in Scotland, Yorkshire, Lancashire, North Wales, Derbyshire, Nottinghamshire, Somersetshire, and South Wales.

22,256. Have you taken any opportunity at all of putting these views before the coal owners?—No, we have not.

22,257. You have come to this Commission without asking the coal owners to meet you or discuss any of these matters with you at all?—Yes. We have tried too many times, individually but not collectively. We find without some move is made collectively no movement on the part of the coal owners takes place.

22,258. And you have taken a lesson from the workmen and organised for the purpose?—There is a jolly good organisation and an example which could be followed.

22,259. You have given figures as to the wages of the head certificated mine surveyors and other surveyors. What are those compiled from?—They are compiled from information sent in to our Secretary from the different centres, which are signed by the head surveyor of each colliery, giving the wages of each individual member of his staff.

22,260. Have you returns from the whole country?—Yes.

27 May, 1919.]

MR. AUSTIN OWEN HUGHES.

[Continued.]

22,261. And these are the averages of the whole country?—Yes.

22,262. Do you say this £5 10s. a week represents the wages of a head surveyor of your standing?—It is less than that. Those figures were prepared up to May 13th. Since then we have had other figures in which have reduced that amount.

22,263. Will you tell the Commission what is your own salary?—£335 a year.

22,264. Are there any privileges?—House, coal, fire-wood and light.

22,265. In addition to the £335?—Yes. That is a recent increase I had within this last month.

22,266. What were you getting before the war?—Before the war, £200.

22,267. I suppose you are aware that the Controller has exercised a good deal of control over the salaries of officials of collieries?—Yes, but unfortunately it is not applied in all cases to the mine surveyor.

22,268. But the colliery owner has frequently had great difficulty in getting consent from the Coal Controller to increase his officials' salaries?—Well, it is time the Coal Controller knew something more about the work of some of the colliery officials.

22,269. Are you aware what salaries men of your capacity are getting in the Army? What is the pay of an Engineer officer?—About eight members of my staff joined the Forces and became Lieutenants in the Tunnelling Company of the Royal Engineers, and I have heard them say that their salaries have run up to something like £1 or 25s. a day.

22,270. That is during the war and on war service?—Yes.

22,271. Do you know what a Sub-inspector of Mines gets in the way of salary?—Yes.

22,272. Are they better paid than you?—Oh, yes, in some cases.

22,273. Are you aware that their maximum is £200 per annum?—The maximum of an Inspector of Mines?

22,274. No, of a Sub-inspector?—I misunderstood you; I thought you said Inspector. I was not aware it was quite as low as that; if it is, it is a shame.

22,275. Do you anticipate that you would get higher wages under Government service than in private service?—Yes, I feel pretty sure I should.

22,276. Although Sub-inspectors of Mines, who, I think you would say, are quite as well qualified as surveyors of mines, are paid less than you?—I do not think they are to be compared with surveyors of mines. They do not do half the arduous work that a mine surveyor carries out or put in the time the mine surveyor does.

22,277. They may have a different opinion?—Yes, but I should like to argue the point with them.

22,278. Perhaps you will have the opportunity some time. You said you favoured the nationalisation of the coal industry because of the waste of coal in barriers. Is that so?—Yes.

22,279. Are you quite clear you did not refer to the nationalisation of minerals, but you meant the nationalisation of the working of the collieries?—Well, I intended that reply to be under the nationalisation of mines.

22,280. And the reason you gave was that at present a large amount of coal is wasted in barriers?—Yes.

22,281. Do you say that is your experience in South Wales?—Yes.

22,282. With the Powell Duffryn Company do you find a lot of coal wasted in barriers?—Yes.

22,283. Do you know Mr. Hann, who gave evidence here?—Yes.

22,284. That was not his opinion?—Well, of course, it differs from mine, that is all.

22,285. Your experience is that in the Powell Duffryn Collieries a large amount of coal is at present wasted in barriers?—At the present time I must say on behalf of the Powell Duffryn Company—otherwise

I might be misunderstood—that it is their great endeavour, and always has been, to straighten the barriers, and it is not any fault of theirs that the barriers of their workings are not straight ones.

22,286. How much does the Powell Duffryn Company leave as a barrier?—About 50 yards.

22,287. That is to protect them?—Yes, from the adjoining workings.

22,288. Do you suggest it is not necessary to leave any barrier at all?—I do not; I think it is necessary.

22,289. Necessary for the working of the collier?—Yes.

22,290. So that if the mines were nationalised and were all mines in the same ownership, you still think it would be necessary to leave barriers between them?—Yes.

22,291. To what extent do you suggest there is any saving?—In the straightening of the barriers.

22,292. And for that purpose you think it is necessary to nationalise coal mines?—One of the reasons—not the only reason.

22,293. For that purpose to straighten the barriers, it is your opinion that the coal mines should be nationalised?—It is one of the purposes, at any rate; I do not say it is all.

22,294. Assuming that should be done, do you suggest it cannot be done by any other means?—Well, we have tried, speaking again of the Powell Duffryn Company, for several years to get an agreement with owners of adjoining mines for the straightening of boundaries, but have failed to do so.

22,295. What do you attribute that to?—To the stupidity of the other coalowners.

22,296. Have the landowners interfered at all?—No.

22,297. It is the difficulty of arranging between one coalowner and another?—Yes.

22,298. Given that the boundaries are irregular, as they undoubtedly are, do you know of any barriers left needlessly at present in South Wales?—Hardly needlessly, but left in excess of what is necessary.

22,299. You say that no barrier is left which is not required to be left at the present time?—No.

22,300. None at all?—Except in the irregularity of the boundaries. Do not trip me up in that. I want to be clear on the point.

22,301. Then the hundreds of thousands of tons of coal you speak of are left only because of the irregularity of the barriers?—The irregularity of boundaries and excessive barriers.

22,302. What do you mean by excessive barriers?—In the case of a dispute in mine ownership, the result is, usually after coming to arbitration, that the disputed area should be left as a barrier.

22,303. Could you give me an instance of that?—Yes; if you compel me to do so, I will.

22,304. *Chairman*: Will you tell us that?—There was a dispute between the late Lord Merthyr and Lord Aberdare, where there is a large barrier left between the Powell Duffryn workings and the Fendal Colliery workings, and I consider it excessive, and a lot of very valuable coal has been left which would not otherwise have been done.

22,305. *Mr. Evan Williams*: What was the ostensible purpose of leaving that barrier?—It was really because they could not definitely agree as to what was the correct boundary line.

22,306. And so you say a larger barrier was left than was necessary?—Yes.

22,307. And it was left as the result of arbitration?—As a result of the dispute.

22,308. But you said it went to arbitration, do you not?—Yes.

22,309. And the arbitrator decided that this barrier should be left?—It was decided, or, as I take it, they agreed to that.

22,310. It is a difference of opinion between you and the arbitrator?—Well it may be so.

Mr. R. H. Tawney: Sir, might we ask this witness to give the figures of which he spoke as to the wages of the surveyors?

22,311. *Chairman*: (To the Witness.) Have you got the figures?—Yes.

27 May, 1919.]

MR. JOHN GIBSON.

[Continued.]

22,312. Will you let Mr. Tawney have them?—Yes; our Secretary has them here. They are given in confidence by the surveyors.

22,313. *Mr. R. H. Tawney*: You have no objection to those going in?—They are given in confidence.

22,314. *Mr. Robert Smillie*: The amounts might be given without the names.

Witness: Yes; the amounts might be given without the names.

22,315. *Mr. Arthur Balfour*: Could you give us numbers with the salaries opposite the numbers?—Yes.

22,316. *Chairman*: Is there any objection to our seeing them, but not publishing the names?—No, that is so.

Chairman: Then I will hand them round.

Sir L. Chiozza Money: Could the witness prepare a table summarising it without names?

22,317. *Chairman*: Yes, I think that will be the best. (*To the Witness*.) Will your secretary, in the course of the day, prepare for us a table showing the gross weekly salary? This table which I have is headed "Strictly private and confidential," and then it says: "Institute of Mine Surveyors. Returns of salaries paid to the Surveyors at such-and-such a mine." Then the head surveyor gives his number of years' service, and I will read the first line so that you will see what is there. It says: "Head Surveyor. He had 25 years' service before the granting of certificate, and 8 years' certificated service, net salary, without deduction or extras, £3 10s.; percentage, 7s.; bonus, 10s.; war wage, 18s.; Sankey Award, 12s.; gross weekly salary, £5 17s." Then

the next are the certificated surveyors, and they are £4 10s., £4 8s. 6d. and £4 7s. I think that is a Welsh colliery.

Mr. R. W. Cooper: Could we have the district in each case and the number of pits over which the surveyor has charge?

22,318. *Chairman*: Yes, we will get that. This is Cheshire, £4 2s., and Lancashire, £5 16s. Then there come some Scottish mines which seem to be much less, £3 17s., and so on. (*To the Witness*.) Could you make a list and analyse all these, putting the gross weekly salary and the size of the colliery?—That is already prepared. I think our Secretary has that statement there now.

22,319. *Sir L. Chiozza Money*: How many collieries have you returns from?—The figures are there, but I cannot remember them.

Chairman: Very well; we will call the Secretary as a witness later when we have seen the papers.

22,320. *Mr. Robert Smillie*: Would you ask the pre-war and the present time figures?

Chairman: Can we get the pre-war ones and the present figures, Mr. Bray?

Mr. Bray: The standardised wago is practically pre-war.

22,321. *Chairman*: What do you want to know, Mr. Cooper?

Mr. R. W. Cooper: I think we should have it classified into districts, and we should know the pits that each surveyor has charge of. He may have charge of one small pit, or he may have charge of several pits, and one wants the output.

Chairman: Very well.

(*The Witness withdrew.*)

Mr. JOHN GIBSON, Sworn and Examined.

22,322. *Chairman*: You have not been good enough to tell us anything about yourself except that you are a certified colliery manager. Do you live at Kilmarnock?—Yes.

22,323. What colliery are you managing there?—I am the manager of the Aunandalo and Windy Edge Collieries.

22,324. You are presenting a *précis* of evidence on behalf of the Scottish Mine Managers' Association?—Yes.

22,325. How many gentlemen are there in that Association?—About 300 managers.

22,326. You deal with the points of joint control, nationalisation, the status of the manager and housing. How long have you been a district colliery manager?—19 years.

22,327. Now, if you will turn to the first page of the evidence, when I have read it I am going to ask Mr. Smillie to ask you questions on my left, and Sir Adam Nimmo on my right. I am not going to read the whole of it, but the various important points. I do not say it is not all important, but I am going to read what appear to me to be the salient parts:—

"SCOTTISH MINE MANAGERS' ASSOCIATION.

I. Regarding Joint Control.

So far as the Association understand this proposal it means, in effect, multiple management. If this implies multiple responsibility they consider it possible in practice, but economically impracticable. If it means that the managers will be saddled with responsibility for matters over which they have little or no control, they will not touch it. If it means advisory, but not executive control, they welcome the proposal."

That is what you say with regard to joint control. Now with regard to nationalisation:—

"The Association believe that certain national advantages may be gained by this proposal, for example:—

- (1) Central pumping stations for draining great areas.
- (2) Standardisation of a great many of the simpler appliances such as trams, rail gauges, tippers, greasers, turn plates, etc.

(3) Central power stations worked in connection with central washing plants, and so making use of the slurry or duff.

(4) Central power stations worked in connection with coke oven and by-products plant.

(5) Some little advantage might be gained on boundary coal between different royalties, but in the troubled fields of Scotland large faults or whin intrusions usually form natural boundaries.

The Association see various other minor advantages of nationalisation, as, for example, a higher status for the manager. They firmly believe that it would do all these things, and might do many others; but so far as the nation is concerned it would not pay. A very difficult question crops up at the first step towards nationalisation, that is valuation. A coal pit is unlike other concerns, such as factories or workshops. Its valuation does not depend entirely on the value of the fixed plant, nor the average profit for the past ten, twenty, or thirty years, but largely on the quantity and quality of the unworked coal. How an equitable valuation could be made, giving the proper respective powers to these and other factors, they are unable to imagine."

I will not trouble you with a thing you cannot imagine, but I will go on to your scheme: "Gibson's Scheme." When you say "Gibson's Scheme," does that mean a scheme that you bring forward on your own responsibility, or does it mean a scheme that you are authorised to put forward on behalf of the Scottish Mine Managers' Association?—My scheme authorised by the Scottish Mine Managers' Association.

22,328. It is your idea which they have approved. Now I am going to read that, because that is the sort of thing we want.

"The easiest and safest policy probably is for the Government to follow the example of the Co-operative movement and tackle the distribution problem before attempting the nationalisation of the productive process. The railways being in their hands, they can at once get delivery of every pound of coal immediately it reaches the pit bank, and distribute it as they

27 May, 1919.]

MR. JOHN GIBSON.

[Continued.]

think fit. The price given would be the highest that the country could afford, and would vary with the national and international economic exigencies of the time, but the price of pit bank would be the same all over the country, and a low grade coal from Ayrshire would be paid for at the same rate as anthracite from Glamorgan. Each colliery would be a separate economic entity, and the scheme would be as follows:—

- (1) Standard national rates for every class of labour, from the managing director to the youngest boy, would be set up, but the present system of paying by piecework would be continued.
- (2) A standard rate of interest on capital would be set up, based, not on any valuation, but on wages paid.
- (3) 50 per cent. of the profits, after paying all charges, would be divided in direct proportion to their receipts between the employers and employees, and 50 per cent. would go to the pool.
- (4) The pool would, with Government sanction, guarantee the standard wages in the poor mines.

Should the pool in any bad year be unable to pay the standard wages the Government would advance the necessary money, and they would get the surplus in any good year.

(5) Cost of new plant to be taken out of revenue. Some of the results of this arrangement would be:—

- (1) It would not be in the interest of the owner to keep down wages, but the reverse, as his profit would be in direct ratio to the wages of the workmen, hence:—(a) The wages of the director and manager should, to a larger extent than in the case of the workmen, depend on dividends; (b) The capitalised value of the colliery, if taken over by another coalowner or if nationalised, should be estimated on, say, 10 years' interest on capital plus 20 years' dividend."

What do you mean by 10 years' interest on capital?—I have set up a certain arbitrary figure as interest on capital, a figure based on wages paid. Then, after paying the sum due to the pool, the remainder, which goes to the men and the employers, is called the dividend.

22,329. Is the pool to pay taxes?—Oh no, the pool is the surplus from the rich collieries.

22,330. Will any taxes be paid at all—only by the recipients, I suppose, of the pool?—I do not quite follow you on taxes. We call local rates taxes.

22,331. Then I will not trouble you.

"It would be directly in the interests of workmen that the colliery was efficiently managed and that labour-saving appliances were introduced to reduce the cost of production, but, as the cost of the machinery will be borne largely by them, the country would be safeguarded from costly experiments. In the case of an allegation of inefficient management, simple, practical machinery could easily be devised to try the case.

While it would be in the interests of the workmen to have high wage rates, it would not be in the interests of the workmen generally in any colliery that any particular section should have excessively high rates, as these could only be got either out of dividends or out of the pool, hence applications for sectional increases would be dealt with by the Pit Committee assisted by the management in the first instance.

The manager's time would be much devoted to considerations of safety, as wages disputes would hardly concern him, and every one of his men would be an eager economist and a hustler for output. His powers for disciplinary purposes should be clearly defined and should, within certain limits, be absolute."

What limits do you suggest?—The Legislature has always put the limit on us. I am perfectly willing to suggest limits.

22,332. But you must have had something in your mind when you wrote this. What had you in your mind when you said, "His powers for disciplinary purposes should be clearly defined and should within certain limits be absolute"?—For example, the manager should have the power of instant dismissal or any other punishment which he should think fit for disobedience to orders or what he might think inefficiency.

22,333. What is to happen outside? Who is to deal with cases outside the limits?—So far as wages and wages disputes are concerned, they would be dealt with by the Pit Committee on the Whitley Council as set forth in the supplementary *précis*.

22,334. Do you think wages come within the disciplinary purposes?—No.

22,335. Your sentence has nothing with regard to wages. You say: "His powers for disciplinary purposes should be clearly defined and should within certain limits be absolute." I may be wrong, but I gather you mean by that that there are certain disciplinary cases where his powers are not absolute, and I wanted to know what they were?—I can answer that. In the case of a breach of the regulations regarding safety his powers should be absolute to deal with that, and his powers for the moment—it may be subject to any higher or wider authority—but his powers for the moment regarding what he considers inefficiency should be for the purposes of immediate action absolute.

22,336. Have you thought what should happen after immediate action?—In which way?

22,337. Is there anything in the nature of an appeal to some other body?—Yes; that is set forth in my supplementary *précis*.

22,338. We shall come to that, but you can tell me what it is now?—If you could state a case.

22,339. I will not trouble you if you have not thought it out.

"The Whitley National Mining Council, having control of the pool, should have power to make a special grant to the director, managers, and officials of any particular colliery or any workman for good individual work, practical suggestions for improved working, or a high standard of general efficiency."

Then you give us a very interesting table of examples of working, but I will not go through that, because the gentlemen of the Commission can see it. Now I go on to page 6, the Status of the Manager.

"Great differences of status exist at the various collieries in Scotland. At one colliery the certificated manager may receive only general instructions regarding what may be called technical policy from his superior, and is allowed a large measure of liberty of choice as to the methods and plant that are to be used for attaining the desired end, and is judged by his results, the whole operation being under his control and supervision. At another colliery he may exercise only supervision, the control being in the hands of a resident general manager or agent. Between these extremes there is an infinite variety of intermediate classes. At one colliery, the manager may enjoy the personal intimacy and friendship of the owner or managing director. At another his name may be unknown to the directors.

When the great increases in wage rates of miners took place during the war, the anomaly arose frequently of the workman being paid more money than the manager. This caused a little estrangement in some cases, as the owners looked upon salaries as being outside the rules that regulated wages. They looked on inflated salaries as permanencies, while inflated wages are only seasonal.

Government control complicated the situation, and the general consensus of opinion among managers was in the direction of combining on quasi trade union lines to get some of the spoil during the scramble. Impetus was given to this movement by fear of harsh and unsympathetic administration of the Mines Act resulting in legal prosecution. The Scottish Mine Managers' Association was formed on these lines, and recognised by the Coalowners' Asso-

27 May, 1919.]

MR. JOHN GIBSON.

[Continued.]

ciation. The questions at issue presently are claims by the managers for—

- (1) A minimum salary of £500.
- (2) A superannuation scheme.
- (3) An increase of £100 on the present war wage of £125.'

I want to know something on this superannuation scheme. Is it your view that superannuation should only be paid after a number of years' service?—The discussions between our Association and the Coal-owners' Association have never taken concrete shape. We have had sympathetic reception.

22,340. I do not know what the discussions have been or what the sympathetic reception has been. I want to have your view. I am asking you this for a purpose. Is it your view that superannuation should only be paid after a certain number of years' service?—With a particular firm?

22,341. Yes?—Oh, no.

22,342. Then what is your idea? If a man serves a year, may he be superannuated?—He might serve a year as a manager from 69 to 70 or from his 46th to his 50th years or at whatever period superannuation was fixed, but before he did so he would be an under-manager or other official all his life.

22,343. Then, would superannuation mean this, that when a man gets to a certain age he is entitled to superannuation?—Yes.

22,344. Now, assume, for the sake of argument, a manager at the age of 55 becomes so incompetent that it is not worth while employing him any longer, but he has been for ten years a manager and has served probably for 30 years; how would you deal with that case? If you keep him on for the sake of his superannuation, you are keeping on an incompetent man for 10 years; if you turn him off it is rather hard on him, because he has got three-quarters of his way towards his pension?—It would be rather difficult.

22,345. That is what I find, and I want to see if you can help me?—It would be rather difficult.

22,346. It is. I have been trying to do it, and I want to see how you can help me. What is your remedy?—There is no remedy for inefficiency.

22,347. I am going to try and find one, but I was hoping to have your assistance.

"These questions are likely to be amicably settled. In the event, however, of the adoption of Gibson's Scheme, nationalisation, or other method of reconstruction, the managers are likely to accept salaries rising and falling with miners' wages, and as the manager is legally responsible for seven days per week and twenty-four hours per day, a reasonable minimum wage would be fourteen miners' standard shifts per week."

Now housing: "Our Association are of opinion that this is not the business of the coalowners any more than it is the business of the Postal Authorities to house the postmen." We do not want the colliery owners to house the postmen. I suppose what you mean is the coalowners to house the miners. Obviously, that is it.

"The coalowner's primary business is to produce coal, and if, in the process, he launches into the subsidiary business of housing, he usually does it badly because he does not understand it. In towns, the unwashed, the feckless, and those criminally inclined gravitate to the slums, but in miners' villages no discrimination is possible between the sheep and the goats, and the wives and children of the best class of the miners are thrown into the closest contact with the dirt, the vermin, and the many disgusting concomitants of slumdom introduced by any low-ruffian whom the colliery manager employs, and who thereby becomes tenant of a company's house.

The owner naturally objects to a man occupying one of his houses while in the employment of a rival firm. The process of ejection raises bitterness. Cheap, bad housing has a detrimental effect both on the physical vigour of the occupant and on his self-respect, and this reacts on output; consequently on wages and the standard of life. Again, the low rental has a detrimental effect in the following way: Sir Leo Money, in the "Nation's Wealth," fixes the

poverty line at 45s. per week (pre-war), and 7s. 6d. or 16.6 per cent. as the economic rent. I can point personally to cases where the rent of a miner's house is as low as 1/200th or .5 per cent. of the household income. With the standard of life so low, the family have some difficulty in finding what to do with their money. I see no prospect of raising the standard until the housewife finds herself demanding the amenities compatible with life in a good house.

Money is the great problem. Quite a large sum is spent yearly in Scotland repairing the damage caused by subsidence and by bad tenants. By standardising the plumber's work a fairly good house might be built (working on a large scale) for £400. If 20,000 such houses are necessary, £8,000,000 is the sum required. Good taste would prevent uniformity of architecture, although we think sensitive people attach more importance to this matter than it really deserves. Although land is cheap we do not think that rent and rates of such a house would be less than 12s. per week. This raises another point. The Scottish miners have lived so long in houses with low rents that they will take very unkindly to high rents. Even with inflated war prices and wages the 12s. rent would be looked upon by the vast majority as prodigious. In our opinion, the process of building good houses and educating the people to the better environment is both a financial and psychological problem, and can only be solved by time and patient effort."

I am very much obliged to you for that paper.

22,348. Mr. Robert Smillie: Could you give us any idea of the average salaries of colliery managers in Scotland at the present time?—I am sorry I could not put authentic figures before you. We have got no returns from our Association.

22,349. Do you know anything about what the salaries were prior to 1914?—I think before the war about £170 to £200 plus the allowances would be about the average figure.

22,350. An average of from £3 10s. to £4 a week with allowances, you say?—I think so.

22,351. Would that apply to Ayrshire?—I would not like to go beyond the book. Of course I could not speak for beyond what I was getting myself.

22,352. You do not mean to say that you have no general knowledge outside of your own colliery. Do you mean to say that you have an Association of 300 members, which you represent here, and have no general knowledge of what their salaries were prior to the war?—Yes, we have general knowledge, but no accurate information.

22,353. Have you known any men holding a first class certificate and in charge of a colliery being paid at any time prior to the war under £3 a week?—Yes. I think I remember one or two cases.

22,354. If you do not know I will not press you on the matter, but I thought you would have some information as representing your Association?—We have no precise information.

22,355. May we take it that your Association is not satisfied that the present system of working the mines of this country by private ownership ought to continue as at present conducted?—I do not think that could be taken as their finding. As loyal citizens they have accepted the finding of the Coal Industry Commission.

22,356. Have they any views on what the Commission has found? I should like to get your own view on this matter. Is it your opinion that the mining industry should be continued on the lines that it has been continued on up to the beginning of the war?—It is my opinion that it is useless to speculate when a postulate has already been laid down. We have to start with that postulate, which is that the present system is condemned.

22,357. Do you consider that the present system is not satisfactory?—Really, my opinion is not worth anything. We must postulate from that. We must start reasoning from that, not work back from it.

22,358. I take it that you are here to give your opinion and the opinion of your Association?—That is perfectly right.

27 May, 1919.]

MR. JOHN GIBSON.

[Continued.]

22,359. The colliery managers, I feel sure, must have been discussing the question whether or not the present system of working the mines of this country should continue or whether there should be another system? I think I might express the general feeling if I were to say that if a better one could be got we would very readily adopt it and uphold it.

22,360. I should like to press you for an answer to my question, which is whether you and your Association are satisfied with the present system of working the coal mines of this country under private ownership?—You may take it very readily that as human beings we are not content.

22,361. *Chairman*: We can only speak as human beings?—That is so.

22,362. You are not content?—No.

22,363. *Mr. Robert Smillie*: The colliery managers employed at the coal mines of Great Britain are responsible from day to day practically for the lives of a million men and boys who are employed?—Yes; and we object very strongly to the position we are put in.

22,364. Do you not wish to be held responsible for the men that you manage?—Yes, I am perfectly willing to take responsibility, but the Coal Mines Act and Regulations have put far too much for any individual man to deal with.

22,365. Is it a fact that they are responsible under the law at the present time for the safety of the mine workers?—Yes.

22,366. That body, so far as you are represented, are not satisfied with the system under which the mining industry has been conducted down to the present time? That was your previous answer—they are not satisfied?—No, not satisfied generally—not with the system. We are not satisfied as human beings; we want something better.

22,367. I want you to put yourself and your managers, as far as their financial position is concerned, outside of this for the moment altogether. I will come to that afterwards. I want to put your own conditions outside of it, and I want to know whether the mining industry as at present carried on, or as it has been carried on up to the beginning of the war, was satisfactorily carried on. Do you think the method in which it was carried on under private ownership was in the nation's best interest?—As far as the production of coal is concerned I think it was efficiently carried on.

22,368. Do you feel that the State, if they owned the mines, could not improve on that?—Yes, if they worked them on my scheme.

22,369. If they would accept the Gibson scheme?—Quite so.

22,370. But if there is not nationalisation of the mines, would that not still leave the mines in the hands of the private owner?—Not necessarily.

22,371. Does the Gibson scheme propose to take over on behalf of the nation the mines?—Yes, that may be eventually adopted.

22,372. Eventually adopted?—Yes, eventually adopted.

22,373. I understood that this Gibson scheme, so far as I could follow you through it, did not propose to take on behalf of the State the mines?—If you will turn to the bottom of page 3 you will see what I suggest is the easiest and safest policy and so forth that should be followed before attempting the nationalisation of the productive process.

22,374. I take it that the Gibson scheme must be tried before attempting the nationalisation of the mines. Is that so?—It might be used as preparatory.

22,375. Your scheme does not nationalise the mines?—No.

22,376. Do you think it would be possible to carry on the coal mines of Great Britain under State ownership, provided we have the assistance of, say, the present staff of managers, under-managers and general managers? Do you think the State could carry it on?—Yes, they could carry it on if they could make it pay—if they could produce coal economically.

22,377. I see you say if the nation took it over they could not produce coal so cheaply as it is produced at the present time?—No.

22,378. Will you give us some reason for that?—You must have studied the question before you make that statement?—Yes. We find if you consider a social body, drawing an analogy between that and a physical body, the bigger the physical body the greater the inertia, and if you have more inertia it takes more force to move it and it takes more force to alter its direction. You cannot stop it and you cannot guide it, and that does not lead to efficiency.

22,379. Would you say that that argument should be applied to your own organisation that you represent here, for instance?—That is not an analogy; that is a metaphor.

22,380. Do you think that your argument would apply to your own organisation—that is to say, the smaller it is the better?—Of course, I could organise another person and myself better than I could organise 199 persons.

22,381. I took it that one of your objections to nationalisation was that you could not produce coal so cheaply, and when I asked you why you said that your answer was because the larger an organisation of this kind becomes the less able it is to be carried on as efficiently as would be the case of the small one?—Yes.

22,382. Then I ask you, does that apply to your own organisation?—My organisation does not produce coal.

22,383. Would it apply to a colliery company that the smaller pits or collieries are better organised and more productive than the large ones?—Yes, I think one could take that as generally true.

22,384. Are the smaller collieries, generally speaking, in a position to apply the mechanical appliances which we have at the present time in the same way as a larger colliery would be?—I should put it in this way, that the smaller pit is more efficiently managed personally, although the plant may be less efficient. The total net efficiency is greater in a small colliery than it is in a large one.

22,385. Then are we to take it that the smaller the pit the better it is?—You must not take that.

22,386. Where do you draw the line?—Hard and fast lines cannot be drawn. You cannot work a small pit at a great depth. A small pit, 10 fathoms deep, is a totally different thing from a small pit 500 fathoms deep.

22,387. I can hardly imagine a small pit 500 fathoms deep?—It may be comparatively small. "Small" is a comparative term in any case.

22,388. At least it would cost a considerable amount of money to put it down?—Yes, but it may be comparatively small—compared with another at 500 fathoms deep.

22,389. Do you think any company would be foolish enough to put down a pit 500 fathoms deep unless it was going to be a large concern? You would not put down a pit of 500 fathoms to work 20 to 30 acres of coal?—Quite so.

22,390. You must ultimately expect it to be a big concern to go down 500 fathoms?—Yes; but I mean comparatively small compared with another.

22,391. May I take it that the very large companies which have amalgamated a number of collieries in Scotland are not the best paying colliery companies?—I do not think you should take it.

22,392. I am merely taking it from your argument that the State would be too big to conduct efficiently the coal mining industry of this country. Imagine for a moment that it was nationalised: I take it that each colliery would still be under the management of an efficient manager?—Yes.

22,393. I suppose we may take it that he would do his duty as he does now to make his own particular part of the work successful?—Yes.

22,394. May we take it that you think that coal could not be produced as cheaply if the mines were nationalised as it is being produced now?—No, I think not.

22,395. Do you know any districts in Scotland in which there are several collieries sunk very close to each other?—I think examples might be got, perhaps, near Hamilton, but I cannot remember for the moment.

22,396. Do you know the Hamilton district and round there?—Yes.

27 May, 1919.]

MR. JOHN GIBSON.

[Continued.]

22,397. I suppose you know of some cases round there where three, four or five collieries may be found within probably a quarter or half a mile of each other?—Yes, I think that is likely.

22,398. Is it not possible that there may be collieries in different parts of Great Britain at the present time in which there is pumping gear in each of the collieries, and that if they were associated the pumping might all be done from one?—Yes.

22,399. Do you think it would be a saving if you could drain a coal area to one centre, always providing that the pumping gear is not engaged its full time? Would it be more economical, where it could be done, to drain it all to one area?—It might or might not. If the centre from which the water was pumped was rather deep you would lose money pumping all the water from a great depth. You would dissipate more than by pumping it from a less depth.

22,400. Generally speaking, it has been suggested that that might be one method of saving expense. I want to put it to you that while you might conjure up circumstances in which it might cost more money, that, generally speaking, it would cost less to pump from one centre than from half a dozen places?—I think you might take it that there is a fair chance of economy.

22,401. I think you are very cautious. However, if you cannot give an answer to the question, we will allow it to drop?—I am trying to answer you as fairly as possible.

22,402. I am trying to put it to you whether it is not possible to cut down expenses by pumping from one central station rather than working in rivalry with one another. You cannot help me on the question of pumping?—I think I have.

22,403. I do not know whether you are trying to or not, but you have not?—You may take it that I am trying.

22,404. In the case of barriers left between several collieries in close vicinity to each other, if it were possible to work co-operatively all over the collieries and take out those barriers, that would be a great saving of the nation's wealth? If the barriers could have been taken out without danger, that would have been a great saving?—Yes.

22,405. If four collieries are sunk close to each other and barriers are left between them for the purpose of preventing the water going from one to another, you would say that is the only purpose of the barriers—that national wealth might have been saved if the pumping could have been done at one centre?—Yes, you may take it.

22,406. I want to put it to you that not only is it a loss of national wealth, but it makes the mine managers' position more difficult in the working of the barriers?—I never personally found a barrier trouble me.

22,407. Barriers sometimes require to be left in in order to conduct the ventilation?—Yes.

22,408. But if the coalfield that is being worked by four different collieries is not too large to be worked from one centre then it would not be necessary to leave those barriers in for that purpose?—No.

22,409. If the coalfield was not too large for the pumping to be done it would not be necessary in that case to leave the barriers in to prevent the water going from one colliery to the other?—Yes, that is so.

22,410. That would be a saving. I want to put it to you that the manager who had to set up his colliery to work a field from one shaft ought to be more successful than if he had barriers to leave in here and there, if he was going to exhaust it from the two instead of four. He would have less difficulty in working the field than if the barriers had to be left in by the four owners. Supposing you yourself found that right in the middle of a field which you are setting out to work you had to leave in, say, a pillar for some purpose of 400 or 800 yards square, it is more difficult working round about there than it would be supposing you went straight forward?—Yes, it is difficult to work round a pillar.

22,411. That is exactly what I have been trying to arrive at for the last ten minutes; and it ought not to be difficult for two men who understand mining to

arrive at a conclusion?—You did not ask me that question.

22,412. I did ask you a similar question with regard to barriers that have to be left between various takings, and you said you had never had any difficulty with barriers. I want to put it to you that wherever you have to go along and leave a piece of solid coal in it always increases the difficulties of miners' work and the manager's work?—No, I do not follow you there. I do not think it is a fair inference.

Mr. Robert Smillie: Then I will leave it there.

22,413. Chairman: Two minutes ago an addendum to the proof was handed to me. I had better read it out. When did you send the addendum in?—I only got it yesterday to bring here.

22,414. I will read it:

“*Re GIBSON SCHEME.*”

Supplementary *précis* of Evidence giving certain suggestions regarding the Constitution, Powers, and Duties of the Whitloy Pit Committees, and District and National Councils. By JOHN GIBSON, Colliery Manager, Kilmarnock.

Constitution.

1. Pit Committees might be composed of the director, manager, and under-manager, and not less than three persons elected by the workmen. This Committee would deal with many of the matters now handled by the owner, agent, or manager. For example, complaints as varied as those as to the presence of foreign material in the coal, from the miners as to the quality of the oil supplied for the safety lamps, or from the drawers as to the condition of the drawing roads. Applications for increased rates would come before them, but their decisions would be subject in this case to the approval or otherwise of the District Council, who would have the advice of their experts. The Committee would direct the policy of the pit, but their general policy would be checked by the Government Inspectors, in order that, for example, “A” seam was worked in such a way that “B,” “C,” and “D” seams were not lost or made unnecessarily difficult to work.

2. The method of electing the members of District and National Councils would require to be carefully thought out and laid down. It would be almost immaterial whether these were composed of workmen or officials, or owners entirely, provided the necessary business ability was present.”

Are you prepared then to see the National Council composed entirely of workmen?—Certainly.

22,415. “For the National Council perhaps 36 members would be a fair number, and to begin with probably 12 each of owners, officials, and workmen representatives would be a good arrangement, as their experience of economics would be from different view points—exchange, technical, and ethical.”

Which are the “exchange”? Are those the owners?—Yes.

22,416. What exactly do you mean by “exchange”?—It is Marshall's definition.

22,417. I dare say it is Marshall's definition, but I want to know what you mean. Everybody in this room does not know Marshall, or his definition. You tell us?—For example, the exchange of coal for gold.

22,418. I know, but everybody has perhaps not had the advantage of knowing. What else?—That illustrates the general principle.

22,419. What do you mean by “technical”?—The trained skill of the manager.

22,420. And “ethical”?—The skill that Mr. Smillie possesses regarding the health, and so forth, and the wage rates of the miners.

22,421. “*Duties and Powers.*—1. The National Council would act as trustees of the pool, keep in touch with the responsible Government Department, and see fair play for the industry.

2. As the health and safety of the miners is of the greatest importance, the Council would—

- (a) Become the Approved Society for Miners' Health Insurance.
- (b) Become the Assurance Corporation for Accident Insurance.
- (c) Institute Unemployment Insurance for Minors.

27 May, 1919.]

MR. JOHN GIBSON.

[Continued.]

To carry out the above, the Council would retain the services of Medical Officers, also Safety Inspectors, who would investigate all serious accidents. Many of the present Coalowners' Officials could be usefully employed in those capacities. It would be a logical step to hand over the responsibility for the safe working of the mines to the Council and its Officers. The present staff of Inspectors employed by the Home Office could be retained for seeing after the country's interests as Economic Inspectors by the responsible department." Does that mean that the present staff of the Safety Inspectors would become Economic Inspectors?—Yes.

22,422. What about safety?—That would be handed over to the National Council.

22,423. "The National Council should set up in business as universal providers of colliery stores and appliances." Does that mean that they are to be merchants or manufacturers?—Certainly merchants, and possibly manufacturers.

22,424. Manufacturers of what?—Colliery stores and appliances.

22,425. Have you any particular sort in your mind?—No.

22,426. "A most interesting development would ensue, as for example:—The Committee of 'X' Colliery propose trying a coal cutter in a certain seam. The District Council expert is consulted, and gives advice free of charge. The machine is installed at a cost of £1,000. If it succeeds 'X' Colliery pays five £200 yearly instalments in discharge of the debt. If it fails it is returned to the district stores, where the depreciation is estimated at £200, which is the only charge that 'X' Colliery has to meet. Or suppose that a quantity of old machinery or scrap is lying about 'Z' Pit. This is sent to the stores and valued at £500. Then 'Z' Colliery gets five yearly instalments of £100.

Very large economies would be eventually realised by the standardisation of the underground rail gauge and tram. The natural corollary would be the establishment of District Tram Exchanges.

4. Another activity of the National Council would be Mining Development, which I suggest should be done in this way:—Any person or company could intimate to the Council that they propose to prove the minerals and open a mine at a certain place. The Council, on behalf of the Government, should have the option of investing up to 90 per cent. in the venture. When the development had reached a certain stage the mine would be admitted to membership of the pool.

5. Education should become an important duty for the National Council, and they should set up a National College or Colleges for the training of all Colliery and Council Officials.

6. In all matters of internal dispute the decision of the Council should be final.

Note.—It is obvious that all the various activities of the Council would require to be kept in separate watertight financial compartments.

Correction.

Page 5 of *Précis*, example number 3, A Colliery—Workmen's Dividend should read £4,000, not £3,760.

Owners' Total Interest and Dividend should read £3,760, not £4,000."

Where is the National Council to meet? Have you thought of that?—Yes, I have thought.

22,427. What are your thoughts?—My thought is that it is none of my business where it should meet.

22,428. We want you to help us. I am not at all saying that your scheme does not contain valuable suggestions, but if you cannot give us your views, it is no use my asking you. Is it your suggestion that the National Council should meet, say, once in London, once in Edinburgh, and once in Wales?—I would have a fixed centre.

22,429. What centre would you suggest?—London.

22,430. How often would they meet?—They would require to meet in practically permanent session.

22,431. Would they be paid?—Certainly.

22,432. How much?—As much as the constituents would permit them to get, within reason.

22,433. Sir L. Chiozza Money: You mean well paid?—Yes, well paid.

22,434. Chairman: What does that mean?—It means different things at different times, of course.

22,435. What does it mean at this time? If you are not prepared to assist us, I will not trouble to ask you any further questions. Your scheme is valuable to me, but if you are not prepared to give proper answers to proper questions I shall not be able to consider it. Have you thought about it?—Yes.

22,436. What do you say it ought to be?—Anything from £1,500 to £2,000.

22,437. How many are there to be?—Thirty-six.

22,438. Thirty-six at £2,000 each?—Yes.

22,439. Mr. Robert Smillie: On page 5 in Clause 4, one or two things were put to you by the Chairman with regard to the powers of the manager. You said his powers for disciplinary purposes should be clearly defined and should be absolute. He would not have the power of life and death in his hands. Did you mean he would have the power to dismiss a person for disobeying a rule?—Yes.

22,440. I put it there would be a colliery manager who would order men or a man under his charge to do something which seemed to them or him unsafe to do, such as removing a prop which would be fatal to do, and, if they have disobeyed the order, do you still give them power to punish them for disobeying an order of that kind?—I would have the Pit Council or Pit Committee review his decision.

22,441. Chairman: Do you mean to say you would give the manager power to suspend until the case came before the Pit Committee?—Yes.

22,442. Mr. Robert Smillie: Suspension is different from dismissal. In a case of that kind the manager ought to be in a position to carry out this safety provision and to have power to suspend a person for breach of rules or for refusing to carry out orders?—Yes; but the committee or council, or whatever it was, who had the revision of the decision of the colliery manager must back him generally or very shortly dismiss him.

22,443. I take it, if he suspends a man for a fault, for disobeying an order, or for a breach of rules, it must be remembered the law is still in force, and for a breach of the rules a prosecution can take place, that is to say, for a breach of the Mines Regulations at the present time. Supposing a mine manager suspends a worker for refusing to obey an order he has given, would you allow the Joint Committee or the Pit Committee, or whoever it may be, to review the decision and to reinstate the man if they were satisfied the man was right in the action he took?—No; I hardly think you could go that length.

22,444. You think that would weaken the manager's power for discipline?—Yes, I am afraid of it.

22,445. Is that your only fear?—Yes.

22,446. When a man is suspended, what takes place? If you say the manager has the right to suspend pending an inquiry, what really takes place, or what would take place, under your scheme?—Supposing that a manager finds a man—putting the legal question aside, because the law can deal with the man for a breach of the regulations—is guilty of gross inefficiency, and the manager suspends the man, if the Committee reverses the decision of the manager 60 times out of the first 100 times—if the committee which revises the decisions of the manager reverses them 60 times out of 100, the manager, I should say, would be inefficient and should go.

22,447. Chairman: What was that you said; please repeat it?—If out of the first 100 cases 60 were reviewed in favour of the workmen and against the manager, the manager should be dismissed or the Committee.

22,448. Mr. Robert Smillie: I take it you would expect that under a new scheme that you should hope for greater harmony amongst the different elements than exists at the present time?—Yes.

22,449. But I think that your mind is running in view of the position as it is to-day perhaps rather

27 May, 1919.]

MR. JOHN GIBSON.

[Continued.]

than the position you would like to create of all the elements working for the common cause of increased production?—Yes.

22,450. You would hope that would arise under your scheme?—I am sure it would.

22,451. I put it to you that you yourself may have found sometimes an under-manager or an oversman has made a mistake in the orders he gave the men, orders that were refused, very likely?—Yes, I think so.

22,452. Would you believe me when I say it has not been an uncommon experience of my own, when I have seen the manager of the mine to complain of the dismissal of a man, that we both came to the conclusion the man had been unfairly dealt with?—Yes.

22,453. You know we have again and again found the oversman who dismissed the man has admitted after thinking the whole thing out that he was wrong and the man was right?—Yes.

22,454. In a case of that kind would it tend to discipline if there were cases where men were dismissed without any hope of review?—Perhaps I could answer it better by telling you what I would do and how I feel about the matter. May I do so?

22,455. *Chairman:* Yes?—No matter what a man says to me, even although he threatened physical violence, if he was a good workman, and I do not care what he was to do, I would dismiss him if I thought fit; but provided he promised not to repeat the offence or to stop the system of bluster in my presence I would take him back to-morrow. I think the relations between the manager as representing the employer and the employee should be perfectly passionless; there should be no temper shown and a man should be taken and dealt with sympathetically in order that the best efforts may be got out of him.

22,456. *Mr. Robert Smillie:* You are very desirous, I think, that in view of the fact that the colliery manager is still to be the colliery manager and in charge of the safety of the mine, that nothing should take place which would interfere with discipline?—That is so.

22,457. You are willing that there should be a new method which would bring the manager's side, or the employer's side, and the workman's side in touch with each other?—Yes.

22,458. In order that the workmen's side should have a greater interest in the carrying on of the colliery than at present?—Yes.

22,459. If that machinery is set up, your hope is that perhaps much of the bitterness that has existed in the past would be got rid of?—Yes.

22,460. I suppose the position generally speaking of a colliery manager to-day is not a very happy one; he is between the devil and the deep sea. I do not know which side you call the devil, the employers or ours. That is the position the manager is in generally at the present time?—Not quite crucified betwixt two thieves.

22,461. His position is a difficult one?—Yes.

22,462. Has it been your experience that you and your colleagues in the management of the mines are left with a free hand as far as the owners are concerned to manage the mine as you think fit?—In my particular case, yes; it varies greatly though.

22,463. I do not think there would be any use in your being here as a witness if you only came to speak of your own particular case. You come here to speak on behalf of 300 organised mine managers?—Yes.

22,464. Have there been complaints amongst the managers of the collieries in Scotland that they are unnecessarily interfered with from the head office?—I have heard that said frequently.

22,465. Have you any reason to believe it or to doubt it?—Oh! I would readily believe it.

22,466. You could not yourself definitely say, because it has not occurred to you personally, as to the truth or otherwise of them?—Yes, I have been interfered with personally on occasions, but that is an honest difference of opinion between the managing director and myself, in which, after all, he is entitled to have the last word.

22,467. I do not mean cases of that kind. I suppose there is always a very natural desire to keep down the cost of production?—Yes, very.

22,468. Do you know whether or not it is a common thing for the pay sheets to be returned from the head office with certain red or blue marks upon them calling the manager's attention to a reduction that must take place in cost?—I think it is possible it exists, though it has not come within my personal knowledge. I never heard that reported either.

22,469. You do not know of your personal knowledge of any such thing?—No.

22,470. Then we may take it you cannot say anything on that particular part?—No.

22,471. Under your scheme there is a minimum salary of £500 a year for the colliery manager?—Yes.

22,472. I take it that is a man holding a first-class certificate and having full charge of the mine?—Yes.

22,473. Would there be any limit to the size of the mine or the responsibility?—Yes, I think 700 men is a big enough colliery for any one man to manage.

22,474. I want to get to the other end. There are collieries where men are holding a first-class certificate where there are only 40 men employed?—Yes.

22,475. Would that minimum salary of £500 a year apply in a case of that kind?—Under my scheme it would not pay the men to employ a first-class certificated manager at their collieries, and they would co-operate with their other small neighbours and engage a manager, placing an under-manager at each colliery.

22,476. Would you say there should be one manager, say, for two or three small mines?—Yes.

22,477. In that case the manager would be responsible for the management of two, three, or, it may be, four small concerns in the vicinity?—Yes.

22,478. And could still carry out under the law his duty?—Yes.

22,479. You desire to have a superannuation scheme. Is that to apply to managers only?—Unless I am confusing you that is not an integral part of my scheme. That has nothing to do with the present system, or should any form of it remain.

22,480. The question at issue are claims by the managers—I am not dealing with your scheme—the colliery managers claim a minimum of £500 a year at the present time?—Yes.

22,481. And a superannuation scheme?—Yes.

22,482. Do you wish that to apply only to colliery managers?—Yes.

22,483. To first-class men holding first-class certificates?—Yes.

22,484. If there is to be a superannuation scheme, ought it not, in justice, to apply to under-managers?—I think so.

22,485. If there is this superannuation scheme, ought it not to apply to every other official of the mine? Why single out the colliery manager and under-manager from the other officials?—It is every association in the world fighting for their own hand.

22,486. Do not you think the colliery fireman is as important in his sphere as the manager?—Yes.

22,487. Do not you think the man who produces the coal is as important in his own sphere?—We are all needed; none of us are indispensable.

22,488. The only reason you should have a claim for superannuation for managers is really that they have given a part of their lives in the carrying on of the mine?—Yes.

22,489. And in return for that they ought to be superannuated?—Yes.

22,490. Now, dealing with the housing question. I want to put it to you that it will be taken from what you have said here that the Scottish miners live in very bad houses and very low rented houses because they choose. I suppose you know Ayrshire very well?—Yes.

22,491. And Lanarkshire pretty well, I think?—Yes.

22,492. Do you know whether or not there is any possibility of the miners who are living in very low rented, miserable houses shifting to better houses. Are there better houses?—Housing is very scarce.

22,493. Could you express an opinion as to whether or not there might be thousands of mining families at the present time very desirous of shifting to better houses if there were better houses?—I think so.

27 May, 1919.]

MR. JOHN GIBSON.

[Continued.]

22,494. Even supposing the rent is considerably higher than they have ever paid before?—Yes, there are quite a considerable number.

22,495. Are there not conditions in which the miners if they wished to be outside the colliery houses, that is to say, houses owned by the mine owners, they would have to travel a very considerable distance?—Yes.

22,496. If they wish to be removed from the colliery owners' houses?—Yes.

22,497. Your own position is, it is of immense importance in raising the standard of life of the miner and family that they should have better houses?—Yes, good houses.

22,498. Do you think there is any hope of raising them to the standard you would like to see them attain so long as they live under the housing conditions as you yourself know?—None at all.

22,499. *Sir Adam Nimmo*: You speak on behalf of the Scottish Mine Managers' Association?—Yes.

22,500. What is the membership of that Association?—About 300.

22,501. There are a large number of managers in Scotland that remain outside your Association?—The total number of managers in Scotland is 420. Deduct 50 for innagers who own or have an interest in little mines, and you bring down the possible number we could have to 370; that is to say, I represent three-fourths of the possible managers of Scotland.

22,502. You stated in reply to Mr. Smillie the pre-war salary of the managers in Scotland was £170 to £200. Was that intended to be an average figure?—Yes, I think so.

22,503. I understood you said you did not know what the figure was?—I really could not put a figure upon it.

22,504. You know the district of Ayrshire very well?—Yes, I hope so.

22,505. What size pits have you generally speaking in Ayrshire?—From 100 tons up to 500 or 600.

22,506. That is output per day?—Yes.

22,507. Have you not a very large number of very small pits. Supposing you take the figure of 100 tons, have you not a large number of pits in Ayrshire that are roundabout that figure?—Yes, quite a number.

22,508. Would you say in these circumstances the mine manager had a large amount of responsibility to discharge?—Compared with the larger ones, no.

22,509. Do you suggest in these cases in a district like Ayrshire the salary of the mine manager should be fixed at £500?—Personally no, but my Association thinks otherwise.

22,510. What is your own view then?—That a graded scale should be made which would be fair and not unreasonable.

22,511. I take it in other words the salary should be in proportion to the responsibility?—Not in direct proportion.

22,512. In some close approximation to responsibility?—No, not in close approximation. A direct salary according to responsibility would mean that a colliery with 100 men employed in it, if you paid the manager of that colliery £500 a year, it would follow that a colliery with 600 men the manager should get £3,000 a year.

22,513. You are now suggesting very heavy financial responsibilities for the industry. How do you assume the industry could carry such responsibility?—I was speaking of your premises, not mine.

22,514. *Mr. Robert Smillie*: Would you clear that up. I want it made quite clear that this witness is speaking for himself when he says that the manager ought to have £3,000 under those circumstances?—I was showing the fallacy of assuming a man should be paid in direct proportion to responsibility.

22,515. *Sir Adam Nimmo*: You do not suggest that a reasonable salary for a mine manager would be £3,000 a year?—Not at all.

22,516. Generally speaking, your view is the amount of money paid to the manager should be in some reasonable relation to the working and responsibility?—That is so.

22,517. Does that mean you want to supply a stimulus to bring out the best that is in the different men?—Yes, that would be one object.

22,518. Do you think you would get the best men to come into the industry unless you had such a stimulus?—No, it needs stimulus to bring men in.

22,519. It needs stimulus to bring out the best that is in men?—Yes.

22,520. Mr. Smillie asked you some questions about the pre-war system of control and management and you further assumed the question was disposed of by the judgment of this Commission but, assuming the Commission had not met and had furnished no judgment on the situation at all, would it have been your personal view that the industry stood condemned?—Not so far as the productive part is concerned.

22,521. You think your technical management was good?—Yes.

22,522. Take it on another side. What would you say about the relations between you and the workmen: were they good or bad?—Well, I will put it this way, that the relations between the manager and the men generally are very good; there is always a kindly feeling, but the method of adjusting wages was a constant source of irritation.

22,523. Was not that due to the fact that in a coal field there are naturally a great many variations in conditions?—No, I think it sprang from the fact that wages were based on selling price.

22,524. Would you say the relations between you and your men in the past could be regarded as so unsatisfactory as to require a change of system?—I do not think between mine manager and men there is anything wrong at all.

22,525. You got on well with your men?—Yes.

22,526. You think the relations between you and your men were, generally speaking, the relations between the other managers and their men?—No, I do not think that. Of course, the Ayrshire men are exceptional men.

22,527. And exceptional managers, too?—They do not send their worst to London.

22,528. Sometimes it is suggested the industry in respect of the relations between the employers and workmen was a distracted industry. Would you say that applied to Scotland generally?—Yes, I take it that there is a good deal of irritation in Lanarkshire—Lanarkshire especially, more so than Ayrshire.

22,529. What would you say was the cause of that?—The causes are seldom simple, most complex. I take it to be one of the chief reasons, the method of paying wages on selling prices.

22,530. Would you say that the action of the Miners' Union had nothing whatever to do with it?—I think it had. There is always two to make a quarrel.

22,531. That is to say, there might be faults on both sides?—There certainly would be.

22,532. On the question of joint control, Mr. Smillie asked you certain questions as to the relationship between the manager and the Pit Committee, and you did not seem to be very clear, I think, as to the position you desire to take up, if I may say so. What I understood you to say was the Committee must back the manager or dismiss him?—Or themselves.

22,533. Do you really think the manager could leave the question of discipline in the hands of a Pit Committee?—So far as safety is concerned, do you mean?

22,534. Any question of discipline?—And question?

22,535. Any question of discipline. Do you think the manager could leave any question of discipline in the hands of a Committee?—There is a wide difference between legal faults and faults of efficiency. Legal faults could be dealt with by the management and the faults of efficiency by the Committee.

22,536. *Chairman*: Would you kindly answer the question? It is a question of vital importance. The question was, do you think any question of discipline could be taken out of the hands of the manager and left over to a Committee? It is a question of supreme importance, and I should like to know your view?—The manager must have the last word.

22,537. Is the answer to the question, No?

22,538. *Sir Adam Nimmo*: Is the answer to the question the manager must have the last word on any question of discipline?—Yes.

27 May, 1919.]

MR. JOHN GIBSON.

[Continued.]

22,539. Is that your view?—Yes. The manager must have the last word.

22,540. Can you see how an authority can be maintained over the mine unless he had the last word?—No, no.

22,541. Would you say the manager of a mine is in the same position as the captain of a ship?—Yes.

20,542. He is responsible for the control of the ship?—Yes.

22,543. And do you say that the manager in the same way must be responsible for the executive control of the mine?—Yes.

22,544. Would it be workable otherwise?—No; the manager must have the last word.

22,545. He could not afford in these matters to put himself in the hands of a Pit Committee?—To a certain extent yes, because the man who is sure of his job does not need to care who reviews his work.

22,546. We are dealing with the question of discipline that has arisen. I take it your view is quite clear that he could not afford to submit a question of that kind to the decision of a Pit Committee?—He could not do it and remain in the pit.

22,547. I think you are aware, are you not, of the proposals of the Miners' Federation of Great Britain in regard to joint control?—No, I do not understand it.

Chairman: You ought to have a copy of those. (Handing same to the Witness.)

Sir Adam Nimmo: It is on the point I am dealing with. I wish to make special reference to the machinery that is proposed to be set up. It is first of all the appointment of a Mining Council consisting of a Minister of Mines as President and 20 members. You notice half of these 20 members are to be appointed by the Miners' Federation of Great Britain. Then there is to be what is called a District Mining Council.

Sir L. Chiozza Money: Have you noticed the other half is not appointed by the Miners' Federation but in quite a different way?

22,548. *Sir Adam Nimmo:* I am leading up to the point. First there is the Mining Council; then District Mining Council, consisting of ten members, half of which is to be appointed by the Mining Federation of Great Britain. That would be appointed by the Mining Council, and it would have such powers conferred upon it as the Mining Council thought fit within the powers which the Mining Council has. The District Mining Council would appoint Pit Councils or Pit Committees which would consist of ten members, half of which would be nominated by the workers in the mine and by members of the Miners' Federation of Great Britain. I want to put this position to you. Supposing a Pit Council had in its hands the appointment of the manager of a mine would it be your view that that position would be a workable position, in other words if the Pit Committee had the power to appoint or dismiss a manager?—No.

22,549. Would a manager's position be tenable in those circumstances?—No.

22,550. You think it would be quite unworkable?—Yes.

22,551. Would it make any difference in your view if a District Mining Council appointed a manager having regard to the constitution of the District Mining Council?—Yes, it would help.

22,552. Having regard to the constitution of that body. You have half of the membership of that body appointed by the Miners' Federation of Great Britain. Do you think that would make any difference in the situation? I do not catch the condition. Is this nationalisation?

22,553. This is the system of joint control that is suggested by the Miners' Federation of Great Britain?—Under present ownership?

22,554. Under nationalisation of the mines. I ask you whether, from the point of view of a colliery manager, you think these provisions would be workable?—The Pit Committee, of course, could not make a workable arrangement for appointing the manager.

Mr. R. H. Tawney: Is it proposed they should?

Sir Adam Nimmo: It is proposed they shall have power conferred upon them by the District Mining Council.

Mr. R. H. Tawney: I submit if the witness is asked about the scheme he should be asked correctly.

Chairman: The submission is quite correct.

Sir Adam Nimmo: This is the possibility.

Mr. R. H. Tawney: You did not put it merely as a remote possibility.

Sir Adam Nimmo: What is the effect of the machinery upon the position of the manager? What is the effect of the fact that these Councils would be composed as to one half by the members of the Miners' Federation of Great Britain?

Mr. Sidney Webb: The Supreme Mining Council is not to be one-half but only 10/21sts.

Sir Adam Nimmo: The District Mining Council is one-half.

Mr. Sidney Webb: You said Councils.

22,555. *Sir Adam Nimmo:* The District Mining Council. Take the District Mining Council that is composed of one-half of members of the Miners' Federation of Great Britain. What would be likely to be the influence exercised upon this Committee under those circumstances by the Miners' Federation of Great Britain?—I do not grasp what the general conditions would be at all.

22,556. You know what the effect of the Miners' Union upon the working of the collieries would be?—Yes.

22,557. You know they exercise a very considerable influence at the present time?—Yes.

22,558. Assume that upon these District Councils you have a representation of the Miners' Federation of Great Britain to the extent of one-half, would their influence upon that Committee be likely to be very great?—I take it it would be 50 per cent.

22,559. Would it not be a great deal more than 50 per cent. having regard to the big organisation of the Miners' Federation of Great Britain that stood behind it?—I really do not think I can give you an opinion that would be of any value. I do not grasp the thing at all.

22,560. Supposing Mr. Smillie was the Minister of Mines, would it make a great difference in the situation? That would be quite a possible position, would it not?

Sir L. Chiozza Money: You would welcome that, would you not?

22,561. *Sir Adam Nimmo:* What you would have on the Mining Council would be this: You would have ten members appointed from the Miners' Federation of Great Britain with Mr. Smillie as Minister of Mines. Would your position as manager in those circumstances be a reasonable one at all? As the witness is not following the position I will not press it. There are one or two questions I wish to ask you upon your *précis* with regard to the advantages of nationalisation. You say one of the advantages might be that you could secure central pumping stations?—Yes.

22,562. Do you think from your practical experience that can be carried very far?—I think there are possible economies in it—possible economies.

22,563. Do you know of cases in your own district where it could be carried out?—Yes.

22,564. Do you mean any material cases?—Yes.

22,565. You mean where water could be pumped at the dip of your coalfield with advantage; that is to say to pump water as it is pumped now?—Not quite that position, but pumping from a big area.

22,566. You agree you require to take each individual case by itself. The whole situation in a coalfield requires to be dealt with exhaustively by itself?—Yes.

22,567. You cannot say theoretically what can be done in a matter of that kind?—No.

22,568. Do you know from your own practical experience in respect to barriers the barriers have been uselessly left in?—I have not seen a barrier for 17 years.

22,569. Is it your view that the question of barriers is a good deal exaggerated?—So far as Ayrshire is concerned it is non-existent.

27 May, 1919.]

MR. JOHN GIBSON,

[Continued.]

22,570. All available coal possible is being worked out?—Yes.

22,571. With regard to standardisation of plant. You mention certain kinds of plant. Do you think there is very much in that?—Yes.

22,572. You think there is a good deal in it?—Yes.

22,573. Is there not a great deal of standardisation going on now?—No.

22,574. Do not you think one colliery copies another to a large extent?—That is not standardisation.

22,575. It is very largely standardisation, is it not?—No.

22,576. Are you a member of the Mining Institute of Scotland?—Yes, I am indeed.

22,577. Do you attend all the discussions?—As many as I can find time for.

22,578. Is there not a great deal of freemasonry between you with regard to dissemination of knowledge?—Yes.

22,579. You tell one another pretty much all you know?—Yes, we have no secrets about the things at all.

22,580. You pass on new methods to one another?—Yes.

22,581. I take it, in connection with the erection of a colliery plant you would endeavour to copy the best methods as far as you could?—Yes.

22,582. I think you very largely come here, do you not, to secure a better status for the managers?—Yes, you can take it fairly that is one of my objects here.

22,583. Is that based very largely simply upon the question of salary?—No, not entirely.

22,584. In what way do you think you would get a higher status under nationalisation than what you have got now?—We think we might have a higher status; it depends on forcing it out of the nationalisation standard.

22,585. You would keep a close association and bring as much pressure to bear as you could upon the State?—Yes.

22,586. You indicated that you have been interfered with to some extent in the management of the mine. Did you refer in that connection to questions of safety?—No.

22,587. You have never been interfered with in any question of safety?—No.

22,588. Have you been always supported by your proprietors, the owners of the colliery, in doing everything for the sake of safety?—Oh yes. I might even go further and say I am less an alarmist than my employers.

22,589. It is difficult to follow all the details of your scheme, but may I ask you this. Do you seriously suggest that the consumer of coal should pay the same price for all grades of coal?—No; the Government will.

22,590. The Government will?—Yes.

22,591. Where is the Government to get the money to pay, to meet the cost of carrying out such an arrangement?—They will sell the coal.

22,592. You say a low grade coal from Ayrshire would be paid for at the same rate as anthracite?—Yes.

22,593. Is there a differentiation between the two customers, as far as their power is concerned—does the Government make up the deficiency?—That is so.

22,594. I do not think one would understand that from the statement contained on page 4 of your *précis*?—I am sorry for my English then; I think I state it sufficiently clearly. The railways being in their hands, they can at once get delivery of every pound directly it reaches the pit bank, and distribute it as they think best.

22,595. Do you mean the Government would take the coal at the pit bank and fix the price of coal at one price?—To the producer.

22,596. Not to the consumer?—Not to the consumer.

22,597. That is to say, what would happen is this. Under your scheme the Government would purchase the whole of the coal simply at one price?—That is so.

22,598. Would it proceed to sell the coal in the ordinary way in the market?—I do not know that. I could not express an opinion on the distribution of the coal.

22,599. Is not the existing system of open competition that prevailed before the war the most likely to determine the real value of the commodity between the producer and the consumer?—Yes, I think there is a great deal to be said for it.

22,600. Under your scheme is each colliery to be taken by itself?—Yes.

22,601. And the Government fixes the price of coal at each colliery?—A common price for the whole country.

22,602. And new plant is to be charged at cost?—Out of revenue.

22,603. Is the price always to be kept up sufficiently high to carry the whole financial burden?—Not necessarily.

22,604. Then how can you make your scheme self-supporting?—Supposing the price given for this next year was 15s., and the cost of production over the country was 15s. 1d., the Government would need to find the penny.

22,605. The trade is to be subsidised in respect of any loss that arises?—No. The price could be raised the following year to try and recover that, and if any balance is recoverable the Government could try and recover it.

22,606. Would not in the long run the price rise to an enormous extent?—No.

22,607. Your scheme provides for the payment of high wages, does it not?—No.

22,608. One rather gathered from it you do not suggest a limit to wages?—The wages would be set forth by the responsible department periodically.

22,609. Who would adjust the wages—who would determine the wages to be paid?—The responsible department.

22,610. Do you mean by negotiation with the workmen?—No, by the economic position of the country.

22,611. Would not the natural effect be the wages would constantly rise, and the owners under your scheme have no interest in keeping down wages if their profits are based upon wages?—The owner would be interested in keeping up wages.

22,612. If he kept pressing them up knowing his profit was based on wages, what would the consumer's position be in the country?—He would not force them up. It would be in the interest of the miners generally that the cost of production was kept down.

22,613. It is very difficult to see that if they are interested in having high wages?—The miners?

22,614. Yes; and if the employer is interested also in having high wages. With regard to the expenses of working on page 5, are those intended to be actual figures or are they merely illustrations?—Illustrative figures.

22,615. Do you mean they bear no relation to the figures you would require to put in if dealing with actual valuation?—If I were dealing with the valuation I should require a great deal of data.

22,616. You do not mean to suggest the figures put down there in respect of capitalist value bear any relation to the facts?—No.

22,617. They are merely given as assumptions?—Exactly.

22,618. *Chairman*: You say in paragraph 2 of your *précis* that the method of electing the members of the District and National Councils will require to be carefully thought out and laid down. I should be obliged, if you have thought it out yourself, if you would send me on a piece of paper the result of your thinking?—Yes.

Chairman: Send it to the Chairman of the Coal Industry Commission. I should like to know what you think of it. We are much obliged to you for the assistance you have given us. As long as you send it by this day week that will do.

(The Witness withdrew.)

27 May, 1919.]

MR. WILLIAM STRAKER.

[Continued.]

Mr. WILLIAM STRAKER, Sworn and Examined.

22,619. *Chairman*: This is the *précis* of the evidence of Mr. William Straker, Secretary of the Northumberland Miners' Association; Member of the Executive Committee of the Miners' Federation of Great Britain. Mr. Straker, I need not introduce you either to the Members of the Commission or the Press. Will you kindly read your proof.

Witness:—"When I was before this Commission on a previous occasion, I broadly outlined my suggested scheme of control when Mines and Minerals are Nationalised.

Since that time the Miners' Federation executive have gone very carefully into the whole question, so that the scheme as proposed in the draft Parliamentary Bill prepared and laid before the Commission by Henry H. Slessor, Barrister-at-Law, embodies my previous proposals, added to and extended in detail by the Federation Committee, with all of which extensions and details I am in complete agreement.

I have endeavoured to fully appreciate all the arguments and statements—there being many more of the latter than the former—which have been placed before you. I have also endeavoured to compare and contrast the proposed scheme of the Mining Association of Great Britain for the working of the mines with that of the Miners' Federation of Great Britain, in order to form the most reasonable and unbiased opinion as to which of these will be best, judged from the point of view of national welfare rather than from personal interest. Whether it is this difference in view point which is responsible for the difference in attitude between the Federation of Mine Owners and the Federation of Mine Workers, the public will have to decide.

Fundamental Difference.

"It is well," says one great thinker, "that the beaten ways of the world get trodden into mud; we are thus forced to seek new paths." Notwithstanding the mud, any section of mankind which has done well for itself along the old ways will always be reluctant to leave these ways.

During the first stage of this Commission the old ways of mine management and control were shown to be so beaten into mud that the Report, known as the "Sankey Report," and accepted by the Government, declared that "the present system stands condemned." This being so, we must have a new system; not a mere patching up of the old, such as is suggested by the scheme of the mine owners.

It is well that we should narrow down to a clear issue the fundamental difference between those for and those against nationalisation. Those against nationalisation evidently hold that competition is the very soul of all progress. Life, to them, is an antagonism, each individual struggling for supremacy; and out of this struggle the fittest will survive. This means that out of selfishness, scientifically applied, will come the greatest good to the greatest number. This seems to me to be a primitive idea belonging rather to an early form of society than to twentieth century civilisation.

On the other hand, those in favour of nationalisation hold just as strongly that life is not necessarily an antagonism, and that mutual aid, applied scientifically, must give the best results. This is a conception which mankind arrives at after getting away a considerable distance from the primitive. Selfishness is the root-cause of all wrong-doing; therefore any system which is an outgrowth of selfishness must be wrong. That which is morally wrong cannot be economically right. Systems based upon this great truth ought to be encouraged, as such must produce a better citizen. Systems based on the desire for selfish gain ought to be discouraged, as making for all that is worst in individual and corporate life. That which draws men together in co-operative activities makes for progress and human welfare; that which keeps men in a hostile attitude one to another wars against welfare and progress.

Industrial Stability and National Welfare.

Any scheme which will not secure industrial stability is not worth a moment's consideration, as on that

the future welfare of the nation depends. In my previous *précis* I stated what, in my opinion, is the root of all labour unrest. I will here emphasise, if possible, that no stability in the mining industry can be secured by any scheme which does not recognise that the man who gives his labour to the industry has, at least, an equal right to executive powers in every department of the industry with the man who puts his capital into it. The scheme of the mine owners explicitly states that miners shall have in no way such executive power. That being so, it is foredoomed to failure.

Advisory Committees.

It is proposed to allow mine workers advisory powers so as to satisfy their desire for joint control. I want to say that the miners have had more than enough of Advisory Committees. If the Coal Controller's Committee had had executive power the present condition of things in the industry would not have existed. Whether it be a national or a local Advisory Committee, the advice of which may be absolutely set aside, nothing but dissatisfaction and unrest can be the outcome. "A little knowledge is a dangerous thing," as men will never rest content with the "little." Better keep working men in ignorance than educate them, if they are to be kept in their present servile position.

Profit Sharing.

It is also proposed to allow mine workers to share in profits after a standard wage and a standard profit have been secured, the purpose of this proposal being to induce the mine workers to produce more. This, clear of all camouflage, simply means that if the mine worker will increase his production for the mine owner, the mine owner will allow the mine worker to retain a share of the extra he, the mine worker, has produced.

This proposal is based on the assumption that the mine worker produces less than he ought to do. This is altogether a false assumption. I know of no class of men who work harder and give greater service for the wages they receive. Even the working man, wage slave though he is, is entitled to a higher life than merely eating, sleeping and working in order to make profit for a few others of his fellow men. He claims to be more than a mere wealth-producing machine, and must have opportunities to cultivate the higher possibilities of his being. I will admit that some men are absent from work when they would be better at it; but this absenteeism affects the position only little.

The miner's standard wage is to be fixed by machinery set up in conformity with the proposals of the National Industrial Council. May I say that the Miners' Federation has already refused to be associated with that Council, so that no such proposal can possibly secure that peace in the industry which we ought to aim at.

The miner's share of the extra profit is to be in such proportion as agreed on. In all the mining districts at the present time standard wages obtain, and on to these wages a percentage increase is added. Wages disputes, resulting in strikes, are generally because of failure to agree as to what these percentage increases are to be. Can anyone imagine that by substituting a share in extra profit for percentage increases that there will be less room for disputes? In my opinion, the very fact that part of their wage depends on profit, and that profit depends to a considerable extent on the executive management of the mine, in which the miners are to have no part, will beget greater dissatisfaction among miners than there has existed at any time in the past. Success does not lie that road.

Nationalisation.

No industry ought to be carried on only for the benefit of those engaged in it; it ought to be for the benefit of the whole community. This is a truism which very few will dispute. Under private ownership of industry the primary object is private gain, the

27 May, 1919.]

MR. WILLIAM STRAKER.

[Continued.]

welfare of the community being a secondary consideration. In the development of human society private industrial enterprise has played a valuable part. But so soon as the community can manage an industry, necessary to its own welfare, it should no longer be owned and controlled privately. Private ownership, then, having served its day should cease to be. This applies with equal force to other industries than mining; but for the time being, and sufficient for the time, we are dealing with the latter industry.

Mining can be more economically carried on by the executive power of mining being in the hands of those engaged in it, and who, as a matter of course, must know most about it, instead of, as at present, by so many people such as shareholders and directors with no practical knowledge, who so largely dominate mining policy at the present time.

Not only this, but the huge drain upon the industry by royalty, rents and wayleaves would disappear, and the large private profit would, in one form or another, go to or remain with the people generally.

The Results.

The inevitable result of nationalisation would be:—

- (1) A decrease in cost of production decreasing the price of coal (a) to the consumer at home, (b) for export.
- (2) As a result of the decreased price at home many other national industries dependent upon a cheap supply would be largely benefited.
- (3) The decreased cost for export would lead to an increase in the quantity exported.
- (4) This would tremendously benefit the shipping trade. This increase in export coal shipments would prevent any ships having to sail outward with, possibly, only ballast, with the consequence that the homeward freight would be reduced, as it would not have to cover both the homeward and the outward voyage.
- (5) Decreased freights would in turn produce a decreased cost of the commodities imported, and in particular of the country's raw materials and food.
- (6) In addition to these benefits the State would own its own mines and minerals, and would have the results accruing from such ownership, instead of, as at present, only receiving a part in the shape of Income Tax and Mineral Rights Duty.

In the above I have freely used the formula of Baron Gainford, but in an opposite sense. He assumed that under nationalisation quantities would fall and costs would rise. I have assumed, and given my reasons for the assumption, that costs will fall and quantities will rise; consequently the opposite results to those feared by him will follow.

Incentive to Enterprise.

It must be admitted that competition has been a great incentive to enterprise; but it must also be admitted that it has been a prolific cause of dishonesty and nearly every other evil that has afflicted humanity. The relationship of human beings one to another has been so placed that one part of the family of man can exist only at the will of another part. The possession or non-possession of wealth determines that a Lanarkshire miner's cottage, such as has been described before this Commission, is fit to be the dwelling place of the wealth producer, and that the Hamilton Palace is necessary for the home of a Duke, who is only a wealth consumer. The fact is that by the competitive struggle the moral nature of man has been so depraved that those who have come to the top set up their personal interest as their standard of what is best. In place of this evil-producing thing, the Miners' scheme would give a cleaner and higher incentive to enterprise in the Mining Industry, which would combine the moral and economic laws, instead of these being mutually antagonistic.

Under the Miners' scheme there will be a National Mining Council which shall establish District Mining Councils and Pit Councils. The National Council shall have power to delegate part of its duties to those other Councils.

There will also be an annual National Conference of the National Council with representatives from each of the District Councils. Also an annual District Conference of the District Council with representatives of the Pit Councils.

Thus the whole industry will be so co-ordinated that the very best possible results will be secured.

Pit will be compared with pit, district with district, system with system, method with method, manager with manager, cost with cost, in such a way that every part will be tested, and neither inefficient men nor unsuitable systems will be retained. Every member of the managerial staff and every workman knowing their mutual responsibility to the whole industry will always be striving after the best results, not merely for the sake of gain but, to put it as Baron Gainford so well put it, because of a sense of achievement.

Managers will be remunerated according to the character of the mine of which they have charge, and the responsibility they are under. The larger positions will always be open to the men of greater efficiency. Positions on the expert staff of the Mining Ministry, and even seats on the National Council, will be open to the greatest ability. No such incentive to real worth has ever been, or can be, offered under private ownership.

Discipline.

The fear of a loss of discipline under what has been erroneously called divided authority has been much in evidence among those who are opposed to Nationalisation, and even representatives of the Home Office have expressed their fears of this and the added danger to workmen. Surely these representatives, knowing the Miners' leaders as they do, who are urging Nationalisation, cannot really believe that officials of the Home Office care more for the safety of miners than those miners' leaders do?

The assumption that the mine manager is supreme now in the management of the mine is just as untrue as that his authority, so far as discipline is concerned, will be weakened under the Miners' scheme of joint control.

His disciplinary power under the Councils to be set up will be the same as it is now under a Board of Directors and a managing agent. His advantage will be that in cases of doubt he will be able to secure the assistance of men who understand the business they have either to decide or advise upon.

Although the manager will be under the direction in many things of the Mining Councils, as he is now under his directors and agent, yet under the Mines Act he will still have his responsibilities which no one can share. In the same way other officials in the mine, although under the direction of the manager, have responsibilities which they cannot share with the manager. Mutual confidence between managers and workmen and mutual interest will be a far better guarantee of necessary discipline than any external force. To talk of divided authority in the way that some have done is to talk the most sheer nonsense.

I do not want to suggest that the objection to joint control is the outcome of a distrust of working men; rather would I say that it is but a form of conceit on the part of managing directors, who believe that they are the only men who can do things as they ought to be done.

Bureaucratic Control.

If the miners had proposed to nationalise the mines and set up a system of bureaucratic State management, I could have understood all the criticism of State control. I want to say that the miners are just as strongly opposed to such bureaucracy as the mine owners are. In justice, however, to State control which we have had during the war, I want to ask, what would have been the condition of things had we

27 May, 1919.]

MR. WILLIAM STRAKER.

[Continued.]

had no control? I want also to ask the consumer at home what price he would have had to pay had there been no control. It would not have been only consumers in neutral countries who would have been paying £3 and £4 per ton to the British coal owner.

I desire also to point out that there is a considerable difference between private ownership with State control (such as we have had during the war) and State ownership with industrial joint control such as is proposed by the miners under their scheme of Nationalisation.

Danger of Sudden Transition.

The danger of a sudden transition from one form of ownership and control to another, resulting in such an upheaval in the industry that the welfare of the nation would be seriously affected, is a real danger. To avoid this, Section 5 of the Bill has been intro-

duced. Under this section the Mining Council will have power to disclaim the taking over of any mine, &c., until such time as it can do it safely and without interfering with the orderly continuation of any mine or other industry connected with mining. Its delegation of powers to District and Pit Councils will be exercised how and when it is advantageous to do so. This being so, for some time at least, the management and control of the industry would largely remain in the hands of the present staff, changes being made as it is found advisable to make them. The Mining Council will be comprised of men who know the exigencies of the industry and the stage of education of the worker, technically and otherwise, and the amount of responsibility they will be able to discharge at any given time. From these provisions it may be seen how groundless are all the fears expressed by the opponents of Nationalisation."

(Adjourned for a short time.)

Chairman: I understand Mr. Straker's proof was only placed in the hands of the Commission this morning, and some of the Commissioners would like to have an opportunity of considering it and thereby possibly restricting the number of questions which would be put to Mr. Straker. We will get on as far as we can with Mr. Straker, but if anyone would rather postpone his questions with a view to shortening them to-morrow, let that be so. I will do what I did in the case of the owners' witnesses: I will ask an owner to begin cross-examining, and then a miners' representative to follow, so that they get the last word, as it were.

22,620. *Mr. Arthur Balfour:* (To the Witness.) Do I clearly understand from you that you adopt entirely

clause 5 (1) (c) of the Bill as put forward by Mr. Slesser?—Yes. I think that that clause makes ample provision for not taking over any industry or part of an industry that the Council might think inadvisable at the time to take over.

22,621. I think we are not quite on the same subject. Clause 5 (1) (c) refers to mineral rights?—Yes, certainly.

22,622. You clearly understand that you are in favour of confiscation of everything included in 5 (1) (c) without any compensation whatever?—Yes.

Chairman: Mr. James Winstone is assisting Mr. Straker. He had better be sworn, and then we can have his evidence, if it is wanted. If Mr. Straker wants assistance, he is clearly entitled to it.

MR. JAMES WINSTONE, Sworn and Examined.

22,623. *Chairman:* (To Mr. Winstone.) I think you are President of the South Wales Miners' Federation, and also a member of the Executive Council of the Miners' Federation of Great Britain?—Yes.

22,624. *Mr. Arthur Balfour:* (To Mr. Straker.) You are clear 5 (1) (c) means complete confiscation without any compensation whatever?—Yes, of wayleaves and royalties.

22,625. And of everything mentioned in that clause?—Yes.

22,626. Do you think that is fair?—That is obvious, or else it would not be in.

22,627. Do you think it is to the interest of this country to confiscate property without compensation?—I think it is to the interest of this country for the people to take back from the present owners that which always ought to have belonged to the people.

22,628. There is a difference between "ought to have belonged" and "does belong"?—I am quite sure of that.

22,629. Do you claim if a thing legally belongs to a person that you ought to take it away from him simply because you think it ought to belong to someone else?—When I remember that the people who made the law are the people who took these things from the people, then I am not prepared to accept it that because something is legal therefore it is right.

22,630. You do not face the point I ask you. If something legally belongs to someone in this country, is it reasonable, because you think it ought to belong to someone else, for you to confiscate it?—Are you referring to wayleaves?

22,631. I am referring to everything in clause 5 (1) (c), minerals, royalties, wayleaves, and everything?—Let me take minerals. I certainly think that is a property belonging to people who never ought to have possessed it.

22,632. Supposing last week you had purchased a mineral property and paid cash for it, would you claim that did not belong to you?—Would I what?

22,633. Supposing last week you purchased mineral property and paid cash for it, would you claim that now it is not your property?—I would be in the position of a man who buys stolen goods.

22,634. I do not think you can say that exactly when it is legally the property of the person who conveyed it to you?—I think no sacrifice is too much to give the people back their own. It is a choice between two evils. The worse evil is to allow the present possessors to retain that which does not belong to them.

22,635. In other words, you are drawing no distinction between some one who has inherited property and some one who purchased it last week?—I do not think length of time affects the principle.

22,636. You do not think the fact that it was paid for last week by money taken out of hard-earned savings has anything to do with it at all?—No.

22,637. In fact you simply say quite plainly that it should be confiscated, never mind how it was purchased or obtained?—That is so.

22,638. Do you think that a jump such as you propose by this Bill is a feasible thing to do in one step?—A jump, do you say?

22,639. Yes?—Do you mean from one system to the other?

22,640. Yes?—I think I give my views upon that under the last heading of my *précis*.

22,641. Yes; that is what I want to call attention to. Are we to understand from that that it is the object of the Miners' Federation of Great Britain to purchase mines gradually and work them: that is to say, take a dozen first, if you like, and test the scheme?—I think that there would probably be mines which could not be taken over at once without interfering with the continuous working of the mines. There will be a preparatory period after this measure passes during which the present system of working will have to continue. There will also be industries associated with mining, some closely and some more distantly, and the Mining Council itself will have to decide from time to time what to take over and what not to take over. I think that is altogether a detail or a power which will be exercised by the Mining Council and be determined on by them.

22,642. Do you convey by that that your idea is that they should take over the good mines first and leave the poor ones?—No, I do not suggest that at all, but I do suggest when you ask me my opinion—

27 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

22,643. I want your opinion?—Yes, I know. I do not think any one man (and that is why we differ on the point of a Minister of Mines) is capable of deciding these matters. We therefore substitute a Council and out of the wisdom of a council these things would be done, so that I do not feel at all competent to answer all these questions.

22,644. You really want to leave it to experiment afterwards?—A good deal of it will have to be left to experiment. There are no two ways about it.

22,645. There is no evidence in the past upon which to base such a change?—Well, we have not had in this country nationalisation of mines before.

22,646. Or in any other country?—I am not quite sure.

22,647. Where else is it?—I believe they have had some State mines in Germany.

22,648. State mines, and just a few?—Yes; I say they have had some.

22,649. The result of those mines has not been very satisfactory, has it? They are condemned by the Germans themselves in the last investigation?—That was because of the system of management, and I am not sure that they were the best mines or anything like the best mines.

22,650. Do you anticipate we should be able to arrange for a better system of State management than in Germany where they had an autocratic system?—I think our present system is far superior to what I understand the German system was.

22,651. I take it you agree this question of nationalisation or otherwise is not a question as between coal owners and the coal workers?—No, it is a much bigger question for the nation.

22,652. You agree it is a question for the State and the consumer as a whole?—Most decidedly.

22,653. Do you think the scheme which has been put forward by Mr. Slesser protects the State and the consumer as a whole?—I think it does.

22,654. Let us take the Fuel Consumers' Council. Does that help to protect the consumer at all?—I think it would do.

22,655. In what way?—If it was a question of wages which affected the cost and probably the price, the Mining Council in negotiating with the miners' unions would, as representing the nation, take into consideration the whole of the people and the whole of the industries that would be affected by it, and in order intelligently to be able to do that, you would call in the assistance of the Consumers' Council or the representatives of the Consumers' Council, so that they could measure the all-round effects that such would have, and that would largely determine whether or not an advance in wages or reduction in wages was justifiable. The Mining Council, representing the miners themselves and representing the community, having been appointed by His Majesty would do nothing without fully considering all the other interests affected.

22,656. Would not that Council, to get down to real bed rock, really represent the workers—the Miners' Federation or whoever it might be—and, secondly, largely political influence?—I do not see that political influence would play an undue part. His Majesty would appoint the first half of that Council to commence with.

22,657. That is the Government and that is politics, after all. The Miners' Federation would represent the other half of the Council, would it not?—But these would be appointed because of their fitness for the position and not because of any political influence they might hold.

22,658. But surely there would not be anyone there who was very much interested in protecting the consumer?—I think when His Majesty appointed his side of the Council he would most certainly have full regard to the interests of the consumer. I cannot conceive anything else.

22,659. Would it not appeal to you on consideration that a council of that kind should be divided into thirds: a third Government officials, if you like; a third representing the consumer, and a third the workers. Would that not be a more equitable division?—What one wants in a council of that kind

is to have men who understand their business. We must not assume that the miners in making their appointments are going to appoint all miners. I think our idea when we increased the number, as you have noticed from ten, which I suggested on the last occasion, to 20 on this, was that there must be sufficient room for the appointment of other than miners—experts, say mining engineers, experts in overseas trade—I am merely illustrating—experts in transit, experts in the distribution of coal at home. We want to make room for all these people so that we will have really a representative council representing all interests.

22,660. Would it not be better to say so at once and not leave it to a combination of half and half?—In making appointments of this kind your safeguard is to have people who understand the business to be done by those to be appointed. I am not sure that the community know sufficient of mining and its intricacies, if the appointment was left to them, to appoint wisely.

22,661. But you do agree there are a number of people in this country outside Government officials and mine workers who do know sufficient about the mining industry to be capable and competent to sit on such a board?—To manage mining I should say so far as ever possible, there should be men who have been closely associated with mining in all its departments—the mining industry, I mean.

22,662. Supposing a ballot is taken by the Miners' Federation or any other federation representing any other industry, and they demand nationalisation; if Parliament considers that is not in the best interests of the State, do you take it they should give way to that opinion?—Do you mean that Parliament would give way?

22,663. No, the Miners' Federation should give way, Parliament representing the whole of the country?—I am afraid I could not answer that question. I can only say that the miners feel strongly on this question of nationalisation and that Parliament will do a foolish thing if it does not agree to it. It may be refusing to pass it for a time prevent it; but you may be sure that evolution is moving in that direction and you can only stop it for a time.

22,664. Then it boils down to this, that if any section of the community wants a thing, even although they represent only 5 per cent. or less of the total population, Parliament should agree with it, even when they think it is not in the interests of the country?—No, I do not mean that at all. I mean this: that not only the mining community, but the people generally are moving in the direction of nationalisation, especially of mining, after what they have learned from this Commission and from the revelations before this Commission.

22,665. Does it not strike you that to rush into a thing of this sort is very unwise, surely. As we have done in this country before, ought there not to be a compromise as a stepping stone to such a big movement as this?—In order not to rush it, but at the same time to get into it, we introduced clause 5 under which we think all safeguards can be made.

22,666. But you agree after all it is the country which must decide this question. This Commission can make recommendations on the evidence before it, but in this big question Parliament must decide as representing the country?—Yes, most decidedly.

22,667. And everyone concerned will have to abide by their decision?—Yes. I have two hopes: first of all, that the Commission will recommend, and then that Parliament will adopt the recommendation. I can see no other way of securing stability, satisfaction and rest in the mining industry.

22,668. You see that if the argument you and I have carried on is carried to its logical conclusion, any section of the country might take a stand and hold up the whole of the country. You believe in nationalisation, but if the whole country does not, surely it is advisable to find some intermediate step to test these questions?—I think I have already said that wherever the community finds it can take any industry into its own hands it should do so. For the moment we are only dealing with mining.

27 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

22,669. But mining, of course, is fundamental to all industries of the country?—Yes, and I think for the benefit of the country, the community can take mining into their own hands.

22,670. Now take clause 21 of the Bill: according to that you can never raise the railway rates on coal in this country?—Yes.

22,671. So that if the railway workers determine that they must have more wages, it could never be put on to the price of coal, for instance?—I do not quite follow you.

22,672. If there is an increase in the cost of working the railways at any time in the future, you can never put up the railway rate on coal to meet the increased cost?—I dare say in the past that railway wages have been regulated independently of the mining industry.

22,673. That is not the point. The point is that according to your Bill, whatever it may cost to carry coal in the future, the coal is not to bear that cost, but that cost is to be thrown on the community in some other form?—I assume that the cost of carrying coal and distributing coal will be—

22,674. This is carrying only. Let us keep carrying on the railway separate from distribution?—I am not quite following your question.

22,675. I am referring to the railway carriage of coal only?—That is fixed now. The community has that to pay now in the price they pay for coal.

22,676. Yes. According to your Bill that can never be raised. Never mind what the cost in future of actually carrying on the railways may be, the cost of carrying can never be raised?—Why? I think all these things will be managed. Every question of this kind belonging to the Council will be settled by the Council.

22,677. No, it goes further than that?—Will you read the part you refer to?

22,678. It is the whole of the clause: "And, further, it shall be the duty of the railway companies or authorities of Great Britain to provide such facilities for the conveyance of fuel as the Mining Council may deem necessary to enable them to carry out the duties imposed upon them by this section at rates not greater than such railway companies or authorities are now entitled to charge for the conveyance of fuel." Do you agree that my statement is correct?—I think that is a useful limit because of the price now for railway carriage; but I do not think for a moment that the necessity will ever arise. I think all the profits made out of carrying coal and of handling coal—

22,679. There is already an enormous loss on running the railways as it is under the Railway Executive, so that the necessity has arisen already for increasing the rates on coal. It is not a question of supposition, but already it is a question of fact.

Sir L. Chiozza Money: That is rather problematical. That has not been shown.

Mr. Arthur Balfour: The loss is there.

Sir L. Chiozza Money: No, it is not.

Witness: I must say I do not know sufficient about the railways either to agree or disagree with you on that, but I do not think that the present railway system in this country is conducive to economy. I think that would probably be the next industry that ought to be nationalised and co-ordinated.

22,680. If that is what you are going to do and you are going to restrict each unit and not increasing its rates when its costs increase, surely you will find you are running the country on the taxpayers' money?—No, we are going to supply the community with much cheaper coal so that any disadvantage they may have in one direction they will far more than gain in another. It is not a new principle for a limit to be put upon the charges made by railway companies; I mean railway directors never had a free hand as to what they should charge even with regard to passengers.

22,681. Yes, but they have maximum rates?—Quite so.

22,682. And they can go to the Railway and Canal Commissioners, and on proof that these rates do not pay, they can get consent to increase these rates?—I know that.

22,683. There is no arrangement for consent here; it is a hard and fast thing. It really means that the

taxpayers of the country will have to make up the deficit?—No, the taxpayers of the country are gaining largely and benefiting.

22,684. Take the present position: the taxpayers of the country are making up the difference in the cost of the wages of the miner at the present time?—No, nothing of the kind.

22,685. But, excuse me, they are?—No, excuse me, they are not.

22,686. Surely the Coal Controller is now paying out money for the miners' wages which comes out of the taxpayers' pocket?

Mr. Sidney Webb: Much less than he has received. *Witness*: After the Government and the coalowners have taken the cream away, but there ought never to have been a deficit.

22,687. *Mr. Arthur Balfour*: The fact remains that something which has been collected in this country as taxation has been paid back as wages?—No; money that has been taken out of the industry has to be paid back in wages.

22,688. Which has been taken out in taxation and which has to be paid back in wages?—Taken out of the industry.

22,689. Yes?—Largely taken out of the industry.

22,690. But largely taken out of the public?—No. It is all taken out. The mining industry has been far more than self-supporting during this war.

22,691. As a matter of fact, the difference between the profit which has been taken by the Government is not sufficient to meet the increase of wages, and mere money is being paid by the taxpayers in this country to supplement those wages?—I think if you combined that which the Government has got and the extra which the mine-owners have been allowed, this would never have happened.

22,692. The position as I put it to-day, I think you must agree, is that money is being paid back by the Government to pay wages?—But you must take it out of the industry.

22,693. Not all out of the industry, but partly out of the taxpayer. Do you not think it would be a prudent thing, before we leap to nationalisation, for the Miners' Federation to buy a group of mines and run them and test some of its theories?—I do not.

22,694. Would it be a prudent thing for the State to buy a group of mines and attempt to run them on the basis of the Miners' Federation proposal and see what the effect is?—I think it is a prudent thing for the State to do it at the discretion of the Mining Council which we propose to set up.

22,695. I do not want to take you back to the same point. Surely in that case the consumer ought to have some control of the situation and mere influence upon it than is provided for in your scheme?—I think the consumer will be fully represented through the Industrial Council and on the Council itself. The consumer must be considered in making the appointments.

22,696. On the question of delegation of authority, authority can be delegated right up to the Pit Council and from the Mining Council to the Pit Council?—Yes.

22,697. Would it not be very dangerous to delegate the question of wages, for instance, to the Pit Council?—I do not think that it is likely that the Mining Council would delegate the question of wages to the Pit Council.

22,698. But they have authority to do it?—Oh! yes. A lot of people have authority to do that which they never would do. I mean directors of colliery companies, at the present time, could leave exclusively the power to pay wages to the manager, but they do not do it.

22,699. But then you see, half the Mining Council consists of representatives of the mine workers, whose interest it is to increase wages?—I think, if I may respectfully suggest it, that you are labouring under a misapprehension that the two sides of the Council are always going to be in antagonism one with the other. That is a mistake. Neither the Mining Council, the District Council, nor the Pit Council will be in that attitude one side to the other. They will work as a whole for the good of the whole.

22,700. You have a very grave situation arising when you come to the question of a national advance

27 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

of wage which might be demanded by the Miners' Federation if 10 of their representatives were on the Council and had to decide that question. I can understand if a third were there, but when half the Council consists of the very people asking for an increase of wages and who are the responsible officials of the Miners' Federation, the question is rather different?—If we might assume that which I do not think is correct, that the party is always going to divide, there will always be the Chairman to decide upon a casting vote.

22,701. You give the Chairman a casting vote?—Yes.

22,702. And the Miners' Federation would abide by his decision?—Yes, I have no doubt about that whatever. I am sorry Mr. Cooper is not here, or else he might have told you some of the experiences that we have had in Durham and in Northumberland, where we have had mining questions and pit wage questions—not general questions—always submitted to what we call our Joint Committee: that is to say, so many owners' representatives and so many workmen's representatives with an independent chairman. The independent chairman gives his decision frequently and it is more often that way than any other way. I can scarcely remember a case—and I have had well over 30 years' experience in connection with that Board—where the men have not loyally carried out the Chairman's decision.

22,703. Supposing a ballot became necessary or desirable at any time on any of these questions of wages or hours, do you not think that it ought to be taken by the State when it affects every other human being in the country?—I think the best way the State could deal with it is through the Mining Council.

22,704. You think that the State through the Mining Council could take a ballot and control the ballot?—I am not assuming that the Mining Council is going to, but if the miners take a ballot on the wages question and the granting of that request was to affect everyone else, then the best way the State could deal with it would be through the Mining Council.

22,705. What would the Mining Council do then? Do you mean that the State should deal with it through the Mining Council?—The State, I take it, is the people.

22,706. Only a small section of the people, you know?—No. I will admit that the franchise might well be further extended, but I do not look at the State as something separate from the people; so far as it is, it needs to be altered.

22,707. You do agree that if we are going to run this country on democratic lines, if the majority think that a thing is not for their good they have a right to prevent it?—Most decidedly.

22,708. *Mr. Robert Smillie*: Mr. Balfour put it to you, did you not think it wrong that people who are legally possessed of property should have it taken from them without compensation. I suppose you are acquainted with the state of matters in South America, that there were people there at one time possessed of property in slaves?—Yes.

22,709. It was legalised, and they bought and sold these slaves. Then came a time when North America thought they would have to stop. Do you remember whether they were paid compensation for the loss of those slaves?—No, I do not think they were.

22,710. Would you conceive that the fact that those people owned slaves and bought and sold slaves made that property of theirs such that the people should not take it away from them?—Not even if they bought it the day before.

22,711. You say if people wrongly held property now, though they legally held it, if it is wrongly held, and not in the interests of the nation, that it should be held, the nation is entitled to take that property from them without compensation?—That is the attitude. I think, if I may say so, that the time was when miners were bought and sold with the mines in Scotland at least, but yet that was not right because a company might have bought the mine the week before. I do not remember ever having

read that they were compensated for the loss of that slave-holding power.

22,712. Mr. Balfour's idea would be that if miners in Scotland, or anywhere else, were at one time property that was bought and sold or swapped, that if Government by law prevented miners still being the property of the owners they ought to compensate the owners for the loss of their property. Mr. Balfour's idea evidently on this question is that everything that is legally held as property should be compensated for?—I do not admit that that which is legal is always right.

22,713. I suppose your opinion and the opinion of the majority of the miners is that the coal and the minerals under the surface never ought to have been privately owned. Do not the miners feel that it was at one time held by the King on behalf of the people, and that the King if he gave it away had no right to give it away?—I quite agree, neither King nor anybody else would have any right to give away that which naturally belonged to the whole people, such as minerals within the earth.

22,714. If Parliament ultimately agrees to nationalise the mines and the minerals—to take over the minerals without paying compensation—do you propose to ask these who have held the minerals up to the present time to pay compensation for what they have taken out of the mines?—I think they could well afford to do so; but I would not propose to ask them.

22,715. You would let bye-gones be bye-gones?—I think they have got more than enough.

22,716. On the question of Clause 21, was that clause not put in rather as a protecting clause, a clause with regard to the railways—was it not put in as a protecting clause to insure that the Authorities carrying on the mines would not be charged an unreasonable charge for carrying coal?—That is so. That was quite seen by the miners when they went over this matter—that railway owners might make mine nationalisation a complete failure if they had unlimited powers.

22,717. But supposing that was read as Mr Balfour has read it—that the rates were not to be greater than such railway companies or Authorities are now entitled to charge for conveyance of fuel, and the time came when it was necessary to charge higher charges than they charge now, could not Parliament in a short time alter this law to enable them?—Parliament doubtless could do that, just as they authorised an increase when the railwaymen's wages were raised a few years ago.

22,718. Parliament often alters Acts of Parliament; it often changes existing laws; and they could do it again, I suppose?—As the necessities of the country require it.

22,719. Is it your opinion that the mine workers of the country are more concerned in the question of nationalisation than any other class of people in the country?—I think they are more concerned. They have a greater interest. They have a common interest with the community so far as the profit from the industry and the minerals belonging to the people, but they have an additional interest, because their lives are at stake while following their occupation.

22,720. I suppose we may take it that the miners you represent feel that the men and boys who work in and at the pit ought to have far more interest in it than those who have merely invested their money in it?—I think that they have and must have more interest in it, because after all no money can compensate for the loss of life.

22,721. I suppose we may take it that the consumers of coal, whether for domestic or manufacturing purposes, are not entitled to expect that they would get the coal for consumption till in the first place provision is made for fair and reasonable wages and for the conditions of the men and boys who produce the coal?—I think fair and reasonable wages ought to be a first charge in any industry.

22,722. Is it your opinion that State ownership of the mines would tend in the direction of preventing much of the loss of time that now takes place at collieries through strikes and lock-outs?—I think that it would prevent nearly the whole of it, if not the

27 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

whole of it, because decisions affecting the conditions under which the men give those services would be governed largely by their own representatives; consequently we would not have these strikes and stoppages such as we have now.

22,723. Do you think it is unreasonable that on any Board for the regulation of the mining industry for the production of coal for the common use of all the people that the miners should have half of the membership of the Committee to represent them?—I think the miners' interests are so much larger than any other particular section that they ought to have the appointment of at least one half.

22,724. Do you think the miners, if they were asked to do so, would combine with the colliery owners in any trust for the purpose of raising the price against the consumer merely to secure higher wages and higher profits?—I think the working classes of this country that comprise the great mass of the people are so recognising each other's interests and well-being that miners will not join with any coalowner or private trust for the purpose of exploiting the rest of the community. I feel quite sure that they will never do so.

22,725. Do you know that the Government felt that it was necessary, even before they took over the control of the mines, to appoint a committee called the Coal Association Committee to look after the coal trade?—I think it did.

22,726. You know that that was so?—That was so.

22,727. Do you know what the composition of it was?—I am not sure that I could correctly say, but I think the miners had half of it, and I believe the chairman himself was closely associated with the mining industry. If I remember rightly, the chairman was Sir Richard Redmayne.

22,728. There were three miners' agents who were represented with three mineowners?—Yes.

22,729. With the Chief Inspector of Mines as chairman?—Yes.

22,730. Do you know whether that Committee did very useful work in the interests of the community?—I feel quite sure that it did.

22,731. Did you ever hear any grumbling with the work of that Committee, either from the public, from the mineowners or from the miners?—No. I think

everyone who ever read the reports of that Committee was highly satisfied with the work that it did.

22,732. Are you aware that it settled many disputes remitted to it from the mining districts?—I know that it did suggest useful machinery for the settlement of disputes which were really settled and also settled a large number of disputes.

22,733. Do you know that the general wages of the mine workers in the several districts forming the Miners' Federation of Great Britain have been regulated for years by what are called Conciliation Boards?—That is so.

22,734. Do you know that they were composed equally of minors' and mineowners' representatives?—I think that was so.

22,735. Do you know that they have settled many questions without going before a third party?—I think it is usually held by these Boards that if the final decision of such a large question has always to go to an Arbitrator that the Board itself would fail, so that they have mostly settled without referring to an Arbitrator.

22,736. You are aware that in many of the districts neutral chairmen have been called in again and again?—That is so.

22,737. Even outside Durham and Northumberland they have been called in in many other places, such as South Wales and Scotland?—In every district, I think.

22,738. Do you know of a single case in which the miners have refused to carry out the finding of an Arbitrator?—I know of cases where they have not been satisfied, and they have used the machinery that has been agreed upon for an alteration or an improvement in the decision, but I have never known of a case where they have refused to carry the decision out.

22,739. Do you know that in some of the districts and on several occasions they have protested against the injustice, in their opinion, of the award, but they have always carried it out?—They have always carried it out.

22,740. Have you any fear that in any committee that might be set up if the mines be nationalised the miners would refuse to carry out the findings of the Committee?—I think, if anything, if it was possible, the men would more loyally carry out any decision if the mines were nationalised than they would have done in the past.

(The Witnesses withdrew.)

Mr. WILLIAM BLANE, Sworn and Examined.

22,741. *Chairman*: "Précis of Evidence proposed to be given by Mr. William Blane, C.B.E., M.I.Ming.E., M.I.Mech.E., trained in mining engineering in Scotland; has worked as miner, chief engineer, mine manager and consulting engineer; has been a large employer of labour; founder of the firm Blane & Co., Ltd., Mining Engineers and Contractors; employed in 1900-1 by the Queensland Government to inspect all the mines in Queensland and report on the possibilities of improvements and methods of working; was in the War Office 1915-19 as senior Technical Assistant and Assistant Director of Army Contracts; immediately previous to the war was Special Commissioner for the "Engineer" and, as such, travelled through many countries and inspected and wrote on railways, docks, mines and technical education.

My evidence will be more on subjects subsidiary to the Principle of Nationalisation of Mines and Minerals than the Principle itself.

I am in favour of the principle itself, subject to safeguards being established which will ensure:—

- (a) Freedom from political influence.
- (b) Fairness in the national interest in all disputes regarding wages and working conditions.
- (c) Industrial and commercial efficiency in control and management.

It may be worth considering whether nationalisation of mines and minerals should not be taken as separate subjects. State ownership of minerals is so general as to require little argument in its favour. It would, of course, involve the cancellation or acquisition by purchase of existing royalties.

Where minerals are State owned there are various systems of leasing rights, and these imply a consideration to the Government.

The owning of minerals by the State gives the State an initial advantage in all mining operations and a decisive voice as to where and how mining operations should be carried out.

The parallel sometimes drawn between State mines and State railways does not carry far.

State railways may be profitably run at an apparent financial loss. They may be used to develop fresh country and foster new industries. Competition with other similar undertakings is not necessary, and direct foreign competition is non-existent.

Coal must be produced on an economical basis which will permit of its utilisation in the building up of other industries, and in the case of the United Kingdom it is necessary that a considerable amount of coal be exported at competitive prices in order to balance the transport cost of necessary imports, and also to balance exchange.

The magnitude of the undertaking is apparent, especially as it is proposed to nationalise the sale of coal as well as the getting of coal. It is, therefore, suggested that at first it might be well to confine nationalisation to the actual getting of coal. It is, therefore, suggested that at first it might be well to confine nationalisation to the actual getting of coal and, should this be successful, extend it to the sale of coal and possibly also to coal products, such as coke, gas and tar.

With reference to (a), namely, Political Influence—Various efforts have been made to get away from

27 May, 1919.]

MR. WILLIAM BLANE.

[Continued]

this evil, the most successful being the appointment of independent Commissioners. But even where these have been appointed there is a consensus of opinion that the evil has only been partially overcome.

Germany and Hungary suffered little from this owing to the fact that the heads of the State railways were appointed by the Emperor and were not subject to Parliament.

Commissioners are, naturally, influenced to some extent by the body which appoints them. It is, therefore, suggested that the appointment of Coal Commissioners or a Board of Control, or whatever it is decided to appoint, be made by such Authority and under such conditions as will effectually free them from political influence, and that the whole executive functions be abandoned to them. Parliament would, of course, indicate the policy to be pursued and protect the Commissioners in the pursuance of that policy within the limits laid down.

(b) In an industry so vital to the State some statutory regulations with regard to the settlement of disputes are indicated. In this connection it will be necessary to establish such safeguards as will protect the worker and the consumer alike. A wise enactment on this subject might make strikes unnecessary and practically impossible. Great contingencies, such as a sympathetic strike of national workmen in favour of workers engaged in private enterprise, might be anticipated.

(c) There is a well-founded fear that State officials will not work an industry so economically as the employees of a private concern.

After four years' experience as a responsible Government official I must agree that, if the coal industry is to be run by a Government Department on lines similar to those on which existing Departments are run, it must, commercially, be a failure.

The principal cause of inefficiency is excessive centralisation, and this is inherent in the present system.

Perhaps the greatest evil is the control exercised by the Treasury over expenditure, appointments and promotions in all Departments. This fosters inefficiency, delay and financial loss, any one of which would be fatal in a large industrial undertaking such as that contemplated. The institution of a separate Fund and the abandonment of that and all executive functions to the Commissioners would probably go far to mitigate this evil.

Efficiency in the management and in the workers down to the labourer is an essential quality which would naturally be insisted on by the Commissioners.

Delay in a commercial concern cannot be tolerated. Advantage must be taken of every opportunity to improve trade, and such advantages will be lost by delay. This would have special application in the case of export trade, without which the coal industry could not survive.

To avoid financial loss the management must be prepared to act promptly without having to secure the agreement by minute of every person concerned, from the mine manager up to the Treasury.

In view of these considerations devolution should be as complete as possible. As a first step in that direction it is suggested that the working of areas, districts or "fields" might be leased to individual companies on the same principle as the Indian Government leases its railways.

These companies might be composed of the mine workers or of the general public; the amount of capital to be subscribed would be indicated by the Government and would be small, not more than, say, 10 or 20 per cent. of the total capital represented in the undertaking involved, and interest on that would be guaranteed by the Government. The leasing companies would manage the areas for the Government, under the Commissioners, taking their proportionate amount of the profits as dividends, say one-fifth if the representation was 20 per cent. The other four-fifths would go to the Coal Commission Fund.

Such leasing companies would be in competition with each other as far as efficiency is concerned, and this would set up a healthy condition tending to profitable working. They would also act as buffers

between the workers and the Commissioners, and the workers would not necessarily rank as civil servants.

Competition might be accentuated by the application of the premium bonus or other bonus system.

General.—The first object of the Commissioners should be to make mining an attractive employment. In all my experience I have never met a mother who wished her son to be a collier, and I have met few fathers who did not wish their sons never to enter the coal pits. There is no reason why this state of things should exist. Coal mining carried out under the best conditions should be an attractive occupation, and the better the conditions the more profitable the undertaking.

Apprenticeship should be recognised in the coal trade, and means adopted for training youths to the scientific use of pick, hammer, shovel and machinery. Schools for youths should be instituted, where they would be encouraged to compete, both in theory and practice. I would even go so far as to make every person pass such an examination before he takes charge of a working face as would ensure his being a potential manager.

It has been predicted that nationalisation will kill expert trade. With this I disagree. State ownership should foster improvements rather than hinder them. The suggested working of areas would make centralisation of service equipment practicable, and with mechanical haulage over long distances the coal could be brought to central sorting and distributing plants.

Similar advantages underground might be realised. The inauguration or extension of mechanical haulage and belt conveyers, and the more general application of machine cutting and drilling would result in a substantial reduction of the cost of production.

The utilisation of the coal produced could be taken in hand by the Government. The average efficiency of the steam engine and all connected with it results in not more than 6 or 7 per cent. of the B.T.U. (British Thermal Units) in the coal being brought out in effective work.

On the other hand, the internal combustion engine has reached the stage at which 25 to 30 per cent. thermal efficiency can be relied on.

The average steam engine, therefore, may be classed as a coal destructor, and should be scrapped as soon as possible.

The waste of coal in the ordinary fire grate is a matter of common knowledge. Most of the heat goes up the chimney or is dissipated against an outside wall.

As a curative measure I would suggest the passing of an Act of Parliament making it illegal to have a fire in any room within 2 feet of a wall. This would drive consumers to the internal combustion stove, which would utilise most of the heat in the room and make it impossible to consume anything like the amount of coal consumed now.

In like manner the maximum amount of consumption of fuel per horsepower by any prime mover ought to be fixed by Act of Parliament. The coal waster could be eliminated gradually by fixing a minimum of thermal efficiency to be permitted in one year after the passing of the Act and raising the minimum each succeeding year until a satisfactory efficiency is obtained. This would ultimately scrap the steam engine, or induce a miracle on it. Steel and iron furnaces could be treated in the same way.

The carrying out of these suggestions would, incidentally, provide work for many thousands of people and create a boom in the staple trades of the country where coal is the principal raw material used. There would be no hardship, because many enterprising firms would be willing to take contracts both for internal combustion stoves and internal combustion engines on terms of payment to be represented by the cash saving to be effected.

By this means, the whole of our houses and all our prime movers would be placed on a footing of economy which would save, at least, one-half of the fuel at present consumed and cheapen living and production to the same extent. The coal saved would go to

27 May, 1919.]

MR. WILLIAM BLANE.

[Continued.]

increasing export and so enrich the country; and the trade created, without outlay, would raise the whole status of the people.

There is also the question of central generation of gas and electricity, as well as the electrification of railways. These in themselves are very important, but I think it would be better to tackle those I have mentioned first.

Reverting to the main subject, I see no reason why the principle of nationalisation of mines and minerals should not be adopted, but there are so many dangers to be guarded against—some of which I have indicated—that it would be well, after adopting the principle, for a Commission to go into the whole subject and to advise regarding the safeguards to be instituted.

The following Governments work State coal mines, and it is suggested that the actual results be investigated on the spot by men of wide experience and unbiased judgment:—

Germany—about 20,000,000 tons per annum equal to about 15 per cent of the whole production.

Holland—about 500,000 tons, equal to about 30 per cent of total production.

Victoria—about 500,000 tons, equal to about 70 per cent of total production.

New Zealand—about 200,000 tons, equal to about 10 per cent of total production.

New South Wales—about 400,000 tons, equal to about 15 per cent of total production.

The above figures are approximate only.

Other Governments have reserved areas of coal beds to be mined in case of necessity, notably the United States reserves in Alaska and the South Africa reserves in Cape Colony."

22,742. *Mr. Arthur Balfour*: Do you agree that if nationalisation were adopted the control must not rest in the hands of any one section, it must be real control by the nation?—Certainly.

22,743. I take it that you also agree it is absolutely essential that we should have cheap coal to carry on the export trade of this country?—It is essential that we should have coal at competitive prices to compete with other nations.

22,744. Do you think that we should unless we can get all the safeguards to which you have referred? Do you think if the coal mines were run like any Government Department at present that we should get cheap coal?—No, I do not think so, but at the same time I do not think it is impossible to regenerate the bureaucracy, or have a new bureaucracy with an idea of incentive in it that would do it.

22,745. Do you believe in co-operation?—No, I think that co-operation is a very dangerous thing, because while on the one hand we are at the mercy of the worker, and on the other hand at the mercy of the employer to-day, we should be at the mercy of a co-operation from which there would be no retreat.

22,746. *Mr. Sidney Webb*: I see you suggest that possibly each field or district might be leased as the Indian Government does its railways?—Yes.

22,747. But then you go on to suggest that the amount of capital at stake by the lessees would be very small?—Yes.

22,748. You even go on to say that the interest on that capital might be guaranteed by the Government?—It is so as a matter of fact.

22,749. Would that leave very much incentive to the lessee?—There is the incentive of the profit made over the guaranteed amount.

22,750. Then practically it is using them as subcontractors for labour?—No, I do not think so.

22,751. Would you contemplate that there should be a very strict schedule of wages below which they could not go?—Yes, there might be a fixed minimum wage.

22,752. Are you suggesting that the price should remain a competitive price?—Competitive internationally.

22,753. Yes, but not internally. I am only anxious to get your suggestion. Would you suggest that the price of coal inland should be left to be settled among the lessees by competition?—No, I do not

think so. The competition among the lessees would be more in the nature of economies and improvements.

22,754. If they all have to pay a fixed minimum wage and they are selling at a fixed price and the capital is, one way or another, practically supplied by the Government, there will be very little possible savings, because the savings, surely, of the administration would be due to the introduction of machinery or anything of that kind?—There would be all the savings that are possible in an honestly run industry from their brain work, improvements, and so on.

22,755. Surely in an honestly run industry at the present time the saving is the saving from the wages of labour?—No, very largely the opposite—it is very largely the saving of ingenuity.

22,756. At any rate I understand from you that you would not suggest that these leasing companies should be able to fix the price and you would not suggest that they should be able to vary the wage?—No.

22,757. With regard to the export trade, you do not see any serious difficulty in a nationalised industry carrying on the export trade?—No, I do not see any serious difficulty.

22,758. *Mr. R. H. Tawney*: I see on the second page of your proof that you mention various possible economies in the production of coal?—Yes.

22,759. Is it your opinion that there is considerable scope for improvement in production?—Yes.

22,760. That is to say there are economies which we have not yet used and which we might use in the future?—Yes.

22,761. Do you connect that at all with any change in the system of organising or working the industry?—I mean unification or nationalisation—or do you think it would come as a matter of course?—I think unification would help.

22,762. You think there are possible improvements from which the consumers might benefit?—Yes.

22,763. And that the condition of obtaining them is unification?—I should say it would help.

22,764. That is the argument of this Paper?—Yes.

22,765. *Sir Adam Nimmo*: I think you seem to have little difficulty in accepting the principle of nationalisation of the mines?—Yes.

22,766. Your difficulty is in regard to the application of the principle in detail?—Yes.

22,767. Do you think in a matter of this kind that you can adopt a principle without knowing how it is going to work out in detail?—Yes.

22,768. How would you explain that?—The principle may be forced upon you, or you may arrive at the adoption of a principle by broad arguments; but, having arrived there, you want to find out conditions under which it will work.

22,769. Have you not a special problem here in connection with the mining industry which you have to apply your principle to and consider the application of that principle in detail?—Will you please repeat your question?

22,770. Is the mere assenting to a principle of any use in connection with such a problem as the nationalisation of mines?—It is only of value as far as the value of my opinion goes here.

22,771. The whole question turns upon whether you can apply that principle to the problem in detail. I suggest there is little to be gained by merely expressing a pious opinion upon the principle in connection with such a problem as this?—Ask me upon it then.

22,772. I observe you think it necessary to apply certain safeguards. In applying the principle, and the first one I observe is there should be freedom from political influence. Do you think the appointment of a Minister of Mines would secure freedom from political influence?—Not quite.

22,773. Then you say there should be fairness in the national interests in all disputes regarding wages and working conditions?—I suggest how I think it could be freed from political influence.

22,774. You suggest there should be fairness in the national interest in all disputes regarding wages and working conditions?—Yes.

22,775. Would you consider that fairness could be secured by having every wage question referred to

27 May, 1919.]

MR. WILLIAM BLANE.

[Continued.]

the Miners' Federation of Great Britain?—If the mines are to be nationalised and become the property of the nation it must, I think, in fairness be referred to the nation.

22,776. That is to say, they are not to be put into the hands of the Miners' Federation of Great Britain to deal with the question of wages assuming the mines to be nationalised?—In the proportion to which they are part of the nation, yes.

22,777. Your demand is there should be fairness in the national interest in all disputes regarding the wages and working conditions?—That is if the mines are nationalised they should be nationalised by the nation for the nation and run for the nation.

22,778. If the Miners' Federation was to create a preponderating influence, would that fairness be secured?—I should not like to prejudge the case.

22,779. With regard to industrial and commercial efficiency in your control and management, would you say it was necessary to secure from that point of view the largest possible output of coal?—It depends upon the demand.

22,780. Consistent with the demand?—Yes.

22,781. Would you say it was desirable to secure that production at the lowest possible cost?—No, I would not say that.

22,782. Would you say the lowest reasonable cost so as to maintain the whole industrial position?—No, I would not say that.

22,783. What is it you have in mind when you speak of industrial and commercial efficiency?—You mean the production of coal should be at a price which would be consistent with fair working conditions. I mean to say the coal should be produced at a price not controlled by anything except the working conditions and the demand for the coal, and generally the question of a low price is not a vital question.

22,784. Would you not say efficiency generally was more likely to be secured by the initiative of private enterprise than by the application of nationalism?—I do not think so.

22,785. Taking the question of exports, I observe you do not agree that nationalism will kill the export trade. It may not kill the export trade, but would you be disposed to say it may not seriously affect it prejudicially?—In my opinion, it would seriously affect it for good, because if the nation controlled the mines and controlled the product, half the coal that is used in this country could probably be saved—saved by our industries which make steel, iron and everything else—and thereby the price of such production is brought down; the coal that is saved would go to increase the quantity of export at the ordinary price.

22,786. How would you bring about such a saving in consumption in this country?—I have hinted at it here. In the first place, by standardising the consumption of all coal consumers.

22,787. Would not that really mean, for example, in connection with the industry a great reconstruction of the whole of the industries of the country?—Yes, very greatly.

22,788. Do you consider that a practical scheme just now?—Yes, I consider it a profitable scheme as well.

22,789. Would it not take an enormous amount of time to carry it out?—Five years.

22,790. It would take five years to reduce the consumption by 50 per cent.?—Yes.

22,791. Do you really put that forward?—I do.

22,792. Referring to exports, you propose to deal with the export trade through a centralised authority?—I should rather not touch upon that.

22,793. You remember you say here in your *précis* that you do not agree with the statement that nationalisation will kill the export trade. If you manage the export trade through central organisation are you not likely to hold it up?—I do not know much about that end of it. I know there will be much more to export.

22,794. You do not know whether we could secure thereby the same competitive conditions to hold our own?—I do not know that there would be any difficulty.

22,795. Would not the whole organisation be slow moving under nationalisation? Would you be able

to change the price to take advantage of changed conditions in foreign markets?—I suggest that should be ensured.

22,796. Is it not very much safer for the export trade to rest that upon competitive conditions as it does just now with the freedom of movement?—I do not know. I do not know much about trading in coal; I am an engineer.

22,797. *Mr. Evan Williams*: I see you suggest as a mitigation of Treasury control the institution of a separate fund. Do you contemplate that fund in connection with the scheme you outline following on the leasing of the coal properties to be worked by private persons, or do you contemplate a fund in connection with the complete ownership of the mines?—In connection with complete ownership.

22,798. Would that be a fund into which all the proceeds would go and out of which all the outgoings of the trade would be made?—I should think so.

22,799. Your object would be in that way to make the coal trade self-supporting and under no financial control except its own?—Yes.

22,800. How far would you advocate devolution of authority in connection with finance?—I think only as far as the Commissioners may have to arrange what should be done.

22,801. You would still retain financial control in the hands of the Commissioners?—Yes.

22,802. Central?—Yes.

22,803. Do not you think that is rather preserving the evils of Treasury control?—No, because with the present system you would have the Treasury over your Commissioners.

22,804. You would have the Commissioners ever every mine manager in the same way?—For the Commission to devolve as they thought advisable.

22,805. Do you think it is possible to run an industry when every expenditure or single matter has to be referred to headquarters?—In the Indian Railways it is not so. Everybody runs their own finance, but the central finance is controlled by Commissioners.

22,806. I thought you had no devolution of finance following the central authority of the Commissioner?—I do not mean that.

22,807. You would have devolution in regard to financial matters to each unit?—Yes, to each unit.

22,808. You would give units the power of spending money without reference to the central body?—They would have to get their votes, so to speak, or their portion of their capital apportioned to them. After that they would probably control it themselves.

22,809. Do you think that would still reduce the evils of Government financial control?—It would reduce it to a minimum.

22,810. You think so?—Yes.

22,811. That would give all the local councils power to spend other people's money without running any risks of their own?—I do not think that applies at all. With regard to the handling of money they would be receiving money, paying out money in the ordinary trade, and it is not a question of giving them authority to spend other people's money at all. It is giving them authority to carry on a business.

22,812. With other people's money?—With other people's money as is done every day in companies.

22,813. By whom?—All directors' boards do it. Every limited company does it.

22,814. And they are responsible to their shareholders and they are themselves shareholders?—They are shareholders and they represent the shareholders.

22,815. And they are generally the largest shareholders?—Sometimes with a very nominal qualification.

22,816. There are other qualities, I suppose, in those cases?—Perhaps.

22,817. *Mr. R. W. Cooper*: I see towards the end of your proof you give us information about State owned mines in other parts of the world. I see you state that in New South Wales there is about 400,000 tons per annum produced by State owned mines?—Yes.

22,818. What is your authority for that statement?—My authority for that statement is the Report of the Commission that sat in 1916-17 in South Africa on the same subject as this Commission is handling now.

27 May, 1919.]

MR. WILLIAM BLANE.

[Continued.]

22,819. Have you that Report with you now?—I have not got it. I can send it to you.

22,820. We had here a statement days ago by the Agent-General of New South Wales. He told us the State was not working any colliery in New South Wales.

22,821. *Sir Leo Chiozza Money*: He was, I fancy, wrong about one or two things?—I will send you the Report.

Mr. R. H. Tawney: Which Report was that?

22,822. *Mr. R. W. Cooper*: This is the question asked the Agent-General:—"Are there any State owned mines in New South Wales?—(A) The nearest approach to it is the mine that is partly sunk for the use of the Railway Commissioners. I refer to that in my evidence, and I have heard in the last few days that they have got as far as sinking the down-east shaft, completing that, and they have got part of the way with the upcast, and the Government have given instructions to cease it, and nothing has been done." What I was referring to was in the evidence of the Hon. Sir Charles Wade on page 814, question 19,380. Then at question 19,381 he is asked:—"But no coal has been as yet worked?—(A) No." Now let me refer you to the Annual Report of the Department of Mines of New South Wales for the year 1917. It is published by the Government publishers in Sydney in 1918: "*State Coal Mine, Lithgow*.—Operations in connection with the establishment of a State coal mine at Lithgow continued until 10th July, when, as the result of the decision of the Cabinet, all work ceased. At this time, the upcast shaft had been sunk to a depth of 85 feet, and a commencement had been made to put in the brick lining. Owing to the treacherous nature of the surface alluvial deposits, containing considerable quantities of water, special timbering was required for about 40 feet from the surface. At the time when work was abandoned, the down-east shaft headgear, &c., was erected and the necessary arrangements for sinking were nearly complete." Then it says: "Before operations are resumed, it would be advisable to construct the railway, as this would much facilitate the work of development and effect a great saving in the carriage of materials." I suppose after hearing what the Agent-General said and hearing the Government Report you do not adhere to the statement?—I shall send you my authority. While I am here, may I mention that was a very important Commission on the State working of mines in South Africa?

22,823. The question is not the importance of the Commission, but the accuracy of the statements.

Mr. R. H. Tawney: Would you ask which is the Commission? I should like to see it.

22,824. *Mr. R. W. Cooper*: The witness is going to send the Report. Have you any personal knowledge of the carrying on of mines in New Zealand or in Germany?—No.

22,825. In particular parts of the British coalfields have you had any experience?—Scotland.

22,826. When was that?—When I was a young man.

22,827. How long is that ago?—A considerable time now.

22,828. How many years ago?—Nearly forty years ago.

22,829. Is that the only coalmining experience you have had?—No.

22,830. Where else have you had experience?—South Africa.

22,831. How long ago is that?—About 10 years ago.

22,832. Anywhere else?—Queensland.

22,833. I observe apparently in Queensland there are no State worked mines at all?—No.

22,834. Have you had any experience except Scotland in the British coalfield?—Nothing except by examination.

22,835. You mean you have been employed professionally as a mining engineer to examine collieries?—All my life.

22,836. Are you acquainted with the Durham coalfield?—No.

22,837. Or the Northumberland coalfield?—No. I am not acquainted with the English coalfields.

22,838. I observe you make a statement in your *précis* that in all your experience—of course, it is qualified by those words—that you never met a mother who wished her son to be a collier. Do you know that in Durham and Northumberland it is almost a general rule for the sons to go into the pits as soon as they are 14 years of age?—Yes, I know that. I also know if the mothers could make them anything else they would usually do it.

22,839. How do you know that?—I have lived amongst them.

22,840. Do not you think the mother's influence is strong enough to prevent it if she cared to do it?—Yes, but not her purse.

22,841. I suppose you mean by that the boys get good wages?—They get better wages than by serving apprenticeship to a trade.

22,842. I think probably that is the case. Do you suggest nationalisation of royalties is a thing apart from what I may call the complete nationalisation of all mines and minerals?—I do not suggest it. I suggest it might be treated as a separate subject. It is a separate subject really.

22,843. You speak also of confining nationalisation to the actual getting of the coal. Do you mean the State should carry on the collieries but not sell the coal?—What I meant by that was the thing could be taken in stages; it is a very big thing.

22,844. Do you mean the State should produce the coal, but not sell the coal?—It would produce it at first and then take the selling of it afterwards.

22,845. That is what you mean by your suggestion?—Yes.

22,846. I see you absolutely condemn what I may call bureaucratic management?—Yes, it exists to-day.

22,847. On every ground, both as regards delay and efficiency?—Yes; but I do not think it is impossible to fit up a bureaucracy which would avoid these things.

22,848. You mean to reform the present system of Civil Service?—Yes, instil new elements into it; put incentive there. The Civil Servant has to-day no balance sheet; he has nothing but the side of a page on which his faults are written. Give him a balance sheet like another man, and give him an incentive, make blunders if you like, then it will be much better.

22,849. You cannot succeed without making blunders. There is another question I want to put to you. You talk about devolution, about leasing areas to companies on the same principle that the Indian Government leases its railways. Do you mean by that that the State should acquire these areas and lease them to private companies to work?—I mean the State, having nationalised all the coalfields, might lease them to companies representing a very small sum of interest. For instance, some of the Indian railway companies have, I believe, only a five per cent. interest in the thing. It sets up initiative for competition in various ways which should take the thing out of the ruck of officialism.

22,850. You do attach importance to the influence of personal enterprise?—Yes.

22,851. And personal initiative?—Certainly.

22,852. And competition?—And competition.

(The Witness withdrew.)

(Adjourned to to-morrow at 2 o'clock.)

28 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued

SECOND STAGE—TWENTIETH DAY.

WEDNESDAY, 28TH MAY, 1919.

PRESENT:

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. ROBERT SMILLIE.

MR. R. W. COOPER.

SIR ALLAN M. SMITH.

SIR ARTHUR DUCKHAM.

MR. HERBERT SMITH.

MR. FRANK HODGES.

MR. R. H. TAWNEY.

SIR LEO CHIOZZA MONEY.

MR. SIDNEY WEBB.

SIR ADAM NIMMO.

MR. EVAN WILLIAMS

SIR ARTHUR LOWES DICKINSON,	} (<i>Assessors</i>)
SIR RICHARD A. S. REDMAYNE,	

MR. ARNOLD D. McNAIR (*Secretary*).MR. GILBERT STONE (*Assistant Secretary*).

MR. WILLIAM STRAKER and MR. JAMES WINSTONE, Recalled.

22,853. *Mr. R. W. Cooper*: As I had the pleasure of asking you some questions on the 14th March, I shall endeavour, as far as I can, to avoid the deadly sin of repetition. You refer first in your proof to the draft Parliamentary Bill which was laid before us last Friday afternoon by Mr. Slessor. I am asking you some questions which to a certain extent I refrained from asking him. Would you mind telling me, was he the draftsman of your Bill? When I say your Bill, your Federation's Bill of 1912?—Yes, he was acting under our instructions then.

22,854. I said draftsman?—Yes.

22,855. I quite understand whatever is in the Bill was put in under your instructions. He merely puts it in the proper language for you?—Yes.

22,856. I suppose he would be the writer of a little tract I hold in my hand called "Fabian Tract, No. 171." I will show it to you; you may have seen it?—Yes, I think I have.

22,857. Is he the same gentleman?—Yes, I think so.

22,858. You say that the draft Bill embodies the proposals you outlined to us in March with some extensions or additions in detail?—That is so.

22,859. I gather as regards the suggested Mining Council the difference between the proposal in the draft Bill and the proposals outlined by you last March simply is that the Council consists of 20 members instead of 10?—I think that is the principal difference. There are the replacing, I think, of some of the clauses.

22,860. Quite. That is neither here nor there. I notice in the Bill you propose not only to pay no compensation for what I will call royalty rights for the sake of simplicity and wayleaves, but you also propose to put a limit on the amount of compensation to which the colliery owners are entitled?—That is so; not to what he would be entitled.

22,861. A limit, I meant, on the sum to be paid to him?—Yes, that is so.

22,862. When you and I were discussing the matter in March you said nothing then about that proposed maximum limit. Let me read you the question I asked you in March?—I would suggest I did not put in any Bill in March.

22,863. I asked you a question and I am going to ask you the reason why your Bill does not agree with the answer you gave me in March. On page 325 of the shorthand notes, at question 8,082, I asked this question: "I gather that your intention is that the

present owners should receive the fair selling value of their property from the Government?" Your answer was: "Quite so"?—Yes.

22,864. Assume that the fair selling value of a man's colliery works out at more than 10s. per ton of output, why is it to be limited to the 10s. per ton?—Of course, it all turns on what we may consider the fair selling value.

22,865. Let me ask you this. Can the fair selling value have any meaning except one meaning? (*After a pause.*) Now, Mr. Straker, will you answer my question?—I am quite ready.

22,866. Had you better not give me the answer no; it can only have one meaning?—What you would consider a fair selling value might differ from what I might consider a fair selling value.

22,867. I am not talking of what you or I might think to be the fair selling value. I ask you the meaning of "fair selling value"?—I can assure you, when you refer to my previous answer, that answer was governed by what I consider the fair selling value.

22,868. I will give you your previous answer; I do not wish to be unfair to you at all. I will go back to the questions, so that you can see the whole of the context: "You and I happen to come from the same part of the world, and we shall be able to understand each other. The effect, I suppose, would be this, that all the Northumberland collieries would be transferred, we will say, to the State?—(A) Quite so—all the collieries in the country that were worth taking over. (Q) Will you tell us how do you propose that those collieries should be paid for?—(A) I have suggested, I think, in the case already read by the Chairman that they should be paid for by the Government Stock. The form of that stock I do not think is germane to the present question. (Q) I quite agree with you?—(A) I dare say ultimately that would rest with the Government, acting on the advice of the Treasury, as to the form that stock should take." Then comes the question I commenced by reading to you: "I gather that your intention is that the present owners should receive the fair selling value of their property from the Government?—(A) Quite so." Then, I go on in the next question to ask you: "Assuming that the collieries have been bought and paid for by the State, there would then be, I suppose, a Northumberland Council of Management?—(A) If Northumberland was formed into one district that would be so"?—That is so. What question have you asked?

22,869. My question is this: can there be any meaning except one attached to the expression "fair selling

28 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

value."?—I can only say what I said was governed by what I considered to be the fair selling value; that is, the repayment of the capital in the form of Government Stock bearing a certain interest would be the fair selling value.

22,870. That is not my point. I am not discussing the method of payment. I ask you why, if you told me in March the colliery owners should have the fair selling value of their property, you now propose to give a man who has a fair selling value of more than 10s. a ton output only 10s. a ton output? Assume the man's property is, in the eyes of all commercial people, worth more than 10s. a ton output, why do you limit that man to 10s. a ton output?—We allow a maximum of 12s.

22,871. That is the maximum only for very small collieries. Keep to the general case, if you do not mind?—The maximum, in my opinion, will cover any real capital.

22,872. That is rather begging the question. I ask you to assume a case where it does not, and I want you to tell me why, in such a case as that, the man should be cut down to 10s. a ton output?—I would assume, in such a case as you name, there has been over-capitalisation.

22,873. You must not assume that; you must assume fair selling value only?—I assume if you get the capital out that you have put in, you have a fair selling value.

22,874. I will take that for the moment as your answer. If the owner of a colliery, or, rather, his executors when he dies, has to pay duty to the State upon the full amount of the fair selling value of his property, why should not the State if it buys that property pay the full amount of the fair selling value?—That is a question beyond me. I am afraid I am not well acquainted with death duties at all.

22,875. I will leave it at that for the moment. I appreciate very well what you say about much that has taken place here being argument on both sides, therefore I will endeavour as far as possible to avoid argument. You make a statement in the second paragraph of your *précis* headed: "Fundamental Difference," in which you say: "During the first stage of this Commission the old ways of mine management and control were shown to be so beaten into mud that the Report, known as the 'Sankey Report,' and accepted by the Government, declared that the present system stands condemned." Have you not made a slip in writing that paragraph?—I think it is a correct quotation.

22,876. Let me show you where it is not. Look at what I will, with respect, call the Sankey Report. It says: "The present system of ownership and working," not "management"?—I think if that Report has any meaning at all, and I think it has a lot of meaning, it is that that declaration certainly, above all things, includes management and mine policy.

22,877. You read no doubt the evidence given by Mr. Sidney Webb?—I did not.

22,878. You do not agree with what Mr. Sidney Webb told us?—Not necessarily.

22,879. Let me read what he said to us in the second paragraph of his *précis*. "It is desirable to make plain that the relative inefficiency of the British coal supply is not to be ascribed to personal shortcomings of those who direct the various branches of the industry. There seems no ground for accusing the mining engineers or the directors or managers of collieries or the merchants or dealers in coal of any technical inefficiency."

Mr. Sidney Webb: Read the next sentence.

Mr. R. W. Cooper: It goes on to the theory of profit.

Mr. Sidney Webb: You get the explanation of the statement.

22,880. Mr. R. W. Cooper: "Indeed it is not suggested there is among them for the most part any inefficiency in getting profits; even those who suppose profit making an indispensable motive will realise the making of private profit is no test of efficiency." If I have misinterpreted what I conceive to be your magnanimity I am sorry?—I will suggest you recall Mr. Sidney Webb.

22,881. We have had two days of him?—I cannot be responsible for what he said.

22,882. I simply say you do not agree with him?—Not necessarily.

22,883. Now I am talking of production. Is it not a fact that there has been a gradual decline in production per person employed in the coal mines over a considerable series of years?—I think that is so.

22,884. I do not know whether you have seen an article in the "Times" newspaper of Thursday last giving certain figures beginning in 1903 and going to July, 1918, and also giving the first three months of 1919. Did you see that article?—No, I did not.

Sir L. Chiozza Money: Was that the allegation that since what we call the Sankey Report was made there has been a great further decline?

Mr. R. W. Cooper: Yes.

Sir L. Chiozza Money: I thought that a very unfair letter, and it was an anonymous letter too.

22,885. Mr. R. W. Cooper: This is not a letter. This is an article by the "Times" Labour Correspondent. I should imagine from the appearance of the article it was inspired from some official source. It shows this, that on the basis of the first three months of this year the production for 1919 will only be about 224,000,000 tons.

Sir L. Chiozza Money: It is true this article appeared in the "Times," and appeared to convey the information which, if authentic, ought to be in our possession.

Mr. R. W. Cooper: I am going to ask for it.

Sir L. Chiozza Money: It is not in our possession officially, yet it appears in the "Times" newspaper through their Labour Correspondent, which seems curious.

Mr. Evan Williams: I ask that we may have the return of the output for the years which were mentioned some time ago.

Mr. R. W. Cooper: If they are agreed figures, and if they are in possession of any department of the Government, I agree with Sir Leo that we ought to see them.

Chairman: So many things have been circulated that it is not surprising that some members of the Commission forget what has been circulated. We have had circulated the output for every week this year down to April 26th. I will hand Mr. Cooper a copy. It gives the output for every week in every district up to April 26th. For the week ending April 29th you have to add one-third on because of Easter. You cannot compare the output of that Easter week.

22,886. Mr. R. W. Cooper: The figures do not quite correspond with the "Times" figures, but they do very nearly. I take the figures from the official paper. The total for the 12 weeks ending 29th March, 1919, in millions, was 56 millions. Multiply that by four, that gives you for the whole year 224,000,000 tons. If that be further reduced during the second half of the year the probability is the output in the year would be less than 224,000,000 tons. With your practical knowledge is not that so?—That it will be reduced?

22,887. Yes?—I do not think so.

22,888. Do you think there will be no reduction, at all in consequence of the reduction of hours beginning on the 1st July?—I think that the figures you have given now for the first quarter of this year are the result of a peculiar set of circumstances that will be largely absent during the second half of the year.

22,889. What do you mean by that?—If you had been a mine manager I believe you would know.

22,890. I am not a mine manager, as you know?—I know. The pits have been largely overcrowded owing to the soldiers returning to the mines. You know mine owners have been under a pledge to reinstate all the men who come back.

22,891. Certainly?—The miners, on the other hand, object strongly to the displacement of men who have served the country well and who have been in the mines during the war. In addition, too, the natural development that under ordinary circumstances goes on all the time has been prevented by the Coal Control, consequently the room in every pit almost is

28 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

so restricted that these men, even if they were all fit for hard arduous labour in the mine at once when they come back, which they are not, owing to the lack of pit room and the crowding of these men into the mines, you cannot possibly expect the same result.

22,892. I do not suggest that?—I suggest that is the cause of this fall per person employed during the first quarter of this year.

22,893. I am not talking of that, but the total output of the 12 weeks which I gave you as 56,000,000 for the whole country?—This has affected the whole country equally.

22,894. It may have affected per person employed. Do you suggest it has the effect of reducing the output, the putting of mere men into the mine—surely not?—The only other thing I can conceive is that in some cases I know of the miners have been losing time owing to the difficulty of being supplied with trucks.

22,895. During the first quarter of 1919 was there any loss of time worth speaking of in the mines of this country?—I think there was some. I could not say how much. I know some pits which lost some time.

22,896. What do you mean by some time?—I do not mean them all.

22,897. Do not you think that, generally speaking, the pits were working well during the first quarter of this year?—I think they did work fairly well, but they may have worked better.

22,898. My point is this. On these figures are we not bound to assume the output of coal in this country this year will be less than 224,000,000 tons?—It does not follow that that will be further reduced.

22,899. I am not suggesting a further reduction. For the moment I am assuming this rate is being maintained at 56,000,000 tons a quarter. I say, do not these figures show, especially having regard to the fact of the impending reduction of working hours, that we could not pursue a bigger output for this year than 224,000,000 tons, that means, four times, or thereabouts, this 56,000,000 tons?—Even if we do not know for the moment, without an enquiry, as to the real cause of that, I do not see where that affects the question of nationalisation.

22,900. It affects what you tell me about the amount of work that is not got out of the pit. I will take you on another subject. I gather that your political views, or your ethical views, are this, that industrial enterprise carried on for profit is altogether a depraved occupation?—I do not think I said that.

22,901. Let me see. Do not you say that in effect? You say that competition is a purely selfish matter. "This seems to me to be a primitive idea belonging rather to an early form of society than to twentieth century civilisation." I suppose you know the earliest idea of all. You remember the early community of goods, do you not?—I do not remember that.

22,902. Do not you remember the system which brought Ananias into trouble?—I must confess I was not there.

22,903. I gather that your view is that all industries ought sooner or later to be nationalised?—I think all industry will be nationalised some time.

22,904. You speak about the huge drain on the industry of royalties and wayleaves?—Yes.

22,905-6. About how much a ton do you consider the average mine royalty in Great Britain to amount to?—I think the figure given before this Commission was right, over 6d.

22,907. I will take it at that. Have you any idea what the percentage of the selling value of coal at the pit head that represents?—Over what period?

22,908. I take the year 1913, and then I take September, 1918?—If you will tell me what the average selling price for 1913 was.

22,909. The figures show that in 1913 the selling value of coal at the pithead was 10s. 1½d. Is not 6d. a ton about 5 per cent. of that?—5 per cent., a 20th part.

22,910. In another paper it is shown the selling value of coal for the quarter ending September, 1918, it was when the prices were high, was practically 25s. and the royalties were 7d?—Yes.

22,911. How much per cent. do you imagine those royalties were of that selling value?—It is a question of figures.

22,912. Take it from me, it is about 2½?—Yes.

22,913. Do you agree with my calculation?—I am not disagreeing with it at all. I do not know why you examine me in arithmetic.

22,914. Because you use the expression "huge drain." "Huge" compelled me to exercise my arithmetical faculties as well as yours. You talk about the result of nationalisation being a decrease in the cost of production. Do you expect the workers' wages will be reduced if the mines are nationalised?—That will largely depend on all other circumstances at any given time.

22,915. That is hardly an answer to my question. Do you imagine under nationalisation there is a greater likelihood of the workers' wages being reduced under any circumstances than under private ownership?—I think the wages cost, owing to greater economy in management and application of improved machinery, will be less per ton.

22,916. You mean you may get more coal for the same amount of wages?—That may be.

22,917. I do not know what you mean when you refer to export. You say the increase in the export coal shipment will prevent any ships having to sail outwards with, possibly, only ballast. Have you heard of ships leaving an English coal port in ballast?—No, I have not.

22,918. Take Blyth. You know Blyth. Did you ever hear of a vessel going from Blyth in ballast?—You might address that question to Lord Gainford, who is present.

22,919. He is not in the box. He did not make that statement?—He suggested it.

22,920. I see you say later on: "It must be admitted that competition has been a great incentive to enterprise; but it must also be admitted that it has been a prolific cause of dishonesty and nearly every other evil that has afflicted humanity"?—Yes, I think you will agree with me.

22,921. I do not, indeed. I will come to the end of your *précis*. I am anxious to avoid travelling over the ground you and I thrashed out in March. You talk of section 5 of your Bill. I think you are referring to the particular part of sub-clause 3 of clause 5, by which the Mining Council has the option of electing not to take over any colliery or any particular works connected with any colliery undertaking until they otherwise determine. You say: "The danger of sudden transition from one form of ownership and control to another, resulting in such an upheaval in the industry that the welfare of the nation would be seriously affected, is a real danger. To avoid this, section 5 of the Bill has been introduced." Then you say: "Under this section the Mining Council will have power to disclaim the taking over of any mine, &c., until such time as it can do it safely and without interfering with the orderly continuation of any mine or other industry connected with mining." Are you aware as your Bill stands that if your Mining Council elects not to take over a colliery, the owner of the colliery is prohibited from working it without the consent of the Mining Council?—Quite, but he is allowed to take it with the consent of the Council.

22,922. What would his position be supposing the Council did not give their consent?—The Council would take it over and work it.

22,923. But supposing for some reasons known to themselves they said they would not take it over and work it and would not allow the man to work it, what is the position of that man to be?—He would then, I take it, be paid the capital value of his mine.

22,924. No. You see your clause provides that in the case you and I are discussing the Council are not to pay for the mine?—They are to pay the capital of the mine.

22,925. No. The case you and I are discussing is not so. We take a case where they elect not to take over the mine and pay for the mine?—Quite.

22,926. I put it to you in that event your Council have the power to absolutely sterilise the mine?—While it is necessary that it should be worked under

28 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

the jurisdiction of the Council, as I may put it, yet there is no likelihood of a condition of things arising like that if the mine is worth working.

22,927. Do not you see that as your Bill stands your council might elect not to take over the mine? The owner could not then work it and then after a long or a short delay the Council might elect to take it over. What is to become of the mine meanwhile?—The present owner would continue working the mine.

22,928. Only if he had the consent of the Council?—Quite. I cannot imagine a case where that can be refused.

22,929. Supposing you are advised by some very astute lawyer who saw his way by letting that mine remain dormant for four or five years to greatly reduce the selling value of the mine and so reduce the amount you have to pay for it?—I think that is not contemplated when the mine is taken out of the hands of the present owner of the mine.

22,930. This clause of yours assumes that the mine is not taken out of the hands of the present owner of the mine. It remains in his hands?—But when his mine is stopped, I take it, it is taken out of his hands.

22,931. It is not that it remains his property, but he cannot work it. You might either say you shall not work or must work under conditions which the man cannot comply with?—That may be a fair point for lawyers to argue in the House, but if there was any difficulty in that it could probably be put right before it got through Committee.

22,932. Am I to take it from you you agree that such a power would be altogether unfair to the owner of the mine?—No, I do not.

22,933. Then why is it a matter for reasonable debate in the House?—I do not think there is any probability of it being applied as you suggest.

22,934. It is the power I object to. Why should you have such a power as that given to you?—In order that as far as ever possible the Mining Council may know exactly what is being done in the whole coalfield and in the whole coal market.

22,935. If that is the only answer you can give me I leave it at that?—Even the continuation of a mine under present ownership must be under the control or subject to the control of the Council.

22,936. *Mr. Sidney Webb*: In your Miners' Federation Bill there is a provision for taking over the associated properties in connection with the mine. That would probably mean coke works, for instance, by-product works?—It does mean all that.

22,937. Where there is an iron and steel works run in the same ownership as a colliery or a tin plate works run in the same ownership as a colliery, is it the intention of the Bill that the iron and steel works or the tin plate works should be taken over with the colliery or not?—If it is worked in conjunction with the colliery and closely adjacent to the colliery I think any works in that position would be taken over.

22,938. If it can be separated and the accounts are separated and the premises are separated would it then be necessary to take it over?—I can imagine works of that kind being so distantly connected or associated with the colliery that the Mining Council in their wisdom would not take them over. I can understand again their being so closely associated and so closely connected with the colliery that they would take them over.

22,939. *Mr. Evan Williams*: In the case such as *Mr. Webb* was putting to you, say steel works or tin plate works being contiguous to a colliery, you say that they would be taken over?—If it was works in connection with a pit.

22,940. After being taken over it would be subject to the Central Mining Council?—We do not mean, certainly, to take any works over simply because it appears to belong to the same ownership. We only contemplate taking over works that happen to be worked in conjunction with the mine.

22,941. And such works, if taken over, would be owned and managed by the Mining Council?—Any works taken over would be owned and managed by the Mining Council.

22,942. You do contemplate that steel works, tin plate works and other works might be managed by

the Mining Council?—I certainly have not said that. I said any works that were taken over.

22,943. Do you contemplate that such works may be taken over?—I do not contemplate taking tin works over and taking steel works over. I really do not. I do not think that has been contemplated.

22,944. Then you wish to amend your first answer?—No, I do not.

22,945. Then I do not know what you do mean?—You had better ask it again.

22,946. You say there is the power to take them over and if closely associated you say they would be taken over?—Yes.

22,947. Assume they are taken over, does the Mining Council propose to manage steel works and tin plate works that would be taken over?—If taken over, they would be managed by them. I have not said they would be taken over.

22,948. If taken over, they would manage them?—Yes, manage anything taken over.

22,949. Do you think such a body as the Mining Council is capable of managing such an undertaking as a tin and steel plate works?—I have not said they would take them over. You must not lead me there.

22,950. I see you are getting into difficulties. Substantially it is for sentimental reasons that the miners wish for the nationalisation of mines?—You think it is for sentimental reasons?

22,951. No; you wish to convey that in your proof?—No, the opposite to that.

22,952. Is it not they wish to have a greater share in the control?—Yes.

22,953. And a better system without any competition?—Quite.

22,954. And those two very largely are the reasons for which they wish nationalisation?—Largely, yes.

22,955. Do you think that the industry can be carried on at all if competition is entirely eliminated?—I think that it can under one authority.

22,956. An industry which, as you admit, has been built up under a competitive system which you say has proved useful and valuable in the past?—It has only proved useful and valuable so long as the community through their representatives could not manage it themselves.

22,957. You think the community can manage it themselves?—So far as mining is concerned.

22,958. What proof have you of that?—The general knowledge which miners have of the industry.

22,959. Has it ever been tested?—Not in this country that I am aware of. It has been tested in other countries.

22,960. You know a man may have any amount of knowledge, but without a certain amount of practice he cannot become a coal manager?—Yes; but no one can imagine the State taking over such an industry and not also employing these men of experience who are now in it, and I cannot imagine these men refusing their services if you pay them for it.

22,961. When you say the State is to manage, you mean the present manager is going to continue?—Just as when I say the community, I substitute the community for the present shareholders.

22,962. Do you think there will be no competition at all if the industry is taken over in that way?—Not in the selling market.

22,963. Is there not going to be competition between individuals in the industry in the same way as in the past?—Not in getting less prices. The price will be regulated by the Councils under the Nationalisation Act.

22,964. Then it was only commercial competition you objected to in the past?—Most decidedly.

22,965. It is the competition between one owner and another in the sale of his coal?—I think the competition between one manager of a mine and another will be there still. Each manager will vie with the other in doing their best.

22,966. I gather from your proof you wish to stimulate that competition?—Yes.

22,967. Make competitors between one pit and another?—Yes.

22,968. And stimulate that competition between them?—There will be set up a system of comparison that will result in, I think, an improved and more economical management.

28 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

22,969. You say that will not be a system based on selfish gain of the individual wanting advancement?—Nothing like what competition in the selling market is.

22,970. It is commercial competition you object to?—Yes.

22,971. With regard to sharing control, you say there must be a right to executive power. Explain what you mean by that. The miners shall have such executive powers, you say?—I mean the opposite to what the mine-owners mean when they say the miners shall not have executive power.

22,972. You mean the miners shall have power to the full extent?—I think we have drafted the scheme of management.

22,973. It is somewhat contradictory if that is what you do mean. You say, on the second page, that to talk of divided authority is the most sheer nonsense; and you say, in another place, responsibility cannot be shared. I am at a loss to know what you mean?—I think you are separating that from its context.

22,974. It is not in the same place, it is true, but it bears on the same point. It is important we should know to what extent the miners are to have executive power. Are the men to have control over the manager in his technical management and the management with regard to safety at the colliery?—The Pit Council would deal very much with managers as they are now dealt with by managing directors.

22,975. Without any mere power than the managing director has got?—I do not know any limit to the power of the managing director or the agent.

22,976. There is the limit imposed by the Act of Parliament?—Quite. That would be the limit of the Pit Council.

22,977. The division of responsibility and this executive power stops short of the Act of Parliament?—The manager would have the same responsibility under the Act of Parliament which cannot now be shared with an agent or managing director.

22,978. Would you give the manager the last word in the case of a difference between him and the Pit Council?—I do not think he has the last word now.

22,979. In matters of safety?—Might I quote from Mr. Gibson, who is himself a certificated colliery manager, who gave evidence yesterday? He declared that the agent must have the last word, after explaining in his *precis* the limitations of the power of the colliery manager, in his evidence he made the statement, using almost his own words, that "the agent must have the last word."

22,980. And the agent before he can interfere in the management must be a qualified manager?—I am not sure that is so.

22,981. That is so under the Act of Parliament?—I do not think so.

22,982. It says he must be?—No; you must point that out in the Act.

22,983. It is in the Act?—No.

22,984. It is?—I feel fairly confident it is not.

22,985. No owner or agent can interfere in the management unless he is himself a first class certificated man?—I think the Act requires that any owner or agent must appoint a certificated manager; that is all it requires.

22,986. I think there is the provision. You would give to your Pit Council all the power the agent has at the present time?—Yes, I would.

22,987. Although they would not be qualified under the Act. I have the Act. It is section 2, sub-section 4. "The owner or agent of a mine required to be under the control of the manager shall not take any part in the technical management of the mine unless he is qualified to be a manager." You expect greater agreement and efficiency under nationalisation than at the present time?—I do.

22,988. You expect a decreased cost?—Yes.

22,989. And a greater production?—Yes.

22,990. How do you suggest those are to take place?—Any one who has had any experience of working in the mine can see almost day by day economies that might be made in the working. I think the coal owners in the past have made a huge blunder in not getting the assistance of the practical men in many things down the pit. All the experience

that the man has would be at the service of the management, and there is so much to be learned by experience in a mine that cannot possibly be found in books.

22,991. I quite agree with you?—I think you will agree that that would be almost invaluable if it could be available for service. All that would be given with the greatest freedom because the men would then feel they were giving it in the interest of the whole community rather than for the benefit of a few private people.

22,992. Or even then giving it for their own benefit?—They would share as members of the community in the benefit.

22,993. Simply as members of the community?—More than as members of the community in the shape of greater safety for themselves and security for their wives and children that depend upon their freedom from accident.

22,994. You are aware it is proposed by the owners that the experience of the men shall be utilised in that way?—Yes. I think I pointed out how that is to be purchased.

22,995. And that from any economy or increased efficiency that may result the men will share?—They will get a share. What that share is to be I do not know, but the men then would feel they were giving their services in this direction for the benefit largely of coal owners—private people.

22,996. You assume the division would be in favour of the owner as against the men, that he would take a larger share?—I should think the miners will have to fight for the size of their share just as they have had to fight for increases in percentage of wages.

22,997. I have no doubt. Would it not be true to say the miners would benefit from the efforts of the managers and of the owner in providing and putting up new machinery as well? Is not the benefit mutual?—I question whether it would be mutual or not. I see no reason why, and I do not think you will induce the men to co-operate with the management under a system of that kind, in the way they would do, if they knew the value of their services and initiative and experience was going to the community generally.

22,998. And they prefer it to go to the community generally than be shared between themselves in equal proportions with the owners of the colliery?—I do not think miners—I think I knew them fairly well—are going to agree with colliery owners to combine for the purpose of benefiting themselves only. That would largely mean exploiting the community.

22,999. Although they would be benefiting as much by the increased method of the manager and expenditure of capital as by their own efforts?—I do not think they would benefit so largely if, out of the result, the colliery owner had to come in and take a share, probably a large share.

23,000. Assume a reduction of 1s. a ton in cost is obtained by the introduction of some machinery under the owners' scheme, the men would benefit as much by the 1s. reduction as by a shilling reduction from efforts made by themselves?—I do not know how much they would benefit in that case for the same reason, as you said, they would have to fight for their share.

23,001. You said that?—And you agreed with it.

23,002. Your view is that however much the miners might benefit, although they might benefit even more under the owners' scheme than under nationalisation, they would still prefer nationalisation?—I think they prefer nationalisation. They have reached that stage now when they are against a few private people coming into the industry to make money out of it. They also, I think, have their own safety to look after, and that is one of the most important considerations. They know an increased share of profits such as you suggest might result even in an increased number of accidents, because after all they will still be human, and the love of immediate gain might overcome their desire for safety. The time will come when even piecework itself will be abolished because of that.

23,003. You contemplate the abolition of piecework under nationalisation?—I am merely expressing my own views. The time will come when men will

28 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

be wiser; the competing one against another for wages and possibly risking the whole future well-being of their wives and families, as they do by piecework, will be abolished.

23,004. It is not by increasing the wages they themselves earn they do not increase their neighbours'; under the owners' scheme, each man would benefit by the exertion of his neighbour. It is not a competition between them?—I was speaking rather of piecework. I say combining with the owners in the way suggested is for the purpose that both the owners and workers might get more out of the community.

23,005. It is they may get more out of the industry possibly, and certainly give the community the article at a lower price than now. Is not that the object of your scheme?—Yes, and we do all you suggest by our scheme without having to hand that extra result over to the present colliery owners.

23,006. In order to get a lessening in the case of production you must have lower wages or employ fewer men?—Not necessarily.

23,007. How would the cost of production go down?—By increased output.

23,008. How is the cost of production to come down?—By increasing you output.

23,009. That is fewer men per unit of output?—You mean fewer men in proportion to output?—Quite so; I agree with you.

23,010. So that you intend in the future to have a higher production per man than you have now, and it is in that way that you are going to get greater efficiency?—I think that will be the result.

23,011. The figures we have up to the moment do not seem to show a tendency that way, do they?—That is the fault of the present system of ownership and control.

23,012. So that it comes to this, that because they have not nationalisation the men are not doing now what they could do: they are not putting forth their best efforts?

Mr. R. H. Tawney: What they could do under nationalisation.

Mr. Evan Williams: They are not doing as much as they could do.

Mr. Sidney Webb: They are not doing as much under private ownership as they could under nationalisation.

23,013. *Mr. Evan Williams:* They are not doing their best?—I have not said that. Let me answer for myself.

23,014. That is what I want you to do?—By the improved methods, by the economy that men see every day in the mine could be made if they had control, by improved machinery, by the abolition of royalty rents and wayleaves and colliery owners' profits, the cost to the consumer of coal would be considerably reduced as well as the quantity produced per person being increased.

23,015. So that you intend the quantity per person to be increased apart entirely from what is due to the introduction of machinery?—I think that would result, unless it was that the thicker seams were being worked out and they were getting into thinner seams.

23,016. I mean under similar conditions?—Quite so.

23,017. So that after all it comes to this, that a man is capable of making a greater effort than he is making now?—I have not said that.

23,018. We will not argue it?—I do not know what you mean by greater effort. He will make an effort.

23,019. Never mind?—I want to put this quite plainly. The greater effort probably that he can be capable of would be a mental effort. That is, he would give the value of his experience and his knowledge to the management, and that would produce better results. I am not sure that it would be possible to increase the application of his physical energy. It would, however, prevent—and this takes me back to the question of output, which I overlooked in my answer—these continual strikes, which are a tremendous injury to the output, and probably had as much to do with the reduction of output in the first quarter of this year as anything else.

23,020. Your view then is that the desire for nationalisation is at the root of these strikes that have taken place now?—It is the lack of co-operation and co-ordination at the present time. It used to be when I was a young man that there were many attempts at what was called restriction of output. I am not sure that that prevails much at the present time; it may do in some districts. I do not think it does much in South Wales, but if it does not I would be surprised.

23,021. It does?—Well, what is the cause of it? A man's wages represent his share of that which he himself and others produce, but his wages are governed by the price of the commodity. When he has produced an abundance then the supply at once reduces the price, and his wages are in consequence reduced, with the result that while there ought to be more for everybody, including himself, he gets a less share. Need we wonder that under a system of remunerating labour of that kind that the men resort to a restriction of output?

23,022. I quite agree that is one of the evils of determining wages by selling prices?—Yes.

23,023. To come back to a more practical point, how do you propose that the present cost of coal to the community is going to be reduced?—By the reduction in the cost of producing it.

23,024. By the introduction of more machinery?—Yes.

23,025. And greater effort on the part of each man?—Quite so.

23,026. What effect do you think the seven hours' day is going to have upon output?—I think the seven hours' day, although I believe that is a matter now settled, will give men more leisure.

23,027. I am speaking now of what decrease an output do you expect from the seven hours per day?—I think by the improvement in machinery that may be made the output will not be anything like so much reduced as has been supposed. I think improved methods will overcome that to a considerable extent, but not to the same extent as it would do if the miners themselves had a share in the control.

23,028. You do expect an increase in the cost as the result of the seven hours' day?—I think temporarily there will be.

23,029. So that the present high cost will be still further increased after the 16th July?—Of course, we have been under an abnormal state of things for four or five years which I think has considerably increased the cost. When we get to normal times largely that will disappear.

23,030. Then you contemplate a reduction of wages when we get back to normal times?—Not necessarily a reduction in wages.

23,031. Is it possible to get an appreciable reduction in cost without any reduction in wages?—Yes.

23,032. So that you expect without any reduction in wages the cost of producing coal may be brought down in the future?—Without reducing wages I say you may get a reduction in the wages cost per ton.

23,033. So that you would have fewer men per ton of coal?—If you apply up-to-date machinery and the best methods of transport.

23,034. Your view is that under nationalisation you would get more machinery and improved methods underground?—I think so.

23,035. You think the present antagonism, where it exists, of men to machinery will disappear?—I do not think you will find much antagonism to machinery—at least I have not had that experience.

23,036. Unfortunately, it does exist in some parts?—I should be surprised to learn it.

23,037. Do you think that nationalisation will put an end to the unrest that exists at the present time in the industry?—Very largely, it will.

23,038. Do you not think that the greater part of the unrest is due to the extreme section which do not approve of nationalisation?—No, I do not think so.

23,039. You do not think that the serious unrest, the subterranean unrest, which goes on is the more dangerous at the present time?—I really do not know what you mean by subterranean unrest.

23,040. It is the agitation that goes on that produces a large number of the strikes that we have

8 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

in South Wales for no reason at all very frequently—irritation strikes?—You state that, but I am not sure that my friend Mr. Winstone will agree with you.

23,041. Mr. Winstone does not agree with a large number of the strikes that take place?—You will continue to get these strikes until men feel that they themselves have control of the industry they are in, until they feel their responsibility. You cannot get men to think without responsibility.

23,042. You think they will be quite satisfied once they get nationalisation?—Neither you nor I will ever be satisfied.

23,043. That is what I am afraid of—that nationalisation will not put an end to dissatisfaction?—I am sure it will not.

23,044. So that you do not hope for any great improvement?—Yes, I do. The dissatisfaction is so great at the present time that you may still retain some dissatisfaction while you get rid of a lot.

23,045. There are people who are striving for one thing, but once they get it there is some further thing they want?—I dare say. That is one of the fine traits in human nature, which always keeps us going on.

23,046. And that will continue?—Most decidedly. We want to apply that co-operatively, instead of one seeking to outrun another.

23,047. So that you do not think we shall obtain the Millennium when we obtain the nationalisation of mines?—I do not know what the Millennium is.

23,048. I do not think anyone does. Under the scheme put forward by Mr. Slessor you make the Miners' Federation of Great Britain the dominant body in the arrangement, do you not?—I do not think so.

23,049. There is no other body of workmen to take any part in the arrangement at all?—No.

23,050. The Miners' Federation has the appointment of half the Central Districts and the Pit Councils?—Half the Council less the Chairman.

23,051. Even if they do not represent the whole of the workmen?—Do you mean mine workers?

23,052. Yes, mine workers.—There is a movement going on—probably you know of it—which is making rapid progress, that all mine workers will be within the Miners' Federation within a short time.

23,053. But it is not inconceivable that there may be a split oven in the Miners' Federation?—What is conceivable is a thing that I would not like to answer for.

23,054. At any rate, you are making the Miners' Federation the body which has the power of appointing half the Council a permanent thing in the Bill?—Quite so.

23,055. And not that they should be representatives of the men working at the colliery?—Because they are representing men working at the colliery.

23,056. Because they are at the present time, you mean?—Yes.

23,057. There is one question I want to ask you on the purchase price. How would you deal with the case of a new colliery, say, that cost a quarter of a million and had an output of 50,000 tons only, with the whole of its future before it in coal unworked? Under your scheme the maximum that you could give for a colliery of that kind would be £50,000—a colliery on which a quarter of a million had been spent?—The capital that is put into it would appear in the form of Government Stock. We do not contemplate paying for capital that has never been put in—otherwise uncalled-up capital.

23,058. Suppose there is a new colliery on which a quarter of a million has been spent, but which up to the present has only an output of 50,000 tons a year?—I might refer you to sub-section 2 of Section 9 and sub-section 3.

23,059. Is not all that governed by sub-section 1 of Section 9—provided that in no case shall the maximum be more than 12s. a ton and 10s. per ton respectively?—No. Sub-sections 2 and 3 provide for exceptions.

23,060. "The Commissioners in arriving at such computation shall also have regard to the actual gross and net profits." Now a colliery such as I have described to you would probably have no profit at all?—Might I ask you to read sub-section 3?

There, full provision is made for the position you name.

23,061. If a colliery in full working made 5s. a ton profit, you would restrict that colliery to two years' purchase of its profits?—No, we do not propose that system of purchase.

23,062. No, but you fix a maximum in the case of that colliery two years' purchase of its profits?—We do not measure it at all. We measure it upon probable output in case of full development—what would be the output of the mine under normal conditions.

23,063. But in a case of this kind subject to a maximum of 10s. a ton on the output, which in this case would be a maximum of two years' purchase of its profits. In the case of a colliery making 3s. 4d. a ton you give three years' purchase, and in the case of a colliery making 2s. 6d. a ton you give four years' purchase?—Yes.

23,064. In each of those cases would you give the same value for the colliery?—We do not contemplate basing the price on profits made, otherwise I am inclined to think we would hang a burden round the necks of the people of this country which would be just as burdensome as that which already exists.

23,065. Although you might be giving less than the value of the property taken over?—As long as people who have capital in a mine get that capital out again, carrying with it an interest upon stock as we propose, we consider that they have got all that they are entitled to get.

23,066. And if they could show that the capital they had in the mine was more than 10s. a ton on the output, would you give them that?—I would say we place this maximum because we believe that this maximum that we name would cover fully any legitimate capital. We do not propose to buy out Bonus Shares.

23,067. I am not suggesting that. If it could be shown that the real capital in the mine was more than this, would you still refuse to give it?—I think there must be a limit put to it, and we have allowed a liberal limit, otherwise there is no guarantee at all what may happen.

23,068. So that you pay up to a certain point, and you confiscate if it is over your limit?—I do not think there will be any confiscation at all.

23,069. If you do not pay the actual value, there will be, on your own showing, confiscation?—No. I believe that this maximum will fully provide for any legitimate capital.

23,070. You take the minerals without paying anything?—You take the minerals without paying anything.

23,071. Would you take the land on which the colliery stood?—No; we take the use of the land if it is required.

23,072. For nothing?—No, I do not say that.

23,073. You pay the landlord for the use of his land and take the minerals without paying anything?—Yes, we take the minerals.

23,074. But you would pay for the use of the land?—Quite so—not a monopoly value, such as is paid now.

23,075. Is that quite consistent?—When the question of nationalising the land arises we shall be glad of your assistance.

23,076. When it does arise you propose to take that without payment?—I do not know. We have not got there yet.

23,077. Land is property acquired in the same way as minerals have been acquired?—If you can help us in that matter we will talk it over.

23,078. I want you to help me in this matter now?—I am not here to deal with land nationalisation.

23,079. Any help I could give you would be in the direction of showing that you are taking something, for which you ought to pay, for nothing. Coming to the powers of these Councils, would you give the Pit Council both commercial and management powers?—No, certainly not.

23,080. You would not give the Pit Council any commercial powers?—No, most decidedly not.

23,081. Would you give them power neither to sell nor to buy?—No.

23,082. The whole of the buying would be done by the District Council?—Let me say this, that all these regulations will be laid down first by the

28 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

National Council and then by the District Council. Regulations will be laid down as to the powers, duties and responsibilities of the Pit Council. Personally I am only expressing my own view, but I do not think the Pit Council will have the selling of coal. They will, I am inclined to think, along with the managers, make their requests. There will be a system of requests for that which is necessary for the working of the mine. They will probably go then to the District Council. I have no doubt regulations will be made by which they can purchase small matters, but when it comes to, say, the introduction of new machinery, I think in that case the best system would be for the manager and his Council—because I am assuming they are going to work together and not against each other—to make their request to the District Council just in the same way as a manager at the present time would have to get liberty from his Directors to do it.

23,083. It really means giving a blank cheque to the Mining Council to arrange all the duties of the District and the Pit Council?—The Mining Council would be the unit as representative of the nation. They would delegate what powers they considered necessary to the District Council and to the Pit Councils.

23,084. Who do you suggest should settle wages and individual wage rates to start with?—I think these would largely be settled, as they are now, by negotiations between the Miners' Union and the Councils.

23,085. The Miners' Union would negotiate with the Council, which is composed, as to half, of members of the Miners' Union?—Quite so.

23,086. That is for individual standard rates at each pit?—Yes, in the case of individual standard rates, due regard being had to past wages; wages in other industries and all the exigencies of the industry would enter into these considerations.

23,087. General wage rates would be settled nationally, I take it?—Yes, general wage rates would be settled nationally.

23,088. Do you approve of the Mining Council taking over the inspection of mines in the way suggested in their Bill?—I think we do propose that the Mining Council should take all those duties now discharged by the Mining Department of the Home Office.

23,089. So that they would be the controlling power over all the inspectors of the mines?—They would.

23,090. There would be no independent inspection by another Government Department?—No, that would be the Department.

23,091. *Mr. R. H. Tawney:* You propose that the Mining Council should consist of 20 persons plus the Minister, do you not?—Yes.

23,092. Was not the original proposition that it should consist of 10?—That was so. I think I made that suggestion last time I was before the Commission.

23,093. What was the reason for the change?—Because we considered, after fully discussing it, that five on each side would scarcely make room for the various people that should be on such a Council. As I said, we want experts in mining, experts in overseas trade, experts in home distribution; I might illustrate a number of others, but it was in order to make room for the appointment of that class of men that we thought the number should be increased.

23,094. That is to say, 10 are to be nominated by the Government, and I suppose they are to represent the consumers' interests, like railways, shipping, household consumers, and so on?—Quite so.

23,095. As to the 10 who are nominated by the Miners' Federation, are they always to be members of the Federation?—No, not necessarily.

23,096. For example, the 10 nominated by the Federation are really to represent the persons working in the industry?—That is so.

23,097. Whatever grades of workers?—All grades of workers.

23,098. For example, it might include managers?—I can imagine that even managers would continue to do what they have now commenced to do, that is, forming a strong trade union to look after their own interests.

23,099. What I am concerned with is this: Is it, or is it not, the case that you put the representation of the mining industry on the Council entirely in the hands of one particular section of workers, or would the representation possibly be that of several different sections of workers?—We believe that the time is coming quickly when all mine workers will be in the Miners' Federation. We do not think it is necessary or advisable to provide for other workers who are not now in the Miners' Federation.

23,100. That is to say, what you may call the managerial experience would come in through the Federation like any other class of workers. It would be represented through the Federation?—Or it might be represented through the other side of the Council.

23,101. Could you tell me something about what you conceive of these Pit Committees exactly doing? I understand from you that you do not at all want to alter the legal responsibility which at present rests on the manager?—No. I think Pit Councils would largely see that the policy for the mine, as laid down by the District Council, was carried out.

23,102. Would it be true to say that the Pit Committees would work within definite limits which were prescribed for them by a superior authority, and which they could not alter?—That would be so. I think that is provided for in the Bill.

23,103. And that superior authority would consist ultimately of the Mining Council?—Quite so.

23,104. Where there are 11 representatives of the general public with 10 of the miners?—That is so.

23,105. It is hardly accurate, therefore, to say that the Mining Council has a blank cheque, except in the sense which any Minister of State has a blank cheque, which he has not, of course, at all, because he is responsible to Parliament?—And the Mining Council would be responsible much in the same way. I assume.

23,106. As to the daily work of the Pit Committees, what do you conceive of them dealing with? Would you give some examples?—As I have said, they would see, first of all, that the policy laid down by the District Council was carried out for that mine. They would probably discuss with the management what the best policy was for that mine, and generally report to the District Council. If it was necessary to alter the existing policy, they would make a joint report to the District Council, which would have the authority to change the policy.

23,107. That is to say, what these Pit Committees really do is, they would give the men at the particular pit a means of representation, discussion, criticism, and reporting?—That would be so. It might be a question of advisability or otherwise as to whether a certain section of a seam should be worked at any given time, or whether it should be left to some future time—or machinery, if any new machinery was to be introduced, what it was advisable to have, and these requests or proposals would go to the District Council.

23,108. Would it be true to say that the existence of such Pit Committee interfered with the legal responsibility of the manager?—Not at all. As I have said, no one could interfere with the legal responsibility of the manager. Even a director or a managing director, at the present time, could not do that.

23,109. Would it be true to say that the relations between the Pit Committee and the manager would be somewhat analogous to those existing between the present Board of Directors and a manager?—Probably more harmonious.

23,110. That is to say the fact that the manager reports and discusses with a committee would not prevent him from discharging his full legal liabilities?—I think it would be a considerable assistance.

23,111. The righteous indignation which has been expressed at the mere idea of the manager presenting reports to a committee is a little beside the mark in view of the fact that he habitually does that at the present time?—I think it has been almost ludicrous to men who know the position.

23,112. The committee that you propose would consist of people who work in the mine. The committee

28 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

to which he reports now I gather sometimes does not?—I am not sure how often directors go down the mine.

23,113. You suggested that there might be a change of attitude on the part of mine workers under nationalisation. Could you tell us something about that more definitely?—I mean it is a psychological question, so to speak?—Largely, it is. Of course, that will have its outcome.

23,114. On the other hand it has a very practical consequence?—Quite so.

23,115. I think your suggestion was that in the present temper of the mine workers the mineral resources of the country are not worked to their utmost capacity?—I do not think they are.

23,116. Why should nationalisation produce any change?—Because men would feel that they had control or some control over their own energies, and that they were not merely at the will and direction of another being. They would be in a better position than the horse that they have to drive, or the machiwo that they have to attend. As I have said on a previous occasion, it is that desire that cannot be crushed that is making itself felt in the ranks of labour at the present time, and has given rise to more unrest than anything else.

23,117. Would it be true to say that what you suggest is this, that you would get for the first time more or less intelligent and active co-operation on the part of the mine workers, instead of more or less passive obedience. Is that the suggestion?—That is so.

23,118. I have only one more question, and that is this: You have probably seen the scheme of profit-sharing that was put forward?—Yes.

23,119. I understand the motive of that scheme was to offer the workmen a financial incentive to produce more?—Yes.

23,120. Do you think that that kind of incentive will produce the result that is desired: I mean cause the industry to be carried on more efficiently and produce industrial peace?—I think in my first *précis* I pointed out that the unrest was more than a question of pounds, shillings and pence.

23,121. You do not expect a large number of people to believe that. You have been pointing that out all your life, but you do not expect everybody to believe that?—I think there is a great failure to appreciate that point.

23,122. On the other hand, it is, in the most accurate sense of the word, a highly practical point?—It will have practical results.

23,123. *Sir Adam Nimmo*: You indicated that you expected that all the societies that are outside the Miners' Federation, not affiliated with it, will probably at an early date be members of the Federation; but supposing that that position is not reached, would you consider it reasonable that these outside associations should be represented on the various councils?—I do not think in an Act of Parliament that it is necessary to provide for these.

23,124. But why not?—Because the tendency is to come all together.

23,125. But if they are outside just now and they represent a large body of workmen associated with the collieries, is it not reasonable that they should have a place within the scheme of future representation?—Would you give me an instance of to whom you refer?

23,126. Take, for example, the Association of Surface Workers?—I do not think they represent a large section.

23,127. They represent a considerable body of men, and they are an independent association. Do you not think that they will ask to be represented upon these councils?—No.

23,128. Are you able to speak for them?—To this extent, that I think the Miners' Federation, as you know, determined the conditions under which these men work at the present time.

23,129. Assuming that they remain outside, and that they desire representation, would it be your view that they should have representation outside of the representatives that you are to appoint or nominate?—I do not think so. I do not think it is necessary that they should.

23,130. I think you are evading the question, if I may say so. You know that there has been considerable difficulty in the past in connection with these and other men?—I think the difficulty has probably come from associations outside of mine workers, but who have members among mine workers, and we do not contemplate that these associations have anything to do with mining, and I do not think you, as a colliery owner, would desire that they should.

23,131. Assuming they remain outside, do you insist that your representation on the Council should be the same as mentioned in the Bill?—Quite so.

23,132. And if those societies are to have representation, they should have it out of the other number, not out of the number that you appoint?—I have not said that they should have representation.

23,133. I am asking you, if they desire to have representation, how they should obtain it?—That would be a question for His Majesty.

23,134. In any case you intend to hold on to the number of representatives that you have?—That is quite so.

23,135. Further upon the Bill I observe that you propose to take over shale mines. May I ask if it is in contemplation to take over (let us say) the shale oil industry in Scotland in that connection?—Yes, as the Mining Council finds it desirable to do so, they will have power to do so.

23,136. That industry will be entirely in the hands of the Mining Council?—They will have power to take it over.

23,137. May I ask, seeing that you propose to take over the shale mines, would it be in your contemplation that you would take over the shale oil industry in Scotland?—That again is a matter for the Council after it is established. Under Section 5 we introduced that provision especially to deal from time to time with these questions.

23,138. I take it then that we are to regard it as a possibility?—Quite so; they would have the power to do so.

23,139. Is it to be suggested that the shale oil industry is to be dealt with in connection with valuations on the same principles as are laid down for the valuation and acquisition of coal mines?—I think it is definitely stated in the Act that this valuation can only apply to coal mines.

23,140. Would you satisfy me regarding that?—If you look at the 10s. and the 12s., it is governed altogether by that.

23,141. Then may I take it that if an industry like the shale oil industry in Scotland was to be taken over, the valuation determined in respect of that industry would be based upon all the considerations surrounding the industry?—It would be based on the estimated capital in the industry.

23,142. It would in any case be quite a separate and independent valuation?—Governed by that principle that I have stated, that is, the estimated capital in the industry.

23,143. I want to ask you one or two more questions about valuation, because it is rather difficult to know where we are. You will keep me right, if I am putting the position not quite rightly within the Bill. It seems to me that there are three considerations within the Bill that may be taken to determine value. First of all, there is a certain rate per ton of output, either 10s. or 12s., as the case may be. Then there is the value as at the 4th August, 1914, and there is the value at the passing of the Act. Am I to take it that the valuations under the last two headings, that is, the valuation at the 4th August, 1914, and at the passing of the Act, are quite independent valuations?—I think we are asking for information about all these things. All these factors doubtless will go into the consideration of the question when the valuers make the valuation.

23,144. And to determine the value altogether apart from output?—In some cases that would be so. It would be in the case of a mine that was nearly exhausted and the capital nearly all redeemed. It would be so in the case of a mine that had just begun to be developed.

23,145. Might I take it that in dealing with this Bill the colliery owners could have no real idea as

28 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

to the principles of valuation that were really to be applied?—Oh, yes; because the colliery owners would be represented on the Commissioners.

23,146. Let us take it a little further. When you come to deal with the valuation based upon profits under section 9, sub-section (2), you take into account profits for five years from August 4th, 1914, and then you say that the profits thereafter may be taken into account. Now do you intend by "thereafter" to mean this: the whole period between August 4th, 1914, and the passing of the Act?—Will you point out where the principle of profit is to govern the purchase price?

23,147. It is brought in in section 9, sub-section (2): "The Commissioners, in arriving at such computation, shall also have regard to the actual gross and net profits which have been made in the mine during such years or thereabouts"?—Yes, and to such sums as have been set aside for depreciation or development.

23,148. I do not object to that. My point is this. You notice that the word "thereafter" is used. May I take it that that means the whole period from the 4th August, 1914, to the passing of the Act?—I take it that the whole period covered here would be taken for the purpose, not of increasing the maximum, but rather of deciding beneath the maximum what should actually be paid.

23,149. That is to say, really after all these maximum figures which are suggested are more or less of a blind: they are not determining factors?—Do you mean that they are not the minimum?

23,150. I mean that they are not the minimum certainly?—Certainly they are not the minimum.

23,151. But after all it looks like this, that the coalowner has no assurance when you have finished dealing with this valuation that he is going to get anything like 10s. or 12s., as the case may be?—He may not.

23,152. You gave me the reply that in dealing with the valuation based on profits you take the whole period up to the passing of the Act from the 4th August, 1914. Now that will cover the period of control, will it not?—Certainly it will.

23,153. Are you aware, or are you not, that during the period of control there have been enormous variations between collieries in respect of their profits?—I think all that would be considered by the Commissioners.

23,154. Would you say, then, that, assuming under control the profits of collieries have been materially reduced, that the valuation of these collieries should be reduced because of the effect of control in reducing the profit?—I think the purpose of getting the returns asked for here in respect of profits is to ascertain whether the pit is really worth taking over or not—whether it is worth purchasing or not; the valuation would not depend upon profits, but really upon whether the pit was worth taking over.

23,155. You bring it in in the Bill?—Yes.

23,156. Would you not agree that the coal owners in those circumstances would have no assurance whatever as to the valuation that was to be determined, nor the principles upon which it was to proceed?—He would have his representative on the Commission.

23,157. As far as the Bill is concerned it is an entirely open question what he would get?—This clause does not lay down that profits shall be the factor in determining the value. It rather gives powers to the Commissioners to get all the information that they require in connection with any mine.

23,158. But you do agree, do you not, that the contingency that I refer to might be a contingency that may require to be dealt with in determining the valuation of the colliery? That is to say, the profits having been affected by arbitrary conditions?—Most decidedly. You should consider all the factors.

23,159. Do you think that would be a fair consideration to have before you in dealing with the valuation of the collieries?—I think they would consider it fairly.

23,160. Supposing that the Miners' Federation, in the meantime, took some drastic action against the collieries and reduced the profits in the collieries, and you came to take them over at a later date,

would you say that the effect so produced upon profits should be taken into account?—I say the Commissioners, again, would consider every factor if that happened to be one, which is purely imaginary.

23,161. You would not say that in a fair deal such arbitrary conditions should be taken into consideration at all?—I think they must be allowed for in exceptional circumstances.

23,162. And yet I think you have clearly indicated that you want to pay the fair price?—You heard Mr. Cooper discussing as to what was a fair price. I do not want to fall into that mistake which evidently Mr. Cooper thought I fell into on the last occasion.

23,163. I take it that we are agreed that the fair price is to be paid; that may neither be determined by you nor by me, but by somebody else?—The Commissioners will pay a fair price within the instructions laid down for their guidance.

23,164. May I ask the question who advised you as to the determination of the value of 10s. in respect of a mine with an output not exceeding 100,000 tons, and 12s. where the mine was over 100,000 tons? On what is that value based?—A few years ago Professor Merivale, who was a professor of mining in Armstrong College, Newcastle, and who was also Agent and General Manager of the Broomhill Colliery, and was recognised in Northumberland as one of the ablest authorities on mining, published a paper in what is known as the Colliery Managers' Pocket Book. He makes his calculation and gives the following results. I do not want to read all the reasons he gives.

23,165. If you say to me that your authority is Professor Merivale, I am content to take it in that way?—That is so.

23,166. *Sir L. Chiozza Money*: Were you not going to quote something?—I was going to quote the figures he gives.

23,167. *Sir Adam Nimmo*: Would you give us the date of the book?—1908. He said collieries up to 80,000 tons per annum, 12s. per ton; 150,000 tons per annum, 10s. per ton; 400,000 tons per annum, 8s. per ton; 750,000 tons per annum, 7s. per ton on one year's output. He is speaking with special regard to Northumberland mines, but he goes on to say it also corresponds pretty well with the estimate for the whole of England given by another authority.

23,168. Is it upon that view that the Miners' Federation have put down these limits?—Yes.

23,169. You would not be surprised, would you, if I were to put it to you that very few, if any, mining engineers would adopt that view of Mr. Merivale's? Would you be surprised?—I would.

23,170. May I put this to you. Is it not the deeper mines that are putting out the largest tonnage to-day?—Necessarily, I think.

23,171. It is the deeper mines that are putting out the largest tonnage? Do you not require to sink relatively a much larger sum of money in a deep mine than you do in a shallow mine?—That is why I have said it necessarily requires a bigger output.

23,172. Have not these larger mines usually a longer leasehold and a longer life?—I could not say that.

23,173. But you know, and there are very few men who know more about the general situation of the coal field than you do. Take some of the large holdings that you know of—the large mines—do you not know whether those have large holdings and have a long expectancy of life?—Certainly they have large holdings. They could not afford to put a deep shaft down on a short holding.

23,174. And, therefore, a long expectancy of life?—I thought you were putting to me the length of the lease.

23,175. I am trying to get at this point. In the case of a mine yielding more than 100,000 tons per annum you say that it should only be worth 10s. per ton of output, and you agree with me that in those cases, apart from the larger expenditure, you have a larger leasehold and a longer life. Now I put this to you, are not these last two considerations of very great consequence in determining the valuation of that mine?—I think as you increase the output you decrease the amount per ton invested.

28 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

23,176. Do you intend to give these collieries nothing at all as against the longer expectation of life that they have?—The expectation of life would not take them beyond the limit laid down.

23,177. It looks as if you were not prepared to take all the considerations fairly into account?—Within the limits I am prepared to leave that to the Commission.

23,178. So long as a fair value is determined?—So long as fair value is determined within the limits laid down.

23,179. That would, of course, necessarily require to be irrespective of the limits laid down?—No. I said within the limits laid down.

23,180. I suggest that you are introducing an arbitrary limit there, and not fixing a fair value. I understand that in determining the valuation you simply deal with the mine and its equipment?—Yes.

23,181. Is it intended to exclude all houses from that valuation?—I think we provide that houses should be valued separately.

23,182. Is the same to apply to wagons?—No. I should say this, although that is not mentioned, but wagons probably would follow the same line of valuation in this respect; houses are shut out because some companies may have a large number of houses which they provide for the workmen, while another company may not have a single house scarcely. Therefore it is necessary that they should be valued separately; but, following that same line with regard to trucks, I can conceive that one company may own scarcely a single truck, while another company may have all that is required.

23,183. You have just brought out the point that I wanted. I think we are agreed about this, that some collieries have no houses and a few others a considerable number, and some collieries have no wagons, while others have a large number of wagons?—That is so.

23,184. Therefore I take it you agree that all these outside properties would have to be dealt with quite separately?—I think so.

23,185. Would you think the same applied to a colliery washery?—No, I do not think so.

23,186. Why not?—Because the washery is part of the plant of the colliery.

23,187. But still there are a large number of collieries that have washeries?—That is quite so.

23,188. Would you value those collieries on the same basis of amount per ton as the collieries that have no washeries?—Do you suggest to me that a different form of valuation must obtain wherever there is a difference in the plant established in the pit?

23,189. I would assume that, surely?—It is altogether impracticable.

23,190. Would you not say that under a fair valuation you would take into account all the plant and have regard to the character of the plant?—No, I would take into account the capital invested, which would necessarily cover the plant.

23,191. You see you put these arbitrary limits, which I suggest may not permit of a fair valuation, and I take it we are agreed that, with regard to houses and wagons and outside properties that are not common to all the collieries, they would be separately valued?—I think so.

23,192. Now taking the general question of the adjustment of wages as provided for within the Bill. Why is it suggested that the Mining Council before making or altering any regulations, or conditions of employment, including wages, should consult the Miners' Federation of Great Britain? Why is that provision put in?—Because the workmen ought to have a voice in determining what their wages should be.

23,193. Have you not a voice through your representatives on the Mining Council? Have you not a very powerful voice?—I think you cannot shut out a great body of miners from raising the question of advances in wages, and they must have liberty to go to their employers, who would be the Mining Council, in order to prefer their request.

23,194. In an important matter of this kind does it not appear as if you were afraid of the Mining Council?—Not at all.

23,195. Why should you make that provision?—I think the Mining Council after hearing the views of the Miners' Union would do fair. The men would accept their decision loyally, largely because they know that their interests were being looked after by part of that Council.

23,196. I do not think that covers the whole situation, if I may respectfully say so, because later on you provide for a possible arbitration, but I take it you do not agree with compulsory arbitration?—You are speaking of under the existing state of things.

23,197. No, I am referring to your Bill. Your Bill says you may vary wages and go to arbitration, but you may not, is that not right?—I think every case of general wages would be referred to arbitration where there was failure to agree.

23,198. Would it be reasonable, having regard to the fact that you would be dealing with the State, that you should agree to compulsory arbitration in these circumstances?—I think regulations would have to be laid down.

23,199. Is it really not the case that this machinery is inserted here in order that you may retain in your hands the strike weapon? Coming to the truth of things is not that really the position that you want to be in?—I think it is quite true that we must retain the strike weapon. At the same time I think the incentive to use it and the need to use it will be largely taken away under nationalisation.

23,200. Still, you propose to keep it in your hands, even against the State?—That is so.

23,201. Now in that connection take Section 4 of the Bill, which refers to the rights of Trades Unions. May I take it that that clause means this, that all the rights which the Trades Unions have got now, including the right to stop work in sections or by general strike, are to be preserved?—Yes, that they would still exist.

23,202. They would have freedom of action to use the weapon which they used just now to secure the conditions that they desire to secure?—Yes, with the need to do so largely reduced.

23,203. Now coming to some other details in connection with the working of the trade under the system that you propose, I suppose that it would be necessary in dealing with the question of distribution to fix the prices for all the varieties and qualities of coal that exist at the present time?—I think the councils in making these regulations would take fully into consideration all the necessities of the case. They would decide that.

23,204. From the consumer's point of view you are aware, I suppose, that before the war the consumer bought the quality of coal that suited him best?—When he could get it and afford it.

23,205. We are dealing, of course, with the pre-war position, and he bought then at the market price. How are you going to test the market price in respect of these variations of quality under your scheme?—I think the experts in the trade now can fairly well tell you the different values of the different coals.

23,206. You propose to use all the experts in the trade just now to deal with this problem?—We certainly propose to use experts. I am not sure that we need them all.

23,207. From the consumer's point of view, how are you going to secure under your scheme that he gets the quality of coal that he wants?—By request and negotiation with the Council, and in cases probably through the medium of his Consumers' Council.

23,208. But is it not one of your proposals to adjust the whole distribution of the coal so as to give the consumer the coal that you think he ought to take?—I think the Council would meet the requirements as far as ever it was possible in the national interest to do so.

23,209. Is it not the case that during the time that an attempt has been made to deal with the distribution of coal under control that the consumer has been forced to take a great deal of coal that he did not want?—That has been under war conditions.

23,210. Would not the same thing be likely to prevail under a nationalised system?—I scarcely think so. In fact, I do not think so.

28 May 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

23,211. Would not your desire be to try and cut down transport as much as possible just as the Controller desired to do it?—As far as it was desirable to do so, yes.

23,212. And in carrying that out, would you not be likely to come up against the consumer?—I think the consumers' point of view would always receive consideration.

23,213. You make that as a general statement, but there is nothing to cover the position within the scheme?—I think the responsibility of the Mining Council would cover all that.

23,214. Take the case of export for the moment, because I am very much concerned about export, and would like to know how you intend to deal with it. Is it your intention to retain the present system under which the existing exporter does the trade?—The Council would get the assistance of authorities and experts in all oversea trade.

23,215. That does not answer my question?—They would be governed generally as to what was the best method when the whole of the coal production was co-ordinated.

23,216. I have no doubt you have formed some view on this very important aspect of the problem. I

take it that you come from an exporting district?—That is so.

23,217. You are no doubt very fully alive to the importance of the export coal trade?—Quite so.

23,218. You must have some views as to how to handle it, and I would like to know what those views are?—The policy of the export trade would be laid down by the National Council which would employ their agents.

23,219. You have no view as to whether the present exporting system should be carried on?—You mean the coal export pure and simple—the middle-man?

23,220. Yes?—I think it would be found that he would be gradually eliminated.

23,221. Is it your view that you would raise up new men who would undertake this side of the business?—I think there are more than sufficient now in the trade.

23,222. Do you not attach very great importance to the knowledge and experience of the existing exporters?—I think we must do so.

23,223. I took it from your previous answer that you contemplated doing away with them altogether?—No.

(Adjourned to to-morrow morning at 10.30.)

SECOND STAGE—TWENTY-FIRST DAY.

THURSDAY, 29TH MAY, 1919.

PRESENT :

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. R. W. COOPER.

SIR ARTHUR DUCKHAM.

MR. FRANK HODGES.

SIR LEO CHIOZZA MONEY.

SIR ADAM NIMMO.

MR. ROBERT SMILLIE.

SIR ALLAN M. SMITH.

MR. HERBERT SMITH.

MR. R. H. TAWNEY.

MR. SIDNEY WEBB.

MR. EVAN WILLIAMS.

SIR ARTHUR LOWES DICKINSON, }
SIR RICHARD A. S. REDMAYNE, } (*Assessors*).

MR. ARNOLD D. McNAIR (*Secretary*).

MR. GILBERT STONE (*Assistant Secretary*).

MR. WILLIAM STRAKER and MR. JAMES WINSTONE, *Recalled*.

23,224. *Sir Adam Nimmo: (To the Witness.)* When we adjourned last night we were dealing with the question of exports?—Yes.

23,225. And you suggested to me that the present exporters as a body would be dispensed with. I want to know particularly how the export trade in coal is to be handled under nationalisation. I suggest to you two things as being necessary for the proper handling of the export trade: (1) that there would be freedom of movement in regard to prices; and secondly, that there must be room for rapid decision. Will you say, if you agree with those two conditions, how they can be met under a system of nationalisation?—I think the National Council of Mining would avail themselves of your assistance if you are not a member of it, and would decide these matters.

23,226. Do you mean that they would bring in the best advice of those who were interested in the trade at the present time?—I think they would.

23,227. Do you agree that the speculative element in the export trade is of great importance?—Do you mean so far as competition between private companies at the present time is concerned?

23,228. No, I mean this: Is it not a very important element in the working of the export trade that a man should be able to take into account the international factors that are bearing upon the coal position?—I think that the Mining Council would take into consideration all the factors bearing upon the well-being of the country.

23,229. Yes, but that is not really my point. I suppose you agree that in the export trade you are dealing with very keen competition at all times?—That is so

29 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

23,230. And you have to watch the competition?—Most decidedly.

23,231. You agree that there are more factors that may require to be taken into account in dealing with the export trade than possibly in dealing with the home trade?—I would not like to say that.

23,232. Let me take you on this line: would you not require to take into consideration the question of freights?—I think the Council would. I am not sure that that is done to any extent now.

23,233. Is it not done by the exporters at the present time?—I am just wondering, in face of what has taken place to-day.

23,234. Have you not to consider this problem from the point of view of normal conditions?—I do not think that the Mining Council would do anything with their part of the nation's industry that was likely to injure any other part of the industries of the nation.

23,235. But what about the position from the point of view of foreign competition? Take, for example, this case: Assuming that an export market was common to this country, to Germany, and America, and that they had freedom of movement in regard to prices in this country; assuming an order came into the market which had to be secured by this country as against those other countries, and, taking everything into account, the exporter from these other countries, having regard to freights and other considerations, felt disposed to cut his price materially to secure the order when offered, how could we deal with a situation of that kind under nationalisation?—Under nationalisation, as under an exporting company or a coal owners' company, the agent of any of these parties would have a latitude allowed him just as he has at the present time.

23,236. Do you mean that he would be entitled under your scheme to cut the price, say, half-a-crown a ton?—Within a limit he would most decidedly.

23,237. But suppose that limit prevented him from securing business over foreign competition?—Just as it prevents him now in many cases.

23,238. But does not the present exporter very often take huge risks both in respect of freights and coal prices in order to secure the trade for this country?—That may be so.

23,239. How would he be able to do that under a system of nationalisation?—By being allowed the latitude that I have referred to.

23,240. Do you suggest that Committees set up to deal with the export trade would permit of such latitude?—I think they would.

23,241. Would they not require to meet and consider the situation?—They would meet just as directors meet now when they are deciding upon their own trade.

23,242. Would not important time be lost in carrying out such an arrangement?—No more than is lost at the present time.

23,243. I suggest at the present time, dealing with the export trade, you have a very rigid system in the control of prices?—At the present time?

23,244. Yes?—I suggest that the agent has a good deal of liberty.

23,245. I do not think, in the present situation, he has?—I am speaking of the situation under private ownership.

23,246. Yes, but I understand you propose to do away with that under nationalisation?—Yes, but nationalisation does not mean that the Mining Council shall be always at the elbow of the agent.

23,247. Does not working through and acting through a central organisation necessarily bring about rigidity?—That all depends upon whether it is bureaucratic or controlled under a system of Council such as we have suggested.

23,248. Would that make any difference so far as the composition of the Council is concerned in regard to rapid decisions?—Most decidedly. In a bureau and under bureaucratic management everything has to go to that centre, and there is no latitude.

23,249. Do you think committee work ever gets through a position of that kind sufficiently rapidly?—I think it will get through under our system and just as rapidly as it does now.

23,250. Is it not the case in connection with export more than anything else that you have to take the business when offered, or go without it?—That is so.

23,251. And you must make provision in your scheme for dealing with that precise situation?—That would be, but remember your latitude allowed to the agent.

23,252. And even if it meant shillings a ton in reduction of price you would allow such a latitude to the agent?—He would do just as he does at the present time and consider whether there is going to be a balance between cost and selling price.

23,253. In what sense would either the District Council or Mining Council have any real control over the situation if they allowed such latitude?—Just the same as that which directors have now.

23,254. I notice that you say in your *plans* that so far as the miners are concerned they are tired of Advisory Councils. Why is it, in your view of the acknowledgment of that principle, that you only propose to give the consumers an Advisory Council under nationalisation as proposed by you?—We do not think that the consumers can possibly manage the trade.

23,255. No; but do you not consider that they are very vitally interested in the trade?—And their vital interests will always be duly considered.

23,256. But merely from the point of view of an advisory capacity?—The Council would know their requirements and their situation, and that would get full consideration, as it does not get at the present time.

23,257. Do you mean to say these committees would take all the interests of the consumers into account?—Most decidedly they would.

23,258. Take a case, for example, before the war: a consumer, if he felt aggrieved in regard either to quality of coal or delivery of coal, and believed that the supply was in breach of his contract, could sue the supplier. How do you propose under nationalisation to protect the consumer in that respect?—I think in the proposed Bill the Council can sue or be sued.

23,259. How do you propose to carry that out, because I understand it will be exceedingly difficult?—Of course, I am not a lawyer. The procedure laid down in the Law Courts would meet that situation.

23,260. But you intend provision should be made for a Council being sued in those circumstances?—Provision is made in the Bill that they can be sued.

23,261. Who would pay the fine?—The guilty party.

23,262. Do you mean the Mining Council?—Most decidedly, if the Court's decision was against it.

23,263. Where would the money come from?—Out of the industry.

23,264. But you do recognise that the consumer in this matter is very vitally interested?—He is always vitally interested.

23,265. Would it not be desirable that a real place should be given to the consumer in the Councils controlling the industry?—I do not think so. I think it would be better conducted by men who know the industry. That is the advantage we will have under nationalisation which we have not always now.

23,266. Take the position of the workmen in the consuming industries: would it not be reasonable that they should demand that they should be represented on the Councils in view of the coal being a raw material that they use?—Not short of communism. If you suggest we should establish communism, then all parties should be considered.

23,267. Are not these workmen vitally interested in the price of coal?—Most decidedly, and they are at the present time.

23,268. Should not their interests be protected in some way in connection with a scheme for nationalisation?—Will you tell me how they are protected at the present time, or under your proposed scheme?

23,269. They are protected, I suggest, by the open competition in the market in respect of the price of coal?—Which enables the coal-owners at the present time to exploit the community.

23,270. I am sorry I do not agree with that. That is what I suggest is the protection which is afforded to the consumer at the present time?—Let me sug-

29 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

gest that the Chairman himself and the other ten representatives appointed by the Government will take special care of the consumer and all the rest of the community.

23,271. You may say so, but I understand there is no provision made within the Bill for it?—There is provision made within the Bill for His Majesty to appoint ten members and the Chairman of the Mining Council.

23,272. Yes, but there is nobody directly looking after the interests of the consumer or the workmen in the consuming industries?—They can always present their requirements through the Consumers' Council and will be much more fairly considered than at the present time.

23,273. That is merely an advisory council I think you agree?—The Consumers' Council would be an advisory council.

23,274. Now I notice that in the Bill in connection with the Mining Council you propose to give either His Majesty or the Miners' Federation the right to withdraw at any time members from that Council. What is the object of that?—I think it follows a precedent in all Government offices at the present time.

23,275. That during the period of a man's appointment he may be withdrawn?—Quite. Even Cabinet Ministers can be removed.

23,276. Yes, but they cannot be arbitrarily removed?—Oh yes; they are removed sometimes even before they know about their removal.

23,277. Would not the position which would be reached under that proposal be this: Taking, for example, the representatives of the Miners' Federation upon that Council, they would be merely delegates of the Federation?—Oh no—

23,278. I put it to you: Is that not the principle which is involved?—May I suggest that you allow me to answer one question before you ask another?

23,279. Is that not the principle which is involved in this?—What principle is that?

23,280. The principle that if you have the power to remove your members from the Mining Council at will, they become more or less your delegates?—No, they are not our delegates. They will have just the independence of, and in fact probably more independence than, the agents of companies have at the present time.

23,281. But if they do not serve the Federation according to the Federation's views, you reserve the right to remove them?—I suggest that, as a business man, you would not suggest that in a case of gross inefficiency a man should be retained.

23,282. Would not the members (putting it quite frankly) acting for the Federation upon that Council know that they were there merely to carry out the wishes and instructions of the Federation?—Not necessarily; they would know that they were there to serve the nation, and the miners would know that.

23,283. Would they not know that it was within the power of the Federation to remove them at any time?—And they would be just as well assured that they would not be removed unless there was serious cause for removal.

23,284. Do you really suggest that these men would be in any sense independent men?—I do suggest that they would be.

23,285. Do you suggest that the same principle is to be applied to the subsidiary committees, that is to say, the District Councils and the Pit Committees?—Quite.

23,286. These members representing the Federation are to be removed at the wish of the Federation and at the will of the Federation?—I think the Mining Council would lay down regulations governing these things for the District and Pit Councils.

23,287. Still you do not quarrel with me on the principle that they are there at the will of the Federation?—Just as any servant of a company is there at the will of the company now.

23,288. In view of the possibility of change of membership in that way who is to be responsible for mistakes that are made?—The industry would be responsible. I mean they would feel the results of mistakes which are made.

23,289. Who would be responsible for continuity of policy and working the mines?—The Mining Council.

23,290. But supposing the constitution of the membership was changed from time to time, who would be able to see that continuity of policy was maintained?—The wisdom of the men would see the necessity of continuing a policy until it was advisable to alter it.

23,291. But we have to consider this possibility, that the men who were acting upon these Councils might be changed at frequent intervals; it is a possibility?—Yes, but I do not see that they are going to alter the policy necessarily because they are newly appointed.

23,292. Would there not be a real chance of that?—I do not think so. I trust a good deal to the intelligence of the men; after all, they are more than machines.

23,293. With regard to the acquisition of the minerals, I take it that you do not question the legal right of those who are in possession of the minerals at the present time?—I am not well acquainted with the laws which govern these things, but I believe there is an English law under which a man legally possesses a thing after so many years' possession.

23,294. But I understand you are not here seriously to suggest that they have not a good legal title to their property?—Really judging from what was laid before you by representatives of the royalty owners, they did not seem to be able to produce their legal deeds.

23,295. I take it that your view on this point is that you do not think they have a moral right to their property?—That is quite so.

23,296. Does that not carry us a long way if we have to begin to consider moral issues?—It is really carrying us where we ought always to be.

23,297. But is there not a difference practically between all the individuals making up the community as to what is a true moral standard?—Do you suggest that moral considerations do not enter into the consideration of colliery companies now?

23,298. I do not say that, but what I ask you is this: Is there not a very different view existing between individuals as to what is morally right and what is morally wrong?—I have no doubt that there is a good deal of difference between you and me.

23,299. Therefore your view as to what is morally right may be different from mine?—Quite.

23,300. Would that not carry us a very long way in regard to questions of property?—I think after all that there are national standards of morality and common grounds upon which everyone agrees—even you and I.

23,301. I suppose you have some things that belong to yourself, or you think they belong to yourself?—Not much.

23,302. It does not matter whether it is much or little. The point is this: With varying views existing with regard to rights of property, might you not be assailed in respect of the particular property you possessed on the ground that you had no moral right to it?—By some crank I might, but by the general conception I do not think I would be.

23,303. Are you rather wanting us to assume that it may be the view of a crank that those who are in legal right of their minerals have not a moral right to them at the same time?—I think the revelations made before this Commission have given the general conception that these royalties are held immorally.

23,304. But, assuming your principle was adopted, would it not amount to this, that no man would be really sure that he could call anything his own?—I think that which can be said to be a man's own is his life, and yet there has been no hesitation in conscripting that or confiscating that for the benefit of the nation during the last five years.

23,305. But you would not like any man upon your principle to come along and say, "I do not admit that the clothes you are wearing are your own or the watch which you have"?—Most decidedly not.

23,306. Is there any difference in principle?—I do not think even you will contend that there is not.

29 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

23,307. Is there any difference in principle?—Most decidedly there is: Some one made the watch, and some one put labour into it; some one did something to create my watch. I wonder who has done anything to create the minerals.

23,308. If a man bought a house and paid so much money for it, and thought it was his own, some one might come along and say, "On moral grounds you had no business to make the money in the way you made it to purchase that house"—I think somebody might, but that is not a general conception.

23,309. Would not that really raise the whole issue which is raised here?—No, I do not think so.

23,310. I suggest it would?—I suggest it will not.

23,311. Now, I want to take you to the sort of underlying principle on which you seem to base a good deal of your views. You seem to think that the pro-war system of ownership and management was bad because it rested on a selfish basis?—It was not as good as it might have been.

23,312. I take it that what you suggest is that, because it rested on a selfish basis, being the basis of competition and struggle, as you express it in your *précis*, it was morally wrong?—Yes, I said that it led to moral wrongs.

23,313. I think you indicated that it was morally wrong?—Oh, yes.

23,314. Now, take our school competitive system which gives awards for merit: Is that morally wrong?—So far as it would lead to dishonesty, it would be wrong.

23,315. But, in itself, it is not wrong?—No.

23,316. You merely have to judge by the results whether it is morally right or morally wrong?—I think the best judgment you can apply to anything is by results.

23,317. Would you say the same thing applied to our university system in giving awards as the result of merit?—I would not say there is any parallel between that and competition in trade.

23,318. You are not objecting to the competitive system?—Not in that sense.

23,319. Do you agree that the competitive system may bring out the very best that is in an individual?—And it may bring the very worst out.

23,320. That is a question of result, but does not attack the competitive principle in itself?—I was speaking of the competitive principle in trade, and that is where it brings out the worst.

23,321. You mean you are merely judging by what you consider bad results?—Yes.

23,322. But would you not agree that the competitive system, either in schools or universities, or other walks of life, is calculated to bring out the best that is in people?—I think it does help, but I do not see any parallel at all between the two things.

23,323. Surely there is a parallel in this respect, that what you want to provide in order to bring out the best in people is a real incentive—you must give them something to work for, must you not?—Yes.

23,324. And you must give them something surely in the direction of reward?—I think so.

23,325. Taking individuals as we know them?—Yes. Might I suggest that there is a higher reward than merely personal gain?

23,326. I am not quarrelling with that view, but I think we have to deal with the run of mankind as we find them from day to day?—Yes. We are improving, and that is why we propose nationalisation.

23,327. Take the Miners' Federation of Great Britain: Does it or does it not act for a particular class of the community?—For the miners.

23,328. It looks after the interests of the miners by themselves. Would you say because it did so it was a selfish combination?—I would say that the Miners' Federation, while looking after the interests of the miners, always has in view the interests of others.

23,329. Does it primarily look after the interests of the miners?—That is its primary purpose.

23,330. Therefore it is selfish in its aim?—No.

23,331. Is it not morally wrong because it is selfish? I am asking you on your own leading principles?—I think you are giving an interpretation to those that they will not honestly bear.

23,332. Is the Miners' Federation a party to the Triple Labour Alliance?—Yes.

23,333. Does that Triple Labour Alliance look after the interests of particular classes?—It does.

23,334. Is it not selfish in its aim in doing so?—No, because it always considers the interests of others.

23,335. Where is the evidence that it considers the interests of others?—May I give you an instance? The miners could have always demanded anything they cared to demand during the war, but they did not do it.

23,336. Do you think that is a parallel case? Do you think that is looking after the interests of the community in a real sense?—I think they refrained from doing that because they valued the interests of the community.

23,337. Do you not think they went as far as they could go without really seriously injuring the nation?—Without injuring the nation, yes.

23,338. When you came to consider your most recent demands for wages and hours, did you consider the interests of the general community?—We did.

23,339. Do you suggest that these demands took into account the interests of other people? I put it to you as a man?—I put it to you as a man that they did most decidedly.

23,340. Did you know the industry, or the other industries, could carry what you were demanding?—We believed that they could.

23,341. You believed that they could?—Yes; and I question that there will be a heavier burden to bear.

23,342. What enquiry did you make into that position before you made the demands?—We considered the general situation and especially the enormous profits made by the private owners of the big industries in this country.

23,343. And yet you knew, I understand, at the time you made the demand upon the mining industry, that the coalowners were not making the profits?—

We knew perfectly well the industry was making enormous profits.

23,344. But the Government was getting the money?—That did not affect us.

23,345. And that the money was being used to carry on the war?—I take it the Government was getting the money for the good of the community, and the community is now in question.

23,346. I suggest to you when you made these demands you were not taking into account the interests of the community in the sense in your *précis*?—I cannot help your suggestion, Sir Adam. I can only assure you that it is not true.

23,347. Now I want to ask you this. In connection with your scheme the Miners' Federation have to hold an important place in the scheme of joint control. Is that not so?—Hold an important place?

23,348. Yes?—Yes, I think so; that is obvious, I think.

23,349. Do you suggest that all these Councils will not act under the pressure of the Miners' Federation of Great Britain, taking things as they are and looking the situation in the face?—They will look after the interests of the community much more than under the present system.

23,350. What organisation will stand behind them? Will it not be the Miners' Federation of Great Britain?—The Miners' Federation of Great Britain, of course.

23,351. Does your Federation meet at regular intervals?—It does.

23,352. Does it define the policy which is to be carried out in every mining district in the country?—No, it does not.

23,353. Does it not decide the broad issues that you are agreed upon?—During this war it has.

23,354. Did it not do so before the war?—No.

23,355. Did you not pass resolutions in favour of certain policies in connection with your Federation?—We passed a resolution in order to try to unify as far as possible the policies, but we have not yet succeeded.

23,356. Did that policy not condescend on wages and hours?—During the war it has.

23,357. And before the war, too, I suggest?—No. I suggest to you that you know that Scotland had

29 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

its own method of regulation of wages; the English Conciliation Board had; Northumberland and Durham had; and Wales had. They were all separate systems.

23,358. Were you not in the meantime passing resolutions in favour of a common standard of wages?—I have said we were endeavouring to unify these things. We have not yet succeeded, but we hope to do so.

23,359. Is that not another way of saying you were defining a policy for the whole country?—Just as the Mining Council will define the policy for the whole country.

23,360. When the miners are nationalised, will the Miners' Federation meet as before?—I suppose so.

23,361. And it will continue to advocate its policy in relation to the whole country?—Yes.

23,362. And I take it the delegates so appointed upon the various councils will be there to carry out its policy?—The delegates, as you call them, but which I do not—the members that they appoint will be there at all times under all circumstances, either temporarily or permanently, to do their best in the interests of the nation.

23,363. I know that is your view?—Well, I cannot express anything else.

23,364. What I want to know is this: Do you seriously suggest that, under a system like that, with the Miners' Federation as the strong body in the background, it will be possible to secure what you call industrial stability?—I suggest that you are assuming the two sides of the Commission always to be at war with each other.

23,365. Well, I assume this, and I want to point this out to you: Do you see any possibility under nationalisation, with the Miners' Federation existing as I have suggested and allied to the Labour Triple Alliance, of having any identity of aim?—After all, the organisation between the other five is stronger even than the Triple Alliance—that of the nation itself.

23,366. Will it not be natural that you should be laying emphasis upon wage questions, and that the miners will doubtless be doing that?—And the other side will be watching the other interests, so that you will arrive at a just conclusion in any case.

23,367. Do you really think that is how it will work out?—I do.

23,368. The other side will be interested in balancing the accounts from a financial point of view, whereas I put it to you that the representatives of the miners will have a greater interest in pressing wages and other similar questions?—With a full knowledge that the accounts must be balanced.

23,369. Yes, but you may suggest a remedy for the balancing of accounts by raising the price of coal?—To the injury of the community, and that is where nationalisation would benefit the community in a way it does not benefit under private ownership.

23,370. And yet with the right to raise the price of coal under a Government monopoly you do not propose to give the consumer a real place in the Councils of control?—Because there are already ten and the Chairman, who is there in the interests of the general community.

23,371. Yes; but I suggest that in the situation you have a very important factor in the Miners' Federation of Great Britain being in the background?—Just as the other side always has the balance in its favour with the nation behind it and 11 members, one of them having, probably, a casting vote.

23,372. But I suggest to you that you do not give the general community a real place in your scheme. The most you give the consumer is an advisory relationship?—If you can imagine the 10 appointed by His Majesty, with the Chairman, as having no interest in the community, you may be right, but I cannot imagine such a situation.

23,373. I suggest to you that in the circumstances they may be open to very considerable pressure?—I think the consumers will bring pressure to bear upon the other side.

23,374. No; I mean the other members upon the Mining Council will be open to very considerable pressure through the Miners' Federation of Great Britain?—The greatest pressure will be the welfare of the industry and the welfare of the nation.

23,375. I am taking you on your leading principles, one of which is that we are anxious to secure industrial stability?—I think we will do that.

23,376. I think the factors of industrial stability are not present?—I suggest they will be present in a way they have never been present before.

23,377. And yet you do not seem to be sufficiently fair-minded to give the consumer?—Do not suggest that I am not fair-minded.

Sir L. Chiozza Money: Sir, really Sir Adam is suggesting that the witness in the chair is not sufficiently fair-minded to answer a question. I really must protest against that. The trend of these questions is abominable.

Sir Adam Nimmo: I will put the question in another way.

Chairman: Very well.

23,378. *Sir Adam Nimmo:* You do not propose within your scheme to give the consumer a real place in the control of the industry?

Mr. Sidney Webb: He says he does.

Sir Adam Nimmo: No, I do not think he does.

Mr. Sidney Webb: As a matter of fact, there is the Government which represents the consumer, which will have the ultimate control.

Witness: I do not think I can add anything to what I have said on that.

23,379. *Sir Adam Nimmo:* I will take you on the point suggested by Mr. Sidney Webb?—I am sorry if you fail to understand me.

23,380. No, I think we understand each other. I will take you on this further point. Is there any evidence, either in the past or at the present time, that the trade unions of the country have any special respect for Governments?—In the past they have not had much, because they have had so little to do with Governments.

23,381. But take the position at the present time. Do you think that there is any evidence that they have any special respect for Governments?—Respect by the trade unionist for Governments will grow just as Governments grow to represent the people.

23,382. Does it not amount to this, that the trade unions of the country are quite ready just now to challenge the authority of the Government at any time? Is not that so?—I do not quite follow what you mean.

23,383. Do not the trade unions of the country (take the Miners' Federation of Great Britain, or take the Labour Party generally representing an industry) take it upon themselves to challenge the authority of the Government, if they think it suits them to do so?—Will you instance a case?

23,384. Take the present case where representations had been made with regard to the withdrawal of troops from Russia, or the withdrawal of conscription. Has it not been suggested, and more than suggested, to the Government that they ought to take immediate action in that direction?—That is not challenging the Government.

23,385. I am going on to ask you the further question: Is it not the case that in that connection it has been suggested that you would adopt what are called industrial means to secure your aims?

Sir L. Chiozza Money: Sir, may I ask whether that question is in order? *Sir Adam Nimmo* is asking whether a trade union has requested the Government to withdraw troops from Russia. May I ask whether that has anything to do with nationalisation?

Sir Adam Nimmo: I submit that it has. The point that I am seeking to get out is that you get industrial combinations which are challenging the Government.

Mr. Sidney Webb: Under the present system.

Sir Adam Nimmo: I am putting it that that is what is being done.

Chairman: I think it is getting a little far from the subject, but I understand that Mr. Straker wants to answer the question. What do you want to say?—I only want to say that any Government that institutes a principle or a policy that affects the whole life and well-being of the people, without that having been before the people—nay, more than that: the Government having promised that they

29 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

would not introduce it, then I say any action would be morally right to upset that Government, and that applies to conscription.

23,386. *Sir Adam Nimmo*: I take it that that simply means, in other words, that if your view collides with the Government's view, you propose to enforce your own view?—We propose to upset the Government for the reasons I have given.

23,387. Is the situation going to be any different in that respect under nationalisation?—Quite, because under the system that we propose to establish, of a national council, a district council and pit councils, a position such as has now arisen with the Government of this country can never arise.

23,388. I think you answered me yesterday that you proposed to reserve the right to strike under a scheme of nationalisation?—Yes, the miners reserve the right to strike.

23,389. So that, if your view, even under nationalisation, differed from the view of the Government, you might propose to try to force the hand of the Government by striking?—That is so.

23,390. Is that not really the crux of the whole thing that is presented to us?—While I agree that that right must be preserved by the miners, I think the need to use that power would be tremendously reduced under the system that we now propose.

23,391. Do you think that there is any evidence from past experience that that is likely to be the case?—Whenever men understand and feel responsibility, there is less likelihood that they will do anything to interfere with the well-being of that in which they are engaged.

23,392. You are suggesting in your *précis* that there is going to be such a reformation in the whole outlook and spirit of the men that differences will not arise?—I did not say that.

23,393. May I put this to you: Your view of the future being such as it is under nationalisation, would it not be a fair test of your belief in that, that the Miners' Federation of Great Britain should be disbanded?—I am sure it would not.

Mr. Sidney Webb: Is that seriously suggested by the Mineowners' Association?

23,394. *Sir Adam Nimmo*: You seem to have a very strong objection to having your wages regulated under the proposals of the National Industrial Council: I mean as far as a minimum wage is concerned. Do you think that, with regard to wages, the mining industry can hope to stand by itself?—I think they will give full consideration to the whole circumstances of other industries.

23,395. Is that not really avoiding an answer to my question?—I do not think so.

23,396. Can you expect to fix a minimum wage in the mining industry which is out of relationship to the minimum wages in other industries?—I do not think it will be.

23,397. Why then should you object to adopt the proposals of the National Industrial Council for adjusting the minimum wage?—I think the National Industrial Council, if we have to discuss that, is merely for the purpose of patching up the present conditions of things while we are here for the nationalisation of mines.

Mr. Sidney Webb: The National Industrial Council has never proposed that there should be any minimum wage for any trade. The whole of your question is proceeding on a mistaken assumption. There has never been any suggestion that the wages should be settled by the National Industrial Council.

Sir Adam Nimmo: I have never suggested that. I used the word "propose" advisedly. What I suggest is this, that the National Industrial Council proposes a minimum wage for all the industries.

Mr. Sidney Webb: Pardon me, that is a mistake. The National Industrial Council has never proposed that. The only person who proposed that was Lord Gainford, and he was making that proposition on a mistaken conception of the whole intentions and purposes of the National Industrial Council.

Sir Adam Nimmo: I do not agree with that.

Mr. Sidney Webb: Apparently Lord Gainford did not even suggest it.

Sir Adam Nimmo: Let us come back to the principle which lies at the back of it, which is this: Have you hopes that in the long run the wages can be adjusted disproportionately to the wages which are adjusted in other industries?—I do not think that they will ever be disproportionate to others, considering all the circumstances and requirements of the miner's life.

23,398. I think we would agree with each other, that it may be necessary to differentiate to some extent in connection with the special conditions of mining. Would it not in the long run work out in this way, that as far as the minimum wage in mining is concerned it will have to be correlated to the minimum wage in other industries?—I do not know what the minimum wage in other industries would be.

23,399. I suppose you would agree that it is of the greatest consequence in these other industries as to what the minimum wage in the mining industry is? The wages depend on the price of coal to some extent?—But even the community has no right to secure its coal at a price which does not properly remunerate the men who get it.

23,400. I am not suggesting that. The point I am on is this: When you are dealing with the wages in a mining industry, you are required to adjust these to the needs of other industries?—I have already said that repeatedly.

23,401. I suppose you intend that the mining industry should pay its way?—Most decidedly.

23,402. You do not intend, do you, under nationalisation that it should be a subsidised industry?—That is only putting the same question in another way.

23,403. I know, but I want to be quite sure that you agree on that point, that the industry must be self-supporting?—Yes: I think I have answered that.

23,404. And that wages must be adjusted to bring that about. Do you not anticipate that under nationalisation the nation may take more out of the industry in one way and another? Let us take a period of good times as against a period of depression: would you agree that in a period of good times the nation would be entitled to receive more from the industry than in a period of bad times?—I think there probably would still be fluctuation in the trade, but nothing like what has been the case.

23,405. That is not my point: I merely want to get at this principle, that, assuming that the nation has to make provisions for all the necessary developments in the industry, would you agree with me that it was reasonable that the State should, in a good time, take more money to itself from the industry to make such necessary provision than in a bad time?—I have not suggested that under all circumstances there must be an even balance between cost and selling price.

23,406. Then do you see any difference, if you accept that principle, between the nation's position at that point and the position of the owners under the scheme that they suggest to you?—Under nationalisation, all accruing, even in that sense, from the industry would go for the benefit of the community, whereas at the present time it goes into the pockets of a few colliery owners.

23,407. You would agree that in the good time that I am referring to the nation should get more out of the industry than in a bad time?—I think the Mining Council would decide that from time to time. I am going to assume that they would have just as much intelligence in conducting the trade as the present colliery owners.

23,408. Do the colliery owners really suggest anything different in principle from that; do they not propose to rest your wages upon the actual financial ability of the industry from time to time?—I do not want to be pressed as to what they do lest I may be considered not to be fair, but the way in which they, say at the present time, are exploiting things is not, to my mind, creditable to them.

23,409. If I may say so, I do not think it could be said that the coal owners are exploiting the community at the present time. The point I was putting to you was this: The owners have suggested resting the wages of the men upon the actual finan-

29 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

cial ability of the industry. Can you ever put your position further than that at the best?—I have said wages ought to be a first charge on the industry.

23,410. I think we agree about that. As far as the minimum wage is concerned, but starting from that standpoint, the suggestion is that the full measure of the financial ability of the industry should thereafter be taken into account, and that it should be divided as agreed upon. Can you ever get your position any higher than that?—The Mining Council, in considering prices and the general policy of the trade, would also consider the wages to be paid. I do not imagine that they could leave any factor out.

23,411. You are not really dealing with the question that I am raising with you, but we will leave it at that. I want to ask you now, on the question of production, one or two questions: You say that under nationalisation you would get a larger production at a lower cost. You indicated yesterday, in reply to the question that was put to you, that you thought that the reason for the reduced output at the present time was due to overcrowding in the pits?—And strikes and stoppages.

23,412. Take the question of overcrowding, on which you laid some emphasis: Do you really suggest that that has any serious effect at the present time in reducing output?—I should think, if you asked any colliery manager, he would tell you so.

23,413. Do you know of any cases?—Yes, I do.

23,414. Do you say that they are having any material effect?—Most decidedly.

23,415. Would you say that that applied all over the country?—I assumed that as a practical man, and I think you will agree with me as a practical mining engineer that if you overcrowd your pit you are not going to get the same produce per person employed.

23,416. That may be as a matter of principle, but what I want to get at is whether in your view at the present time it is a material consideration at all?—I know pits where the men have voluntarily agreed to increase the number in each working place so as to give a share to their unemployed brethren returning from the army.

23,417. Are these exceptional cases?—No, I think they are general.

23,418. *Mr. R. H. Tawney*: I did not quite catch your answer. You said you knew of cases where the men had voluntarily decided on something.

Sir L. Chiozza Money: Do you mind repeating the circumstances?—They voluntarily agreed that the number working in one place should be increased in order to give employment to men returning from the army.

23,419. That reduces the output?—Yes, that reduces the output.

23,420. *Sir Adam Nimmo*: Does that answer the question?

Chairman: It is not for him to say whether it answers the question. It is for us to say.

23,421. *Sir Adam Nimmo*: Would that affect the total output of the country?—If that prevails, as I think it does, all over the country, that men are being crowded into the mines, probably to a greater extent than even in Northumberland, because I believe there are fewer introductions into the mines of Northumberland during the war than in other districts.

23,422. Could you give other cases, because I think the matter is of some importance?—I could give you another case in Northumberland.

23,423. *Chairman*: Are you able to come back here towards the end of next week, because we have seven or eight gentlemen whose evidence must be taken to-day, who have to return to business, and I am afraid we have not the time to occupy with you much longer. *Sir Adam Nimmo* has been cross-examining you for 2½ hours?—Yes, I could come back.

Sir Adam Nimmo: I want to deal with this point further, because I think if you are to base anything upon this point, we ought to have evidence in detail with regard to it.

Sir L. Chiozza Money: That is an observation. It is not a question.

23,424. *Sir Adam Nimmo*: Are you suggesting to me, with regard to this question of output, that the overcrowding of pits is general?—I think it is, so far as I have been able to learn. That is a complaint.

23,425. Would you be surprised if others come forward and say it is nothing of the sort?—If any colliery owner were to say that, then I would say, You are not carrying out your pledge to re-employ your men when they came back from the war.

23,426. On the question of production, I think you indicated yesterday that you had no desire to bring about any combination against the general community: is that so?—I said, we are not prepared to combine with the colliery owners for the purpose of exploiting the community.

23,427. Nor with anybody, but the colliery owners were in question then.

23,428. Would you say that at any time in the history of the country, the motive for producing output could be greater than it is at the present time?—Do you imply that the motive is selfish gain?

23,429. No, I understand that your motive was the interest of the community?—Yes.

23,430. Could the motive to serve the community ever be greater than it is now?—I see no evidence of a desire to serve the community at the present time on the part of the owners.

23,431. Should not the motive of the miners be stronger to produce coal at the present time?—I think they have had due regard to the interests of the community.

23,432. And yet the output of coal all over the country is going back?—For the reasons that I have given.

23,433. I notice that you lay considerable stress in your *précis* upon this idea that under the pre-war system the workmen were in what they called a servile position: do you really seriously put that forward?—I do.

23,434. Take their position with regard to wages, was that a servile position?—It is always a servile position when men are almost entirely under the control of another.

23,435. Were they in a servile position with regard to the handling of wages in the past in connection with the Conciliation Boards of the country? Were not the miners on an equal footing on the Conciliation Board to deal with all questions of wages?—Yes, that is so.

23,436. Was there not an effort made in connection with all disputes committees to set the men on an equal footing to discuss the various difficulties that arose between the parties?—That is so.

23,437. Do you suggest in these circumstances that it is reasonable to say that the men were in a servile position?—I say it is a reasonable thing to say. I can see no other when all their energies are being directed for an end that they are not allowed to understand and are being directed by another.

23,438. But a very strong effort was made, was it not, to secure principles of co-operation in the industry for the settlement of all difficulties?—Miners have from time to time endeavoured to force colliery owners into that position. We have somewhat succeeded.

23,439. Have not the colliery owners shown an increasing disposition to supply co-operating machinery to settle differences?—Just as they have been compelled to do so.

23,440. *Sir Leo Chiozza Money*: Something has been said with regard to a fall in output. Do you not attribute something of the recent fall in output to labour troubles?—Yes, I have already said that.

23,441. Are you aware that there have been quite serious losses of output, for example, in the South Wales districts because of such stoppages?—I think that has been more marked in South Wales than elsewhere.

23,442. (*To Mr. Winstone.*) Was there a stoppage in Monmouthshire recently?—Yes.

23,443. Do you mind telling us the nature of that stoppage?—The stoppage took place at the Risca Colliery in Monmouthshire where 15,000 men were idle for several days owing to a danger arising from gas, a shortage of timber, and the dukie rope cutting into the timber and cutting through the rails.

29 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

23,444. That is what we would call a safety strike?—Yes.

23,445. That caused a stoppage?—Yes. Then at the Bedwas Mine the men are out to-day because of a safety stoppage. The owners declined to stall the place, and the men were fearing that a crush would take place, and so they stopped.

23,446. (To Mr. Straker.) Are you aware that there are well-authenticated reports that there is a very great fall in output in Germany at the present time?—I have not seen those reports.

23,447. Are you aware that our chief competitor in the coal export trade in the past has been Germany?—Quite, especially in the French market.

23,448. Is it not the fact that our chief exports are made to European markets?—That is so.

23,449. Is it not the fact that, although we did not go into the late war with commercial objects, the result of the war is to put Germany out of active competition for at least a number of years?—I think even some of our Allies are finding the result now of Germany being out of competition.

23,450. Is it not the fact also that Germany will have, as part of the reparation she is to make, to give up coal exports which she could otherwise make?—Yes.

23,451. To make reparation to Belgium, to France, and Italy?—If they take the coalfields from her, as proposed, that will happen.

23,452. In other words, in respect of the main competition which we had in the coal export trade in the past, it is pretty clear, is it not, that that competition will be greatly decreased during the next decade?—I am not sure that that will follow.

23,453. Let us have your opinion quite frankly?—If France gets these valuable coalfields, then we get the competition of France instead of that of Germany.

23,454. But not perhaps as a coal exporter. France is not in the position to export coal?—No, but she will not be under the necessity of taking so much from us.

23,455. Quite so; but on the other hand it seems pretty clear that Germany will not be in a position to compete?—Decidedly.

23,456. Generally throughout the world, I ask your opinion: Is it not the fact that labour everywhere is demanding better conditions of life?—I think that is especially so with the German miners at the present time. I believe they have secured conditions they never had before.

23,457. Is that not also true of America?—That is true of America.

23,458. Sir Adam Nimmo put something to you with regard to the distribution of coal during the war, and suggested to you that it furnished an argument against nationalisation. Is it not the fact that the war conditions were so extraordinarily abnormal that they have thrown no light whatever on the nationalisation of coal in times of peace?—They did show the necessity of restraining colliery owners in the prices to be charged.

23,459. Is it not the fact that the coal owners went to the Coal Controller and got the prices put up in respect of certain Admiralty contracts in order to get more money out of the Government, that is to say, out of the community? Has not that been proved in evidence before this Commission?—I think it has, and they have also always wanted the control removed so that they might have unlimited power of charging whatever prices they could get.

23,460. It comes to this, that whereas the prospective Mining Council is charged with the intention of exploiting the nation of the community, we know already that the coal owners have exploited the community in actual fact.

Sir Arthur Duckham: Is that a question or a statement?

Sir L. Chiozza Money: I hope I am not too closely following the model of questions to which you, Sir Arthur, did not object just now.

Sir Arthur Duckham: I merely want to know whether it was your opinion or whether you were asking the witness's opinion.

23,461. Sir L. Chiozza Money: I will try to put it in the form of a question. I am afraid I am an imperfect cross-examiner. Is it the fact that, in your opinion, the suggested evils of nationalisation, with regard to exploiting the community, have already occurred under the present system?—In a way that will never occur under nationalisation.

23,462. Have you ever seen any indication, on the part of colliery share-owners, that they desire to study the interests of the community?—I have not.

23,463. Have you ever heard of colliery directors studying the interests of the community?—I have not.

23,464. Are you aware that a very large number of colliery directors, like some of those who have appeared in evidence before us, are directors of many undertakings?—That is so, including firms of coal exporters.

23,465. Is it not the fact that this proposed Nationalisation of Mines and Minerals Bill sets out that it is not merely a Bill to nationalise mines and minerals, but to provide for the national winning, distribution and sale of coal and other minerals?—That is so.

23,466. Is not English employed in those words, and do you not intend that English to be effective, that the Ministry of Mines is to study the community?—That is its purpose as distinct from the present owners of mines.

23,467. If it is suggested that those words are not strong enough, are you willing to accept any form of words, however stringent in their expression and severe in their meaning, to impose on the Minister of Mines the welfare of the nation in respect of coal as distinguished from the welfare of the coal-owners?—If the Bill as drafted does not fully state that, the miners would have no objection, because that is the purpose they have in view. I have no objection to alterations being made.

23,468. You have read what is commonly called the Sankey Report, have you not?—Yes.

23,469. Have you specially read paragraphs 9 and 15, both of which were printed in heavy type, the first of which, I think, you quoted in your evidence, condemning the present system of ownership and working upon the evidence so far heard?—That is so.

23,470. And the second, which, in language which I will not comment on, points out that the colliery worker has for a generation been educated solely and technically, and that the result is a great national asset, and why not use it. Has your attention been directed to those two paragraphs?—Yes, and I fully agree with them, as I have stated, that the colliery owner in the past has not been utilising the knowledge and experience of the workmen.

23,471. Were those paragraphs very fully considered at the meeting of your delegates which accepted what is called the Sankey Report?—With a fairly good knowledge, I think, of the influences at work when we took our ballot vote, I feel absolutely confident that the result of the last ballot would not have been in favour of acceptance if it had not been for those two paragraphs that you have read.

23,472. As you allowed me to be present on one of those occasions, I can confirm what you say; but is it the fact that the miners would not have accepted the award as to hours and as to wages if those paragraphs 9 and 15 had not appeared in what is commonly called the Sankey Report?—What is paragraph 15?

23,473. Paragraph 15 is the one that refers to enlisting the valuable knowledge of the colliery workers in the direction of the management of the mines?—That is so. That really points out a new vista of sharing in control and responsibility that they have never had before, and because of that responsibility and probability in the future they accepted the award.

23,474. Is it the fact that speaker after speaker at the decisive meeting which decided to enter into an honourable obligation with His Majesty's Government, accentuated and called attention to those paragraphs, and to their value to the community and to the miners?—And to the districts as in the National Conference that was done.

29 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

23,475. It is the fact, is it not, that His Majesty's Government, whether they were right or whether they were wrong, and quite apart from the merits of the case, did enter into those honourable obligations with the miners of the country?—I take it they are not going to go back on it.

23,476. Having asked you that, may I direct your attention to what Lord Gainford said in his evidence before this Commission? Lord Gainford, speaking on behalf of the Mining Association, and knowing of the Sankey Report and knowing of its acceptance by His Majesty's Government as an obligation of honour, said: "I am authorised to say, on behalf of the Mining Association, that if owners are not to be left complete executive control, they will decline to accept the responsibility of carrying on the industry, and, though they regard nationalisation as disastrous to the country, they feel they would, in such event, be driven to the only alternative—nationalisation on fair terms." Have you read that paragraph?—Yes, I have.

23,477. Do you take it, therefore, that the Mining Association of Great Britain, having rejected the Sankey Report in paragraphs 9 and 15, so far as they relate to joint control of the industry, do accept the principle of nationalisation in that paragraph, not because they like it, but because they feel they are driven to it?—Yes.

23,478. Even if this were not so, let us suppose that the Government had not entered into an honourable obligation; do you think that educated men would consent in the long run to the continuance of a position in which their means of livelihood are owned by others?—That is the cause of so much of the unrest at the present time—that the means of livelihood are in the hands of others.

23,479. That is to say, if I may use a figurative expression, that the miners do not only want bread, they want something more than that—is that not so?—I think I have stated that in my first *présis*.

23,480. Do you not think that the million miners who carry on this arduous and dangerous occupation resent the suggestion that they are an inferior order of beings who are not to be trusted with any real or effective share of management?—Of course I have resented that as strongly as I could and be respectful. I have regretted considerably that the whole attitude of those opposed to nationalisation seems to be the outcome of a distrust of working men.

23,481. With regard to the alternative scheme of profit-sharing, did you observe that Lord Gainford in his evidence claimed a larger profit than 1s. 2d. a ton?—He claimed that that would not be sufficient.

23,482. He also suggests that the proposition of the mineowners, if we may take it at the value put upon it by themselves, is that there is something for the miners also in this scheme of theirs after they have got more profit?—After the miners have produced it for them.

23,483. Does that not suggest that the only method of getting it is to get it out of the consumer? If the mineowner is to get more profit and yet there is more promised to the miners, is it not rather to suggest that they are to league themselves together in order to get more profit out of the consumer?—That is one of the reasons why I have said that, in my opinion, the miners will never agree to a scheme to get more out of the community.

23,484. Mr. Slessor, in his evidence, very properly said in the terms of the Bill as you have drafted it, it is possible for the Mining Council to take over, for example, iron and steel works where they are associated with mines in one undertaking. Is that so?—I think it is. It gives that power.

23,485. You have a disclaimer clause in this Bill?—That is so.

23,486. Is it your intention, if it is your view that the Mining Council should not take over iron and steel works, that the disclaimer clause should be exercised not to take them over?—Of course, the Council would decide for itself; but, in my opinion, any works away from the vicinity of the mine it would be a mistake to take over. Of course, circumstances may alter in the future that they could be taken over, but so far as I can see at present it would not be advisable.

23,487. Would you be willing to accept, as an emendation from this Bill, a specific exclusion of iron and steel works and things of that kind that are not directly associated with the colliery undertaking in the sense that coke ovens are? Would you be willing for a clause to be put in the Bill specifically excluding iron and steel, for example?—I would not be willing to exclude anything closely associated with mines.

23,488. Would you be willing to exclude iron and steel specifically?—I would rather retain the power in the Mining Council, acting in the interests of the nation, to do for the advantage of the nation what is seen to be necessary as time passes over.

23,489. I am putting it in this way, if I may, that I think you yourself put it, that the Mining Council has a big job on its hands, and it certainly would not for a very long period even think of taking them over?—I do not think it would.

23,490. In those circumstances, would you be prepared to accept a specific exclusion of those undertakings, seeing that this is a Bill not to nationalise iron and steel industries but the coal industry?

Mr. Robert Smillie: Does not the Bill only provide for nationalising the mines and minerals, if it is passed in its present form?

Sir L. Chiozza Money: Yes. I am only asking Mr. Straker if he would make a specific exclusion?—I would at the present time, but I should like always to have power in the future, as it might be found advisable to take even these over if they are associated with a mine.

23,491. Sir Arthur Duckham: You would like the power left in the Bill?—Yes, I would.

23,492. Sir L. Chiozza Money: I have only two points further to put to you. The first is with regard to competition. Have you any objection to competition in the sense of personal emulation or the competition of individuals in point of merit? Have you any objection to competition of that sort?—I think that was the word I was after when Sir Adam was contrasting competition, or, rather, was comparing competition in trade and competition in scholastic attainments.

23,493. Is it not the fact that some of the keenest competition in the world has been between persons who have not the faintest conception of getting a penny out of it, as, for example, when scientists compete with each other in investigation or when the commanders of submarines compete with each other in war. Are they not the most effective instances of competition that have even been known?—I agree to that. I think I have stated that, in other words, when we deal with the system of comparing pit with pit, manager with manager, system with system, and so on, in all that the spirit of emulation would enter in and be a much higher form of incentive to enterprise than the present selfish idea of gain is.

23,494. Do you not think it would be essential to give mine managers the chance of promotion?—I have said managers would be remunerated according to the responsibility they are under, the larger positions being always open to the men of greater efficiency.

23,495. Is it not the fact that the only competition you object to is the competition in making profits out of the community?—Yes.

23,496. It has been suggested that somebody might come along and take your watch from you because you had advocated the nationalisation of mines. Is it not the fact that there is all the difference in the world between property in personal things and property in things which gives you a command over the lives of others?—Most decidedly.

23,497. Is not the only objection you have an objection to a form of property which puts one man at an unmanly disadvantage to another man?—Something that makes his whole life subject to another man.

23,498. So that whereas you and I are here talking on level terms one with another, if you were a mineowner and I were a miner we should not be here on level terms?—Yes.

23,499. Whereas if I were the mineowner and you the miner I could give you the sack?—You could use me at your will.

29 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

23,500. *Sir Arthur Duckham*: I have one or two questions on your *précis* first, if I may. On the first page at the top of the second column you speak there of the man who gives his labour to the industry having at least an equal right to executive powers in every department of the industry with the man who puts his capital into it. I asked one of the mineowners the other day if under the profit-sharing scheme they appointed directors to look after the workmen would that in any way meet or assist the miners?—It would not. It would mean a combination, which I have already said I object to, of colliery owners for the purpose of exploiting the community.

23,501. Why have the Miners' Federation refused to be connected with the National Industrial Council?—I think, as I have said, it was largely because it was so evident that the object was merely to patch up the existing systems prevailing in the industry under which workmen are employed.

23,502. I ask you the question because it seems to me that surely the help of the Miners' Federation would have been of very great assistance to the Mining Council. Do you not think it is necessary that the whole of the industries of this country should get together?—I think it is necessary to reconstruct. If we are still to retain all the old systems we shall get exactly the same results in future.

23,503. You want to reconstruct by eruption?—No.

23,504. Rather than by general arrangement?—We do not expect that there is going to be an eruption of the coal trade. A change of system is not necessarily an eruption.

23,505. Why do you consider that under nationalisation there would be a decreased cost of production of coal?—Because I have said that all the experience and practical knowledge of working men will be at the service of the industry. All the economies will be exercised by everybody in the pit. Everybody will be co-operating together for the best result, instead of there being that antagonism which I am sorry that colliery owners are assuming always to be existing even under nationalisation.

23,506. There is antagonism only on one side?—No, antagonism on both sides, most decidedly.

23,507. Do you suppose that under a nationalised system the cost of production of coal would be lower, and presumably if you do that you suppose that the wages cost per ton would be lower?—That is so.

23,508. On page 2 you speak of the experts. You say: "Positions on the expert staff of the mining industry and even seats on the National Council will be open to the greatest ability. No such incentive to real worth has ever been or can be offered under private ownership." What seats on the National Council would be open to these men—the Miners' Federation seats, the Government seats—or are you going to create new seats?—I think the whole of these seats would be open as vacancies occur, of course.

23,509. To the Miners' Federation, of course?—To both sides.

23,510. The other side is mostly taken up with consumers. I was wondering whether you would agree that the Miners' Federation side should have these experts?—The Miners' Federation side will appoint experts among their number; that is why we increased the number from five on each side to ten on each side.

23,511. On this question of discipline—it is a question I have asked before, but not of one who is so competent to answer it as you are—is the discipline at the present time under the Trade Unions good?—Yes.

23,512. That is to say the Trade Unions obey the executive absolutely?—I am speaking with particular reference to miners.

23,513. Do you say that the miners obey their executive?—I think it is good; it might be better.

23,514. Have you cases where the miners do not obey the Executive's instructions?—I think there have been cases in other counties than Northumberland.

23,515. You are happy in Northumberland?—I think we have a splendid record for 40 years.

23,516. Some of your spirit may have gone into Northumberland?—I may have got it there.

23,517. You cannot speak for the other counties with regard to their discipline, can you, because it is rather an important matter?—I think it must be conceded for other counties that the few cases where there has been any departure from decisions by their Associations are extremely rare and speak very highly for the miners' organisation.

23,518. You do not know of any case in the Midlands at the present time, do you? I ask you because I heard of a case the other day where the Miners' Federation were anxious to stop a strike and the men will not go back?—I do not remember it for the moment.

Mr. Robert Smillie: You might perhaps allow me to correct that statement.

23,519. *Sir Arthur Duckham*: If I am technically wrong pray correct me. Does not the Miners' Federation want to stop the strike?

Mr. Robert Smillie: The Miners' Federation knows nothing at all about it.

23,520. *Sir Arthur Duckham*: Then I beg your pardon. At Question No. 22,633, if I may read it to you, you were asked: "Supposing last week you purchased mineral property and paid cash for it, would you claim that now it is not your property?" Then your answer: "I would be in the position of a man who buys stolen goods." Are you not in a much more serious position? Presumably the man did not realise that he had bought stolen goods, but have you not been buying coal which has been stolen? If you follow that argument through, have you not been receiving stolen goods yourself and secreting them in your coal cellar?—No; when the community gets the coal it gets what belongs to it.

23,521. You are not the community?—But I am part of it.

23,522. So is the man who bought this coal part of the community?—He is part of the community most decidedly, but he has no right to purchase that which belongs to the community to the exclusion of the rest of the community.

23,523. But he does not?—He does.

23,524. He does not keep it away from the community?—No, but he buys the value of it.

23,525. So do you buy the value of it?—He buys a value that he has no right to.

23,526. You can see a difference between the two things?—Most decidedly.

23,527. A man buying a bit of land and you buying a bit of coal—I am afraid I cannot see the difference?—It would take a lot of explaining away, I should think.

23,528. With regard to this Bill, the chief point I want to ask you is this: Is the Bill subject to revision and only a tentative suggestion how to meet the case, or is it a hard and fast line laid down by the Miners' Federation, that that is what we want and what we are going to have?—There is nothing put in that position in this world that I know of.

23,529. I ask from the point of view of helping. It is subject to revision?—We have put it forward because it embodies our suggestions for the better management and ownership of the minerals and the working of the minerals which belong to the people.

23,530. You would be quite willing to have revision made?—There will probably be a lot of revision in the House itself.

23,531. I am not talking of the House, but I take it you would consider any revision?—Decidedly.

23,532. You speak about valuing minerals. Why go to the bother of valuing them if you are going to confiscate them?—I think it is desirable to know the value of what you are confiscating.

23,533. Is it?—Oh yes.

23,534. The value does not appear in any balance sheet if you confiscate it?—No, but it is necessary to see exactly how the nation has been robbed.

23,535. You only want it for that purpose?—Yes, for information.

23,536. With regard to paragraph 1 and the question that *Mr. Smillie* spoke on just now and that *Sir Leo* was asking you questions on, with regard to taking over, selling, winning, and distributing coal and other minerals, in a broad sense that would

29 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

include a very great deal of the industries of this kind—iron mines, lead mines, china clay mines and fireclay mines, and industries attached thereto?—Yes; these are all powers given; but, as I said, Clause 5 was a disclaiming clause, so that they could be taken over, as it was found advantageous to do so.

23,537. Dealing with the disclaiming clause, do you realise that that disclaiming clause would absolutely make the ordinary industrial life of this country impossible?—I do not think so.

23,538. Put yourself in this position and imagine that you have a works—an iron mine or a coal mine, with a blast furnace attached, and the Mining Council disclaimed this mine: they would have a perfect right to come back and take it over when they liked. Would you have any heart in running that mine or blast furnace or anything else, with it hanging over your head that it is going to be taken from you, and that your effort is going for nothing?—I think that would hurry up the Mining Council in taking it over, but I should expect that the Mining Council would take over the mines as quickly as possible consistent with other liabilities.

23,539. You say "mines" in your answer, but may I put it to you that in this Bill it is much more than mines: it is all the works which are attached, it is the steamboats, wharves, railways and so on, and I put it to you that if this Bill were carried out to its fullest extent you would take control of a large part of the industry of this country?

Mr. Sidney Webb: As far as it is attached to coal mines.

Sir Arthur Duckham: You have your coal mines or iron mines, and you may have your blast furnaces, your steel works, your rolling mills and the whole thing on an estate, and you have power to take it over. You say "disclaimed." If you have power to take it over after disclamation, surely all the life would be gone out of that undertaking?—I do not think so.

23,540. We have had several witnesses before us who state that the sitting of this Commission has taken the life out of the coal industry, because practically no development is going on at the present time?—Surely that is a state of things that reflects terribly on the coal owners.

23,541. Is anybody going to spend money on trying to find his minerals to-day if he knows there is a suggestion that they may be taken away for no payment to-morrow?—All that he put into it, he will get paid for.

23,542. No, you confiscate it?—That is, the minerals.

23,543. Any man who has proved his minerals, after spending money on doing so, you take his minerals?—I am not sure that many mineral owners do that.

23,544. They have to pay money for their minerals being worked?—No, they have claimed payment from somebody who has found the minerals for them.

23,545. Surely mineral owners have tested and tried their property and have paid money for it being tried and proved?—In some cases. I think, judging from the evidence of that Pioneer Society, we find that they have actually to pay a rent to the mineral owners in order to be allowed to find the minerals for the benefit of the mineral owners.

23,546. That may be so in some cases. The point I want to put to you is—and what you do not appreciate, presumably—that this disclaimer clause would upset a large part of the industry of the country?—I think money put into borings, as you suggest, by a mineral owner, would be part of mining, not necessarily as the value of the royalty, and that would be compensated for.

23,547. A bigger question is, is it still your opinion that this disclaimer clause, as drafted here, would be a possible way of working the taking over or the not taking over of these large interests in this country?—I think it provides for taking them over just as it is advisable to take them.

23,548. What are the people who own the property to do meanwhile?—They would be getting, just as they are always getting, out of it a return for their services.

23,549. These people could not have a long-sighted policy, which is certainly the only way of running a business, because they might be taken over at any time without any notice?—But with full compensation.

23,550. You have limited the compensation?—Necessarily.

Mr. Sidney Webb: Not the Associated properties.

23,551. *Sir Arthur Duckham:* I am talking about the mines that he disclaims?—That limit, we consider would be ample to meet all cases.

23,552. There is just one other point: I have shown you my fear, and you do not agree with me that there is a fear; if these other industries are coming in, why should not the workpeople in these other industries and these other interests have a direct voice in electing the ten members of the Mining Council?—As industries may be outside of mining, although I do not contemplate it for a long time—but should that ever come—that will be a matter for fair consideration.

23,553. Therefore you would be quite willing, in this Bill, to have the Miners' Federation as the nominators of these ten members deleted, and you would agree that these ten members should be appointed by the workpeople in the industry or industries controlled by the Mining Council?—I have not said that.

23,554. Would you, on the basis that you now agree, be willing that these men should have a voice?—No, I say at the present time the taking over would be largely confined to the taking over of coal, whereas the Miners' Federation would fairly represent the people employed in the coal-mining industry.

23,555. Therefore, at the moment you would not give the mine surface workers or engine men a voice?—The engine men are largely members of the Miners' Federation now.

23,556. We have had evidence that did not seem to show that?—I may tell you for your own information they are now.

23,557. You hope to get the managers, technical experts and others?—Yes; therefore it is not necessary to make special provisions at the present time.

23,558. Are you hoping to get the management, surveyors and others?

Mr. Robert Smillie: And the mine owners.

Sir Arthur Duckham: I agree, if you do that it would be a happy condition of affairs; you could then exploit the public.

23,559. One point with regard to the Mining Council. You have twenty whole-time men sitting. What would they do? Is it suggested these twenty men should sit round a Board Room table all day and talk?—I would allow them to go out to meals.

23,560. I agree to that. I am trying to get at these things. I have had a certain amount of experience in organisation. What will these twenty men do? Will they talk all day or has each one different executive powers?—They will have the whole policy of the whole industry to look after, and I think they will have just as much as they can manage.

23,561. With all due deference, twenty men sitting round a table, I cannot conceive them talking all day about the general policy, you know?—We have not laid that down. They will have to work each day.

23,562. Whole-timers?—But I think you said you were a member of half-a-dozen directorates and you are a hard-worked man?

23,563. My directors' meetings do not take me ten hours a month?—Then you are not so hard worked as it was suggested.

23,564. That is not what I call work; that is amusement. May I put it this way. Do you know anything about this Council. I should like to know if it is like the Army Council which Mr. Slessor likened this Mining Council to or the Board of Admiralty or the Ministry of Munitions Council. They only meet very rarely; they are not their whole time there?—I am not sure they manage it very well.

23,565. They do the best they can with the material at their disposal?—They have not the control after all.

23,566. That is the point I want to make. Take the Mining Council who has the control of the Mining Council?—The Mining Council.

29 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

23,567. Which part. Do you bring everything to the vote if there is disagreement, or is it that the Minister decides?—I put it they will work together as one Council.

23,568. It does not always go like that. If there is a difference of opinion do you put it to the vote?—The Mining Council would decide its own regulations.

23,569. That is to say, by vote?—Probably they will; but I do not expect the vote will always be five on one side and five on the other.

23,570. You suggest the decision of the Mining Council might be by vote, and if the Minister of Mines is outvoted he has to carry out the wishes of the majority?—Yes, he would have to carry out the instructions of his Council.

23,571. You do know that is against the present way of working a Ministry?—That may be. I have not much admiration for the present system.

Mr. Herbert Smith: It needs reconstruction.

23,572. *Sir Arthur Duckham:* Now I will deal with the matter of consumers. *Sir Adam Nimmo* dealt with it pretty fully. The consumer has as much interest in the coal as the miner?—No, I would not say he has as much.

23,573. Why not?—He merely consumes coal just as the miner does, but the miner has the additional concern that he has to get it.

23,574. Quite. Then you know that unless there is a consumer you would not want the miner?—Quite. I thought you asked about contrasting the interests of the two parties. I say the miner has a double interest from the fact that he has to produce it. He is also a consumer of it.

23,575. The only protection you give the consumer is a possible Advisory Council with the protection he might receive from the representative of the Government?—From the protection he will receive from the representative of the Government, otherwise they will be unworthy of the position.

23,576. So many representatives of the Government are unworthy?—I quite agree.

23,577. I hoped you were taking an opposite view?—That is why we make provision for the removal.

23,578. On that point of removal, it is most difficult to remove a member of a Government staff, or anybody who has anything to do with the Government?

Sir Leo Chiozza Money: Mr. Straker does not refer, for example, to Postmaster-Generals when he says that.

Sir Arthur Duckham: Is this interruption necessary? If you want to get a little point in, make a point. I do not see why you refer to Postmaster-Generals, unless it is something you have against Lord Gainford.

Sir Leo Chiozza Money: It is Members of Parliament ordinarily speaking and persons put in responsible positions. Mr. Straker did not mean to reflect upon those. If he did, he did it most unjustly.

Witness: I am not going to reflect upon anybody: it is the system I reflect upon.

23,579. *Sir Arthur Duckham:* You would not propose to give the consumer an absolutely definite position on the Mining Council?—No.

23,580. You would not give him a definite position as a consumer?—I think the consumers will be fully represented.

23,581. You might possibly have some percentage in order to safeguard the consumers. Would you give them a definite representation of, say, three or four members on the Mining Council?—No. I would leave that to the judgment of His Majesty always. I think with all the faults of the Government it would see to that wisely.

23,582. In paragraph 17 of the Bill there are two points. You say at the end of Clause 1 that it shall be payable out of moneys provided by Parliament. Presumably you mean by that the issue of Mining Stock?—I think these are legal clauses.

23,583. You do not mean it comes out of the ordinary Exchequer?—I understand these legal clauses are necessary and follow the usual form.

Mr. Sidney Webb: It cannot come out of anything but the Exchequer. The question is how the Exchequer is fed.

Sir Arthur Duckham: The question is Mining Stock.

Mr. Sidney Webb: Money provided by Parliament can only be issued by the Exchequer. It is a technical term.

23,584. *Sir Arthur Duckham:* In sub-clause 2 you say: "Provided that moneys received under this Act in respect of the sale or export or supply of coal or other minerals (including the moneys received from the Government Departments) may be directly expended in or towards carrying out the purposes of this Act." That is to say, any money you receive you can use for what purpose you like. That means to say, you could carry out your capital extensions out of revenue?—It means the industry will be self-supporting.

23,585. It could pay its capital expenditure out of revenue?—It will have no other source, I take it.

23,586. It could raise more capital. I ask you this because a great point has been made in this Commission that you should not pay capital charges out of revenue.

Mr. Sidney Webb: The Bill does not provide for it.

23,587. *Sir Arthur Duckham:* In Clause 15 it says: "The net surplus profits then remaining shall be applied in establishing a sinking fund and, subject thereto, in establishing a depreciation fund in respect of capital expended." Is it proposed to use the net profits for reducing the price of coal, or is it going into the business?—I think the sinking fund would probably be used for the purpose of redeeming the stock issued to the present colliery owners from time to time.

23,588. You mean wiping out Government stock—reducing the capital?—Redeeming the capital.

23,589. Not for reducing the price of coal?—That would all depend upon the many circumstances that would enter into the trade as to what the price of coal should be.

23,590. In Clause 19 you speak about the Mining Council making regulations. May they make all the regulations without referring to Parliament? Is the Mining Council free from the control of Parliament?—No.

23,591. Therefore they would have to refer to Parliament?—They would be in much the same position in relation to Parliament as the Home Office is now and the Mining Department of the Home Office.

23,592. They would be the same as any Government Department at the present time. The control of Parliament would be as complete as it is over any Government Department at the present time?—Yes, it would be.

23,593. There is just one question with regard to the wages. It was brought to my mind by a document that was given us here. You say you feel that under the National Control with the Miners' Federation more closely interested wages will be better?—I did not say that.

23,594. I do not want you to commit yourself in that way. I am not trying to catch you. If the workers had a hand in the control of the wages, the wages would be fairer, I will not say better?—The wages will be fair with due regard to other industries.

23,595. I only raise the point; here again I would like you to correct me if I am technically wrong, that the wages in South Wales, we have heard here, are about £4 per week at the present time for labourers, and yet the colliery workmen in the neighbourhood are advertising for check weighmen at £2 10s. a week. Is that a mistake, or is £2 10s. in South Wales considered a fair wage for working men?—I cannot answer for South Wales. I would not consider it a fair wage.

Mr. Winstone: There may be various circumstances concerning the check weighmen.

23,596. *Sir Arthur Duckham:* It is at the Red Ash Colliery.

Mr. Winstone: If it is the Red Ash Colliery, I know that there is probably a dozen men employed there.

23,597. *Sir Arthur Duckham:* I am told about 70 or 80. My point, Mr. Straker, is this: If there is a man employed you would not pay him less wages than he should get?—No, I do not think so.

29 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

23,598. If the proper wage in South Wales is £4, they ought to offer £4 for these check weighmen?—Yes. I agree.

23,599. *Mr. Herbert Smith:* Mr. Cooper and Sir Adam Nimmo and Mr. Evan Williams made a point of reduced output. You have given some reasons. Are there not other reasons? Did not Nottingham stop three weeks during that period entirely?—I think I have already mentioned Notts. I mentioned a stoppage in South Wales and also Notts.

23,600. Do you think during the controlled period owners have done their best at collieries to get the large coal output?—I would not like to reflect upon them in that way. I think the restriction upon development was greater than it ought to have been, and if the miners' side of the Coal Controller's Advisory Board had been consulted or had had any power in it I think they would have managed that matter better than it has been managed.

23,601. Would you think a colliery that in 1918 employed 90 more men at the face than it employed in 1917, because in 1917 there was no control, should have 87,000 tons of coal less output?

Mr. R. W. Cooper: The control was in 1916.

23,602. *Mr. Herbert Smith:* You are right. A colliery that had 90 more men in 1916 than in 1917 reduced its output by 87,680 tons in one year, would you not think there was need of an enquiry there?—I think it ought to have been enquired into.

23,603. I want to put it to you that there has not been that interest with coalowners during the control as there was when free?—They have been awfully anxious to get free of the control.

23,604. You and I were on the Control Board as advisory people; how much we got to know about control?—Our advice was not sought much, was it, and we were never sure that it was going to be accepted when given.

23,605. Sir Adam when he was on it was anxious to get away from us and went and joined the Government to make it better, and made it worse. Is not that the fact?—I think colliery shares have gone up since Sir Adam went on to the Board.

23,606. I want to put it to you that Sir Adam when on that Advisory Board was able to do something more from their advisory side than we were, because it has been admitted in evidence that they put 2s. 6d. on coal per ton that was not necessary, and that was done by the coalowners' advisers on that advisory board?—They certainly had a good deal to do with the financial arrangements and we had nothing whatever to do with them.

23,607. Our thoughts were directed as to how much corn we could take from the pit pony?—And what sort of pick shafts we could get. That is why I say we have had more than enough of such Advisory Boards.

23,608. That is why we rebel against that sort of control?—That is so.

23,609. You had another point put to you with regard to the opposition of workmen against machinery. Is that sound that workmen are against the introduction of machinery?—I have not found it. I can only say I was surprised to hear it and I still hesitate to believe it without proof.

23,610. Has not the difficulty largely been when machinery has been introduced it was a question of prices and the employers wanted to take prices off, which they were not justified in doing?—I have known many disputes as to how much should be paid men who were working with these machines. That is a different thing from objecting to the use of the machine.

23,611. You were asked another question by Mr. Williams or Mr. Cooper as to whether you did not think the output, on the change of hours, would decrease?—I said I thought temporarily there would be a reduction.

23,612. Would you not go further and say if the present system of transport in pits and getting men to and from the pit was not altered it would continue to decrease?—I said it would not continue because I think all the things would be altered.

23,613. Another question put to you was that when you get an inefficient servant you have difficulty in getting him removed. Have you served on Local Councils?—You mean Municipal Councils?

23,614. Local governing bodies?—No, other than a Parish Council.

23,615. You do know in these Local District Councils they appoint men that are called Sanitary Inspectors?—I do.

23,616. And their appointment is supposed to be ratified by the Local Government Board?—Yes, and they cannot be removed other than by Government.

23,617. Have you not seen any removed when they have been doing their duty because they complained of insanitary dwellings. Have you no case in your recollection?—No, I do not know a case of that kind.

23,618. There is no difficulty as far as the present system is concerned in collieries in getting inefficient men removed, is there, if they are proved to be inefficient?—There would be a difficulty in removing a director if he were inefficient, would there not?

23,619. There would be a difficulty in removing a director if he were inefficient?—I suppose the shareholders may have the power. The disadvantage would be they would not know if he was inefficient or not.

23,620. With regard to the export railway rates. Do you think the present method of railway rating for taking coal is fair? Let me give you a case in point. I live at Barnsley. To take coal from Barnsley to Hull to be burnt in Hull would cost 4s. 2d. per ton. If it was going to be exported it would be taken for 3s. 7d. Is that right? For the coal burnt in the country 7d. a ton more in carriage is charged to the people than for export?—There are a large number of these anomalies in the coal trade. I know even at the pit mouth ordinary consumers purchasing coal will have to pay as much for it as if it was taken many miles away.

23,621. We have heard a lot about minimum wages. We want to get this clear because we want everybody to know our business as far as they can know it. Do you think there can be any satisfaction in mining areas when there are varied minimum rates which there are existing to-day from 7s. 3d. down to 3s. 5d. base rate?—I think one of the advantages of the nationalisation of the mines will be that men will be paid wages as miners and not be determined by the locality they live in.

23,622. Dealing further with the minimum wage, it does not include all workmen. Even if they accepted the principle of minimum wage, there are certain men excluded?—It only applies to underground workmen to commence with.

23,623. There are more laws against men getting it than for their getting it?—While it includes underground workers the payment of it is so hedged round by restrictions that a large number of men do not get it and thereby create a lot of friction.

23,624. Largely, is not the manager the determining factor whether the workmen shall have it or not?—In the first case he is. There is a tribunal to which such disputes can be referred.

23,625. To be decided by an independent Chairman?—Yes.

23,626. There are things that cannot go to an independent Chairman?—Yes, it is hedged about by restrictions that exclude it.

23,627. In some districts he is excluded at 60?—In some districts 65 years of age.

23,628. In some districts if he does not work all the time the pit works, he is excluded; that is to say, if he loses one turn of the work?—It was so in Northumberland. We have a slight amendment now to that.

23,629. Do you agree that all opposition from our friends against nationalisation is to the country's interest?—No, I think they have admitted that personal gain is the great incentive to activity.

23,630. They realise it is a very profitable industry and they want to stick to it to the last moment?—I am only taking them at their own philosophy, as they take me at mine.

23,631. Take their own balance sheets. Do not you think it is really personal interest that makes them oppose nationalisation?—I assume that from their own philosophy.

29 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

23,632. Has a miner ever attempted to lay it down that he is simply out to nationalise for his own selfish gain?—I think we have made that clear in all we have done in connection with that matter. Sir Adam was talking about other trade unions with members at collieries.

23,633. I was right in saying to start with that you, on behalf of the Miners' Federation, talk for 99 per cent. of underground workmen apart from officials?—I think the Miners' Federation, in determining the condition of underground workers, determined the condition for all these except the officials.

23,634. Do not you think you are here representing, on behalf of the Miners' Federation, 99 per cent. of the men that is lowered down, men and boys?—I would not like to say 99 per cent.—that our membership constitutes 99 per cent. I am not sure it is quite so high as that, but the conditions even of those who are not members with us are largely determined by the Miners' Federation.

23,635. I want to get you from there to the surface. It is on the surface that Sir Adam was making this point. Do you think you represent surface workmen of all kinds, engine men, shopmen, yard labourers and pit-head men to the extent of 99 per cent.?—I think we shall, now we include the Engine Men's Associations.

23,636. *Mr. Frank Hodges:* By the Engine Men's Federation do you mean the colliery engine men and boiler foremen?—Yes.

23,637. Are you aware that they have a membership of 25,000?—Yes.

23,638. Are you aware they have just effected an affiliation with the Miners' Federation of Great Britain?—I think I did inform Sir Arthur Duckham of that.

23,639. With that addition the representation of 75 per cent. of the surface workers would be considerably increased?—Quite. We also include the Coko Men's Association now.

23,640. In the light of that new development should I be exaggerating if I put it that the Miners' Federation of Great Britain now represents 95 per cent. of the surface workmen?—I think we probably do, though I have not the exact figures.

23,641. What do you think is the purpose of these continued assertions in reference to the declining output? Do you think the purpose is to merely give the public information, or to prove a conclusion that some people have already in the back of their minds?—I think it is to play upon the fears of the public.

23,642. In what way?—Because of the reduction in output they are going to have to pay a higher price for the coal.

23,643. Do you think that is part of a cleverly calculated scheme to prejudice in advance nationalisation?—I do not like to enter into motives at all, but that is the effect of it.

23,644. That is the effect of it?—Yes.

23,645. You have not got sufficient information to judge whether that is the motive?—No, I have not.

Mr. R. W. Cooper: That is hardly a proper question.

Mr. Frank Hodges: You can very often prove motives if you have sufficient data. As a lawyer, Mr. Cooper, you know that very well. Do you appeal to the Chairman?

Mr. R. W. Cooper: Yes, I ask the Chairman if that is a proper question.

Chairman: We can get on now.

23,646. *Mr. Frank Hodges:* You have, I take it, come to certain conclusions as to the causes of declining output, some of which you have already given in evidence?—Yes.

23,647. I have before me some figures which are official and which I will put to you. I have before me a return showing that from January to March of this year there were lost through disputes in these coalfields 2,079,000 working days in three months, and there were involved in the disputes 458,000 men, nearly half-a-million men. Would you come to the conclusion, if these figures are correct, that you have discovered a most obvious cause of the decline in output in the first three months of this year?—I think that cannot be denied; unfortunately it is true.

23,648. In addition to the disputes which those figures indicate and prove, has it been brought to your notice that there are also collieries that are not working full time through lack of trade at the present moment?—I am not aware of lack of trade, but for lack of the means of getting the coal conveyed away from the pit—lack of trucks.

23,649. Would you be surprised to learn I got letters as the Secretary of the Miners' Federation? I have had one this morning, from colliers in South Wales, in which the workmen appeal for some steps to be taken in order that they can secure regularity of employment. Would you be surprised to hear I get letters of that description?—I would be surprised to hear it.

23,650. I got them. You do not know the South Wales district very well?—I do not.

23,651. Then I will put this question to Mr. Winstone. (*To Mr. Winstone.*) Have you heard, Mr. Winstone, of the Ton Mawr Colliery in the Avon Valley?—Yes.

23,652. Are you aware that a colliery only last week lost four days for the want of wagons?—Yes.

23,653. And the men then considered themselves to be in a most serious position through the inefficient system of providing them with a regular supply of trucks?—That is so.

23,654. *Sir Adam Nimmo:* What is the size of the colliery?

Mr. Straker: I think that obtains in some pits in Lancashire.

Mr. Frank Hodges: They send a special request to me to go into it.

Mr. Evan Williams: It is a small colliery.

23,655. *Mr. Frank Hodges:* (*To Mr. Winstone.*) Do you know of any other complaints in that area that have come under your notice of men being unable to work for the want of wagons?—Generally, for some months there have been some complaint from the area down to the western part of the coalfield.

23,656. Would it surprise you to learn, Mr. Winstone, when these workmen were about to have the advance in wages under the Sankey Report, they only got just half of what certain other workmen got in collieries that were working regularly, on account of the fact that from the 9th January up to the period in April when the Sankey Award was brought out they had only worked half-time?—It would not surprise me at all.

23,657. Do you consider that in itself would show in the return when one is considering the output of the last three months?—Certainly.

23,658. When you were acting as the President of the Miners' Federation last year, do you remember the coalowners put in a statement immediately after the armistice in which they put forward figures indicating that 60,000 workmen had enlisted during the war and the South Wales Miners' Federation asked the owners how many they could at once put on in the South Wales coalfield if the war came to an end immediately?—Yes.

23,659. Do you remember the figure given?—I do not remember the figure now. They can be got.

23,660. If I said the number they said they could put on at once was 13,000, would that represent it?—I am almost positive that was the figure.

23,661. That is to say, the owners could only put 13,000 out of the 60,000 of these soldiers on in South Wales if the war came to an end on a particular day?—Yes.

23,662. Do you remember how many they said they could put on in three months' time after the cessation of hostilities?—I think it was 20,000.

23,663. The figure was roughly 20,000?—Yes.

23,664. Do you remember the number they could put on six months after the cessation of hostilities?—I am not quite sure. I rather think it was another 10,000.

23,665. The total at the end of six months came to exactly 30,000. Do you remember how many they estimated as casualties, that is to say, men who would not return?—I do not know exactly.

23,666. Would it surprise you to know it is in the neighbourhood of 7,000?—Yes.

29 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

23,667. That left a balance at the end of six months of 23,000 workmen for whom the owners could hold out no hope of finding work?—Yes, and by newspaper reports this morning there are 16,000 miners idle now.

23,668. I was going to put that to you.

Mr. Evan Williams: Is that in South Wales?—In the coalfield.

23,669. In the whole country?—Yes.

23,670. *Mr. Frank Hodges:* I am speaking of what you know to be an absolute fact, that at the end of six months after the end of hostilities the owners would find themselves with a balance of unemployed men numbering 23,000?—Yes.

Mr. Evan Williams: I may tell you that the figure as far as three months or six months is concerned is purely conjecture.

Mr. R. W. Cooper: The Controller has some figures.

23,671. *Mr. Frank Hodges:* I am endeavouring to get some light upon the question of the fall in output. I think it is valuable that the Commission should have this information. Do you know, Mr. Winstone, that there were collieries in South Wales which, when the armistice came about, had the full complement of men which they had before the war broke out?—Yes.

23,672. And there were still anything from 50 to 100 or 150 men belonging to that colliery who if discharged forthwith could not get work in that colliery?—Yes, that came to my knowledge in my district.

23,673. Do you know the colliery management resorted to expedients to get men into the mine who were returning even though they had not been developing sufficiently to absorb them?—Yes, and there are many collieries where the real coal-getter, the man who works at the face, works on the surface now because there is no place for him underground.

23,674. Would you agree if I put forward the proposition that the proportion of men engaged in the colliery has considerably fallen?—Yes, I should think so.

23,675. Would that be due to the fact that the areas in certain collieries have not been properly developed during the war?—Certainly, the areas have contracted naturally.

23,676. Have you, as President of the South Wales Miners' Federation, had brought to your notice the case of the Risca Colliery where men proposed to go out on strike because the mine was being improperly developed?—Yes, there is rather a serious history connected with that colliery. In July last year the men came out because of a fire. They were idle for a very long time. In the early part of this year they were out again, because of an excessive amount of gas and a shortage of timber and the ropes cutting into the rails and into the timber that was erected. Any practical man will know of the serious state of affairs that means. It is one of the largest collieries in the South Wales coalfield.

23,677. Do you know the Nine Mile Point Colliery?—Very well.

23,678. Do you remember the workmen at that colliery had to embark on a strike at one time because the management were developing the worst seams in the colliery and leaving the best seams until the market conditions became better and the control was lifted?—Yes, they urged the colliery company to develop a piece of coal which was nearer to the colliery, and admitted to be better coal, and which could not be developed because of the opposition of the royalty owner. We went to the Home Office about it and saw Sir Richard Redmayne. He promised to take steps, but I do not think anything has been done up to the present time.

23,679. As a matter of fact, the worst seams were continued to be developed and the best seams are still undeveloped in that colliery. If those are the facts a combination of those facts must have a serious effect upon output?—Certainly.

23,680. First of all, there is the fact of the overcrowding of the colliery; secondly, there is the fact of the colliery companies not having developed their mines properly during the war; and, thirdly, there is the fact of industrial disputes. I put it to you, is

there a fourth fact? Is there a certain psychology of low production being gradually developed in the men's minds in the mining industry?—I have no doubt about that.

23,681. Would you regard that as one of the most serious things everybody has to consider?—I think so.

23,682. To what do you attribute that view which some miners hold that it is right to keep their output within reasonable limits?—They are disinclined to produce wealth for other people.

23,683. Would you say this Commission, if it does not take that factor into consideration, would be missing one of the essential facts in the situation?—Yes, certainly; and there is another factor, the more they produce the more are their wages to be reduced.

23,684. Do you know as a fact that you have certain collieries in the South Wales coalfield where under the piecework system men have been able to make good wages, and immediately those wages have exceeded certain figures the prices have been cut?—Yes.

23,685. You have known of that?—Yes. There is a very serious dispute on at the present time, or it was a week or so ago.

23,686. *Mr. Evan Williams:* Where?—Ebbw Vale.

23,687. *Mr. Frank Hodges:* It involved five collieries?—Yes.

23,688. Was the Ebbw Vale Colliery idle for three months?—Yes, longer.

23,689. In fact there was somewhere in the neighbourhood of between 150,000 and 200,000 tons of coal lost?—Yes.

23,690. So much for the apparent causes of declining output. I would like to ask you, Mr. Winstone, because you are familiar with this, if you have read the coal owners' scheme for the future?—Yes.

23,691. Do you remember a reference that one of the Commissioners made to the scheme and he said it could be compared with a sliding scale?—Yes.

23,692. A sliding scale does give the workmen, does it not, a share of increased prices as well as giving the owners a share to the increased prices?—Quite.

23,693. Do you know that historically in South Wales they had a sliding scale in operation from the year 1877 to 1898?—I think it was from 1875 until 1898.

23,694. During that time there was no maximum imposed upon the workmen's wages. If prices went to the highest possible pinnacle the workmen would share to some extent in the inflated prices?—They went up to 78½ per cent., if my memory serves me correctly.

23,695. That was the highest point. Do you remember because of that system the South Wales miners engaged in a strike which lasted for six months, one of the hardest strikes in the history of the country?—Yes, that is well known.

23,696. To abolish that system?—Yes.

23,697. If the owners come forward for the future with a scheme which has the element of a sliding scale in it you would not hope that the South Wales miners would take kindly to it?—They certainly would not.

23,698. It is suggested that this is an agitation peculiar to some subterranean influence in South Wales or in the industry generally?—That is not so.

23,699. Do you know a miners' agent or a miners' leader in South Wales who has refused to subscribe, or has refused to address meetings, urging the men to accept the Miners' Bill as it is presented as being for the time being the most scientific plan of dealing with the industry?—Not one, and all our work is done in the open, even in the open air, so that anyone can come to the meetings; even Mr. Williams, if he cares to.

23,700. The suggestion that this agitation was caused by a few discontented miners you would not treat seriously?—It is the well thought out and the well defined policy of the members of the Miners' Federation.

23,701. Can you take your mind back to the year 1904?—Yes.

29 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

23,702. Do you remember the Annual Conference Resolution of the year 1904?—No, I would not tax my memory.

23,703. I do not want to put it in evidence. There is a volume of our proceedings for the year 1904. Our annual conference was called specifically to consider the question of the nationalisation of the mines?—Yes.

23,704. Have you read that?—Yes. May I say the collieries to which I have referred as being idle are some of the largest collieries in the South Wales coalfield, and they are therefore of much more importance because of the loss of output.

23,705. That reminds me, Mr. Winstone, of a very significant event that occurred during the war. Do you know that owing to the differentiation in the work obtained by the collieries in South Wales during the war they had to set up an entirely new scheme to allocate the trade?—Yes, a joint scheme.

23,706. On that Joint Allocation Committee were representatives of the Miners' Federation?—Yes.

23,707. Did they not have the task set them of providing uniformity of employment for the men in the coalfield?—Yes.

23,708. Did they not have to make arrangements for collieries who were only working one day a week to work four days a week, and those that were working six days a week to work less?—That was the general policy, yes.

23,709. Is it true to say the South Wales Miners' Federation has had as it were a taste of effective control in the allocation of trade?—Yes.

Mr. Evan Williams: None of our schemes were put into effect because a rapid change came over it.

Mr. Frank Hodges: The scheme operated for quite a time and the basis of the scheme determined the trade of the collieries for a long time, and you and I were on the committee.

23,710. Mr. Evan Williams: You gave us valuable information, but it was not put into operation?—Returns were put forward showing what had been done.

23,711. Mr. Frank Hodges: Do you remember the different classes of coal produced? Do you remember the coal owners said such a scheme was impracticable?—Yes.

23,712. The buyers would buy the best class of coal and leave the worst class?—Yes.

23,713. And therefore the collieries producing the worst class would not work regularly?—Yes.

23,714. Do you remember the collieries producing the worst class worked regularly after that came into operation?—Yes, very regularly.

23,715. I would like to ask Mr. Straker one or two questions. (To Mr. Straker.) With regard to the financial proposition, Sir Adam questioned you yesterday about the 12s. and 10s. purchase price which you have in the Bill. Have you read Dr. Stamp's evidence before this Commission?—Part of it.

23,716. It is available for you to read the whole of it?—Yes.

23,717. Do you remember reading the portion dealing with the actual capital in the industry at the present time?—I think he stated £135,000,000.

23,718. That includes the royalties, I think. He says on page 35: "It was estimated for the census on production at £128,000,000." Then, later, when it was estimated for, as he described it, the capital, he said: "The capital here is what you would call the excess profits duty capital, that is to say the hard money at stake." Then he says: "The average for the five years is £0.51. That is just about 10s., so it will be seen that that estimate which has been used from time to time of 10s. a ton was very closely borne out by the balance sheets that I was able to have examined."

Mr. R. W. Cooper: That is capital employed as defined by the Finance Act.

23,719. Mr. Frank Hodges: "On the output of the five years before the war the capital would therefore be about £135,000,000. Suppose we were to regard 5 per cent. as a minimum return thereon, there would be a charge of £6,750,000 out of the £13,000,000 to £14,000,000 that has been referred to as the profit of the coalowners, leaving £7,250,000 as the profit

over and above that minimum return." If that estimate was taken as the basis, would you still agree that 10s. per ton and 12s. per ton would be fair in accordance with the estimates of impartial persons?—Taking the largest output we have had, I think that was in 1913, it was 283,000,000 tons, if I remember correctly.

23,720. Mr. R. W. Cooper: 287,000,000 tons?—£135,000,000 given by Dr. Stamp works out on an average at about 9s. 6d. per ton. With an average of 9s. 6d. I think the limit or the scale we adopt of 12s. and 10s. is ample—you must have some below and some above—because with an average we think that always a sufficient scale to meet all cases.

23,721. Mr. Frank Hodges: It is suggested that this money or this value should be acquired by the issue of Government Stock. Have you considered what percentage that stock would bear?—I think the Bill makes provision that it shall carry as near as possible something like the nearest equivalent stock. If you take War Loan it would only be 5 per cent.

23,722. In the Federation Scheme, under the Bill, you have put forward if the stock was issued at 5 per cent. the coalowners who hold the stock would get until that stock was redeemed 6½ million pounds per annum?—That is so.

23,723. Do you consider that the industry of this country if it has to provide for future improvements and if it has to endeavour to keep the price of coal down for the community can afford indefinitely to pay owners of stock 6½ million pounds per annum?—We do not propose to pay it indefinitely. We propose to establish a sinking fund to redeem the stock.

23,724. How do you propose to establish the sinking fund?—Out of the industry.

23,725. Would you rather not say that should be a charge for the whole country?—Quite, but the country would then own the mining industry.

23,726. You appreciate the difference. If the industry itself is to bear out of profits that it might make the payment of this annual sum of 6½ million pounds and out of the profits it has to provide its own sinking fund for redemption of capital, do not you think that is putting the owner in a favourable position as compared with the men who have to work in the industry in the future and the community?—I think it is a favourable position, because they will get that return on their capital without any risk or trouble at all. I think, if you take Professor Merrivale's figure in that pocket-book which I handed in, you will find that he calculated at that time the average gross return in the coal industry was only 5 per cent. Since that time I think it went up to 10 per cent.

23,727. Do you not think if these become the terms the Miners' Federation may be criticised by the rest of the labour movement for offering too generous terms for the acquisition of this property?—I think we are offering generous terms.

23,728. Do not you think the Miners' Federation would be subject to criticism by the rest of the working classes of this country?—They may be. I could not answer that question.

23,729. Mr. R. W. Cooper: I do not mean to ask you anything on what Mr. Hodges has asked you. With regard to the book you handed in yesterday, which appeared to be the authority upon which you were basing your maximum of 10s. a ton, may I call attention to the fact that the figures referred to in the book refer to capital invested? Let me read what it says: "Taking this figure 9s. per ton, the capital invested in the Northumberland collieries"—that is the expression throughout?—Yes.

23,730. The question I asked you about was fair selling value?—Yes, I remember you and I differed as to what was fair.

23,731. I suppose you agree with me there is a great difference between capital invested and fair selling value. Will you answer that "Yes" or "No"?—I am afraid you cannot get an answer to a question of that kind "Yes" or "No," or to all these questions.

23,732. Surely?—No.

23,733. Let me illustrate it. If you and I put up £100,000 and employed it in opening up a coalfield

29 May, 1919.]

MR. WILLIAM STRAKER—MR. JAMES WINSTONE.

[Continued.]

and sinking a pit, that is the capital we have invested. If the pit, after it had been equipped by us with our £100,000 was put upon the open market for sale and if it fetched £200,000, that is the selling value?—Yes. I would not say that was fair.

23,734. Take the contrary case. It might be, of course, that what you and I spent £100,000 upon would only fetch £50,000 in the market?—In buying and selling in that form you suggest there is always the speculation as to how much they can exploit the workers and the community.

23,735. I am talking about the selling value of anything. The selling value is what the article will fetch in the open market, is it not?—That is so.

23,736. *Mr. Robert Smillie*: Have you heard any complaints from the Ashington Colliery as to men not being able to get away their output?—At many of our pits.

23,737. Has there been a complaint from Ashington that it is quite impossible to take away the output from the mine?—That is so. We have had worse cases than even Ashington.

23,738. I do not know whether it is correct but it has been put to me that it is only possible to take away the output of about two-thirds of the number of men employed?—I have one pit in my mind where the men declared they were getting only half away what they could produce.

23,739. It is not possible they get the fullest output where 1,300 men may be employed underground and it is only possible to take away 800 men's output. That reduces the output of the men employed?—That is where the overcrowding comes in.

23,740. That there is such a case as that I mean?—Yes.

23,741. Do you know whether the price of export coal and bunker coal is still governed by the Coal Controller?—I understand from what I see in the press that bunker coal is not controlled in the way that it has been, at least, of the prices having gone up enormously.

23,742. Do you know what the result of the withdrawal of the price of bunker coal would be?—It had gone up from 31s. 6d. to 60s. and from 34s. 6d. to 70s. and that in 2 or 3 days.

23,743. That is because of the control being removed?—Yes.

23,744. Is there any reason why the same thing should not take place with regard to coal consumed at home if the control was withdrawn?—I have already asked the question of consumers as to what they think they would have been paying if there had been no control. The fact is there cannot be any question they would have been paying as much as neutrals have been paying.

23,745. The coal at the present time to local consumers, to manufacturers and householders is supposed to be controlled up to a point beyond which it must not go?—Yes.

23,746. If that were withdrawn have you any reason to believe that the price of coal for household consumption and also manufacturers might not go up 10s. or 15s. a ton?—I expect it would be nearly doubled.

23,747. Providing it was merely left to competition?—Yes, provided it was left to competition.

23,748. You have never known colliery owners voluntarily selling coal at a less price than they could secure?—No, I have not.

23,749. Have you been surprised during your long negotiations in the coal trade with regard to wages and other questions how little of the human element has come into the negotiations so far as the mine owners generally are concerned?—It reminds me of a case where a fine old man wanted to be relieved from going to work on a Sunday evening because he

wanted to go to church, but the manager at that time told him his religion was to get the pit to work.

23,750. That has been about the position of the religion forced upon our miners by our beautiful system of working the mines in this country?—Most decidedly.

23,751. Is it the case the miners have been anxious to introduce something of the human element into the relationship between coal-getters and coal consumers?—If it were recognised the men are more than machines, it would be better.

23,752. They will have to recognise that?—By the spirit expressed by them at the present time they will only do that as far as compelled.

23,753. I do not expect the coal owners will do it, but the nation will do it?—Yes.

23,754. Have you, in your experience as a member of the executive of the Miners' Federation of Great Britain, known of any discussion which has taken place or resolution passed advising the workmen individually or collectively to restrict their output?—Rather the opposite. I can remember when I was a young man the policy of restriction was very much advocated, but in the matter of 30 or 35 years now I know of no miners' agent who has not condemned that policy.

23,755. You are at present giving evidence upon oath. I would like to put it to you, do you feel there is an attempt at the present time being made in the district by the workmen themselves to reduce output?—I can only speak with regard to that so far as my own district is concerned, and there is not.

23,756. I suppose Mr. Winstone will reply to the same question. (*To Mr. Winstone.*) In the same way as far as South Wales is concerned, there has been no deliberate organised attempt to reduce output?—No, not organised.

23,757. It has been suggested, and resented by Mr. Cooper and some of his friends, that efforts are being made to advertise to the country at the present time the calamity likely to take place if the mines are nationalised. Do you think there is an attempt being made by the owners of the mines and minerals to frighten the country?—I say all sorts of men, including novelists and journalists of all kinds, are writing articles for nearly all the papers in the country condemning nationalisation, so I assume there is a well organised campaign going on.

23,758. Did you read the report in the newspaper the other day of a meeting of shareholders of a very large South Wales company, the Cambria Company?—I do not think I saw it.

23,759. Are you aware, Mr. Winstone, there was a meeting?—Yes.

23,760. Are you aware the chairman made what was said to be an interesting speech?—Yes, it appeared in the "Times."

Sir L. Chiozza Money: And paid for.

23,761. *Mr. Robert Smillie*: Are you aware speeches were directed against nationalisation and in favour of all control being taken off the mines?—That is my deduction.

23,762. Did he not say that control, or the Sankey Award, had cost the company 40 per cent. in dividends?—40 per cent. of excess profits.

23,763. Do you know whether or not that was an advertisement paid for by somebody?—It had all the appearance of such. I am not prepared to say definitely.

23,764. You could not prove it?—No.

23,765. Do you know the general feeling amongst miners is it was an advertisement?—I could not say that definitely.

Chairman: We are much obliged to you, Mr. Straker, and Mr. Winstone.

(The Witnesses withdrew.)

(Adjourned for a short time.)

29 May, 1919.]

MR. JOSEPH SHAW.

[Continued.]

Mr. JOSEPH SHAW, Sworn and Examined.

23,766. *Chairman*: I believe you have been appointed by the members of the Incorporated South Wales and Monmouthshire Coal Freighters' Association to give evidence on their behalf?—Yes.

23,767. I think you are a past Chairman of that Association and you are Chairman of the Powell Duffryn Steam Coal Company, Limited, Chairman of the Bedwas Navigation Colliery Company, Limited, Chairman of the Chislet Colliery Company, Limited, and Chairman of the Normandy Shipping Company, Limited?—Yes.

23,768. Your *précis* says that the Freighters' Association is composed of colliery owners and coal exporters, having a combined output of 19,000,000 tons per annum, and employing about 85,000 men?—Yes.

23,769. And the Powell Duffryn Company have an output of nearly 4,000,000 tons per annum, employing over 18,000 men?—Yes.

23,770. I am going to ask Mr. Frank Hodges to cross-examine you on behalf of the Commissioners on my left and Mr. Evan Williams on behalf of the Commissioners on my right, and I will ask you now to be good enough to read your *précis* and to make such remarks as you desire to make from time to time as you go through it?—I am much obliged. I just might mention that Mr. Evan Williams raised the question about the figure of 18,000 men. Those 18,000 men are not all colliers as you will find out as I go on. We have all sorts of various works and those men are the total number of the men we employ. Then, of course, at Bedwas and other places I have mentioned, we have other men. That figure of 18,000 only applies to the Powell Duffryn Company.

Now, first of all, on the question of production:

"Under private enterprise, the coal output for the United Kingdom has expanded very rapidly during the last 40 years, and the following table gives the output of the whole country.

COAL OUTPUT.

Year.	United Kingdom.	South Wales.
1873	128,680,131	16,180,728
1883	163,737,327	24,975,433
1893	164,325,795	30,154,739
1903	230,334,469	42,154,191
1913	237,430,473	56,830,072

Percentage of increase in 40 years } over 123 per cent. over 250 per cent.

The number of persons employed during the same period has been as follows:—

NUMBER OF PERSONS EMPLOYED.

Year.	United Kingdom.	South Wales.
1873	489,085	...
1883	492,422	80,697
1893	663,385	124,655
1903	834,766	159,161
1913	1,118,452	233,134 "

The reason I put these tables in is this. I want to show that private enterprise has not been, as has been suggested, standing still. We have put our best leg foremost and everyone knows what we have done in South Wales. We have put our best leg foremost and have taken every opportunity to press on the trade.

Now there were certain questions mentioned I think in the first part of your enquiry about the Powell Duffryn Company, so that I thought I would like to make a personal explanation about that company. My *précis* says: "The Powell Duffryn Company, which originated in 1864, had a chequered career for many years, and for the 15 years 1873 to 1888 was unable to pay any cash dividend." I will put a table in here to explain the whole thing. It will shorten matters to put the tables in because it will explain the whole matter. First of all, I will put in tables 1 and 2.* (Same handed.) Table 1 shortly shows what it says at the head: "Rates of dividend paid on ordinary shares in respect of 40

years ending 31st December, 1913." I ought to mention here that although, of course, we have been carrying on for the last five years, I have not carried it any further because we were on the pre-war standards, but I can give figures, if you like, as to the amount which was divided during these five years. The second table simply shows the amount of capital expended in sinking new pits during the 20 years ending 31st December, 1918. I took this out to 1918, but of course latterly during the war we have not been able to spend much capital, as we have not had the men.

23,771. *Mr. Robert Smillie*: May I ask on whose behalf the evidence is given?

Witness: The Freighters' Association.

23,772. *Chairman*: Taking that table shortly, that shows the total amount of capital expenditure cost in sinking new pits, erecting new coke ovens and washeries during the 20 years ending 31st December, 1918, as £731,000?—Yes, that is to show what we were doing. My company was attacked by some gentleman here on the ground that we were making enormous profits. I want to point out that we were not making enormous profits, and if you look at that table there you will see what we did. During those years we were down until we got into 1907. For the first years we were nursing the concern. It was an absolutely bankrupt concern in 1888, and so far bankrupt that I advised the directors at that time, when I joined the Board, that we ought to wind it up.

23,773. *Mr. Robert Smillie*: Sir, may I ask you again with regard to this witness's evidence? The colliery owners have called their witnesses and finished with them. (To the Witness.) You are supposed to come here to represent the freighters?—I think, with the Chairman's permission, that I have a right to protect my company when accusations are made against it.

Mr. Robert Smillie: Certainly.

23,774. *Chairman*: Yes. Now will you take your *précis* quite shortly?—Yes. You will see that our output would have been up to 5,000,000 tons now if it had not been for the war, and we hope to get it this year to 4½ million tons. Then this is a point upon which I am bound to protect myself. My *précis* says: "In 1890 the area of this company's properties was 7,500 acres, to-day it is 21,500 acres." I want to point out that we and a good many of the collieries in South Wales own freeholds which, I understand from what we have heard yesterday afternoon and this morning, we are not going to get any compensation for if the proposal of the Miners' Federation is carried out; that is, we are absolutely to be deprived of what we gave hard cash for. I think so far as I can make out from my books, the cost of those freeholds to the Powell Duffryn Company was about £60,000.

Then with regard to the wages we have paid, I have a table which shows that we paid £30,000,000 in wages, and the amount of cash we paid to the shareholders was £2,470,000. I have the details of that if anyone wants it.

With regard to electricity, Mr. Hann has given evidence about electricity, and I do not know that there is any necessity for me to go into it except that I do not think Mr. Hann told you that we have a most absolutely interlocked concern. I mean we have our coke ovens, we have our by-product plants and distillation plants, and brick and pipe works. It is a very composite concern, and when you are dealing with a matter like nationalisation, or any other taking away of other people's property, if I may say so, we have a very complicated question to deal with.

23,775. *Chairman*: We have all come to that conclusion.

Witness: And it will be more complicated when I go to the export and transport question. Then I think there is an accusation made by Mr. Merz, who I do not think quite understood it. With regard to the great question of coke ovens, I think he said that we do not put up enough coke ovens, and that

* See Appendix 71.

29 May, 1919.]

MR. JOSEPH SHAW.

[Continued.]

we are not sufficiently up-to-date in coke ovens. It is a question in this country of steel works. We find coke is a very difficult thing to export, especially in South Wales, because export coke is nearly all sent out in part cargoes, and you cannot send it to a place that does not want Welsh steam coal. Therefore we are largely dependent for the sale of our coke upon the steel works. I do not know if Mr. Merz is going to put up these large electric stations all over the country, and depend upon the gas to run them. We have big gas plants as well, and we were one of the first to use gas engines on a large scale. We have these things running, and we can use the gas, but if we cannot sell our coke it is no use trying to put up coke ovens. You will have the country full of coke until you educate the people, or until we can grind up the coke and turn them into *brique*, as they call them in French, or bricks.

23,776. *Sir Leo Chiozza Money*: Does it occur to you that under a Ministry of Mines you could educate the people very much more than you can do it as a private individual?—I do not think so. I am perfectly certain I can educate people better than most people.

23,777. *Chairman*: Now will you go to the question of housing?—There has been a great deal said about housing. I have myself, personally, taken a very great interest in housing in South Wales, and I have brought with me original plans which I must have back. (*Producing plans.*)

23,778. *Chairman*: Yes?—There are two sets of houses, ones we were building in 1904, and ones we were building, or getting built, which is a better term, just before the war. I will hand you the plans, and you will see there are three classes of houses there. I do not want to go into them.

23,779. *Chairman*: Will you hand them to Mr. Frank Hodges, who will ask you some questions about that?—Yes. Mr. Hodges will let me have them back?

23,780. *Mr. Frank Hodges*: Yes, certainly.

Witness: They are signed on behalf of Lord Tredegar, who has to pass these, so that the landlords are looking after the housing as well as myself. These were others we were doing just before the war. (*Producing further plans.*) I am sorry to say that now I have a problem before me that I do not like to face very much, but I want 3,000 more houses built almost immediately, and those houses which cost in the neighbourhood of £200 to £250 in the time of peace will not cost £450 to £500. I have a table showing the amount of money we spent. If I take the round figure we spent £250,000 in houses ourselves and we have subscribed to other people (I have the details) £100,000.

There is just one thing I should like to mention with regard to safety. We have taken a great deal of trouble and expense in looking after the safety of the men and we are always making experiments. I will give you one instance with regard to stone dust. It was very necessary to find the right kind of stone dust to use. We have made many experiments down our shafting to find the right stone to use. Mr. Budge, who carried out that experiments, read a paper for which I think he got the Lewis Medal at the Institute of Engineers in Cardiff. Anything we discover is open to all the other colliery people to have.

23,781. *Sir L. Chiozza Money*: Do they adopt them?—Yes.

23,782. All of them?—I do not know. There may be some who do not. I cannot tell you every colliery in the district.

23,783. I only asked you, and you say you cannot tell me. If you do not know you will tell me you do not know?—We always do, and if anyone discovers anything I am after it.

23,784. You will not resent my asking a question?—No. May I interject this? It may be said that I have been fairly successful at Powell Duffryn.

23,785. *Chairman*: It will be said?—And I tell you I have been very unsuccessful in various other concerns in coal.

23,786. I am sure that is not your fault?—But these things are not taken into consideration when you are discussing the prosperous ones. For instance,

there are the Windsor, Freystrop and Billingsley mines, where I have dropped all the money I had in them.

23,787. *Sir L. Chiozza Money*: Is the coal industry like the building industry; does it live on its losses?—No, but a great many of these places have to be shut up after five years. The men have had their wages and we people suffer. I want to point out that it is a very speculative trade, and I do not think it is a trade in which to speculate with the taxpayers' money.

23,788. *Chairman*: Now will you go to transport?

—With regard to transport, I say in my *précis*:—

“The collieries in South Wales and Monmouthshire are nearly all situate in narrow valleys, and there is consequently very little room for siding accommodation near the pit head. The great bulk of output in South Wales is exported to foreign countries, and the shipment trade plays a most important part in the trade of the district.”

I have a table, No. 9, showing this, which I will put in.* (*Handed.*)

“No coal is stocked at the pit head and the smooth and regular working of the collieries is governed to a great extent by a regular supply of wagons, which are quickly taken to the port of shipment, the coal tipped into a waiting steamer and the wagons returned as quickly as possible to the pit head. There is, in fact, an endless chain of loaded wagons going to the port, and empties returning from the port to the pit.”

This is a most important thing which we have to do, and the whole of the handling is a most delicate thing from the pit to the port. As you know, ships are stemmed to arrive, and sometimes when they arrive the first thing is they have to go into dry dock. Before they are stemmed we have to prepare a certain amount of coal which has to go to the dock, and we do not always know which dock they are going to. We have four docks in South Wales—Newport, Cardiff, Penarth and Barry. They have no sidings, which makes it very much more difficult. Speaking personally, in South Wales the Powell Duffryn Company are much better provided with sidings than anyone else.

23,789. *Chairman*: Is that at Bargoed?—We have two great groups of sidings, one the Middle Duffryn, and the other the Bargoed, and down the Rhymney Valley, so that we have more room than most people, and that saves a certain amount of wagons, because I can hold a certain amount of coal at the colliery, and there is enough coal at the docks as soon as the ship gets under the tip, and then I can feed her with the coal in our sidings. The question is that we must be in touch from the colliery and the Cardiff end, and know exactly where our wagons are, and how they are running and how the ship is.

23,790. Are you in favour of pooling wagons?—I am dead against it. I will tell you why, and it is for this reason. I have been fighting the pooling of wagons, and I must say the Railway Executive have been very good about it, because they have left me our wagons in South Wales during the war, except a few the Coal Controller deprived me of, and which I cannot get paid for, and as to which no one knew where they had gone. We had orders to send away wagons to the Moira colliery and some Leicestershire colliery. They were 50 wagons. We got indignant letters from the Moira colliery to say they did not want them, and did not know who sent them there. That shows some of the difficulties of these things. We do not approve in South Wales of the pooling of wagons, because we must be in touch and have control of these wagons in our own hands. Whoever owns the wagons of the country, we will have to have the same number of wagons allocated to us and handle them in the same way, or the trade will come to a standstill.

23,791. Are you in favour of having the whole trade from pit to port in one hand?—No, it is too big. There is a limit to the man who can manage it. If you get beyond the unit of management, you get complications, and you get too many committees overlapping each other.

23,792. *Sir L. Chiozza Money*: You do not think the pooling of wagons in Germany interfered with

* See Appendix 71.

29 May, 1919.]

MR. JOSEPH SHAW.

[Continued.]

the efficiency of their export trade, do you? They were efficient in spite of the fact that they pooled wagons, although it was a foolish thing to do?—The Prussian State Railways have laid themselves out a good deal to assist the export trade. I have been out in Westphalia and know it very well, and I have been in Germany very often, but absolutely the language of the German coalowners about the State handling of the trucks has been indescribable. I have seen collieries in Germany and works standing idle, because the German State Railways had not wagons to give them. In 1913 the Prussian State admitted they would have to spend £3,000,000 at once and £20,000,000 in all to provide proper facilities for the trade. I should like to point out with regard to wagons, while I am on the point, that not 2 per cent. of the Powell Duffryn wagons go inland. They are all shuttled down from the colliery to the port and back; it is simply a shuttle business. I say in my *précis*:—

“The whole coal trade of South Wales is governed by the word ‘despatch,’ and in our own case we have loaded as much as 10,000 tons into one steamer in 36 hours and 48 hours including bunkers. It is the excellence of the management which keeps our collieries fully employed, and in proof of this I may say in the 20 years prior to the war, in spite of our enormous output, the demurrage paid by us only averaged £480 per annum. In some years our collieries have not been idle for one day in consequence of lack of wagons or tonnage.”

You see the great difficulty we have is to try and feed the ships so as to avoid demurrage, and at the same time to keep the collieries always working. It is a very difficult position and requires very delicate handling and constant and sympathetic touch between all the departments.

23,793. *Chairman*: Do you think the nation would be able to do what you are able to do?—You would have everything stopped if you had to go through the routine of all these Government officials which we have had lately. We are only able to carry on by patience and perseverance. Everyone knows when you get a lot of these committees it always means want of responsibility, and you must have people in touch with each other who will take responsibility.

23,794. Now will you deal with exports?—My *précis* says: “The exports from the United Kingdom and South Wales have increased as follows:—

EXPORT OF COAL (INCLUDING COKE AND PATENT FUEL).

Year.	United Kingdom.	South Wales.
1873	16,076,628	3,499,000
1883	29,439,891	8,299,000
1893	37,488,070	13,235,000
1903	63,605,349	20,926,000
1913	98,338,104	31,952,000

This shows an increase of nearly 10 times in South Wales, in the 40 years.

The export trade has been built up by private enterprise, and it is owing to the colliery companies and exporters having developed and pushed Welsh coal abroad, that such a magnificent export trade has been built up; the close co-operation, and give-and-take, between colliery owners and coal exporters has been an immense benefit to the whole industry.” What I mean about that is this. You cannot carry on export business unless you can absolutely be in close touch with your exporters. I am to a certain extent an exporter myself. We sell a tremendous lot of our coal free on board to exporters. It is one of the most difficult things unless you are in absolute constant touch, and have men who are able to take responsibility and be able to say to the exporter if he is in difficulties, “I will give you this. I can make an arrangement. We will either ‘marry’ your contract”—you know the expression—“or give you a rebate to enable you to carry on your business.” It is all that kind of thing which must be done by private enterprise, and it cannot be done by the State. You will see I say, “At one time the Powell Duffryn Company from very small beginnings, have built up a big French trade, and are to-day doing, probably, one of the largest businesses in France of any colliery company in this country. At one period

the Powell Duffryn Company exported largely to India, but gradually this market was lost owing to competition from Indian coal. The Company at once set about finding other markets, and as an instance they sent representatives out to the Argentine and developed an important business with the South American ports.”

I have Table No. 16 with regard to that, and that shows what the Bombay trade was.* (*Producing table*.)

23,795. *Sir L. Chiozza Money*: Nevertheless, our total exports increased in spite of the loss of this trade?—I will explain that if you will cross-examine me about it presently. That has entirely to do with the Admiralty. So far as the South Wales export trade to Bombay is concerned in private ships, we did not send a ton last year. I am only putting the facts. Then I say:

“It has been the experience of the South Wales Coal Trade that when a market has been threatened with competition, which it is impossible for this country to successfully contend against, the trade has shown sufficient enterprise, under private management, to find other markets in other quarters of the globe. The South Wales coal trade has to face serious competition in all parts of the world.”

I put in two tables, Nos. 10 and 11, from which you will see the figures of the competition.* (*Same produced*.) “In the Baltic countries, in France, Belgium and Italy, there is competition from German and American coals.” You have those on the tables. Then there is another competition which, since I had those tables prepared, I have found out about. I knew it before, but I missed it in the tables. It is South Africa (Durban and Delagoa Bay) which are now shipping coal up to Aden and Bombay. They are sending coal now at a good deal lower price than we can do it. They have cut us clean out of Aden, and they are coming close to Alexandria, which is one of our ports to export to. They are doing it exceedingly well. In Delagoa Bay I know of two ships of 6,000 tons each loaded in 20 hours. They have very fine appliances. I think Mr. Herbert Smith raised the question about export coal being carried at lower rates on the railways. In South Africa they allow on export coal 11s. a ton.

23,796. *Mr. Herbert Williams*: Is that a rebate on the railway rate?—Yes, a rebate on the railway rate. Naturally, as you know, train loads for export are much easier to handle on a railway than one truck load going down to a coal merchant. Then I say in my *précis*:

“German coal mines have been untouched by the war, whilst the United States has, since 1914, enormously increased its coal output. Their figures are as follows:—

OUTPUT OF COAL IN UNITED STATES AMERICA, 1911 to 1918.

	Short Tons.
1911	496,000,000
1912	534,000,000
1913	570,000,000
1914	513,000,000
1915	531,000,000
1916	590,000,000
1917	651,000,000
1918	685,000,000

The United States coal had, before the war, been obtaining a footing in our principal European markets, and this position has materially been strengthened since 1914.”

I have two tables dealing with that, Nos. 14 and 15, which I will put in.* (*Same produced*.)

“Our markets in the Far East have been practically lost to us through the competition of Indian, Japanese and Australia coal. As a result of private enterprise the export of coal has increased enormously with great advantage to the whole nation, particularly when one considers the question of imports. Coal to the East Coast of South America forms the outward freight which cheapens the cost of bringing wheat and maize to this country.”

I put in a table comparing the amount of coal going out to South America and the amount of corn

* See Appendix 71.

29 May, 1919.]

MR. JOSEPH SHAW.

[Continued.]

in money value coming back to this country. That is Table 12.* (*Same produced.*) That includes the freight. In dealing with the values there, the values of the coal are free on board at Cardiff, Barry and Newport. The value of the corn is as landed at Liverpool or whatever the port is, so that it includes the freight back, but does not include freight out on the coal. Then with regard to coal to Spain and France, the case is similar. That is Table 13.* (*Same produced.*) "Coal to Spain and France helps to pay the return freight on iron ore and pig-wood." It is the same kind of comparison showing the outward freight with the coal bringing the ore and the pig-wood back to England. Then I say:

"I put in a table showing the value of the total coal exports in this country for the 10 years prior to the war, taken from the Board of Trade Returns:—

VALUES OF COAL, COKE AND PATENT FUEL EXPORTED FROM UNITED KINGDOM 1904-1913.

	£
1904	26,862,386
1905	26,061,120
1906	31,504,291
1907	42,118,994
1908	41,615,923
1909	37,129,978
1910	37,813,360
1911	38,447,354
1912	42,584,454
1913	53,659,660

The grain and flour imported into the United Kingdom in 1913 cost this country £85,500,000, including freights."

That is freights coming back and not going out.

"It will be seen that the amount we received for our exported coal in 1913 paid for nearly two-thirds of the whole of the grain and flour, including freights, imported into the United Kingdom in that year.

Contracts for South Wales coal are usually made in the Autumn of each year, and colliery owners, in settling their prices, have to keep in touch with markets all over the world."

Not only that, but a great number of us in South Wales have what we call a Department. We joined this to save expense, and that department collects information all over the world, so that we can ascertain rapidly what the freights are likely to be and where the incoming market is likely to be—that is one thing we always have to look to, to see where there is going to be a good corn harvest, for instance. If there is a good corn harvest in South America, we know what price we can ask for the coal.

23,797. *Chairman*: Do you think it would be a good thing for the whole of the kingdom to adopt that?—It does not apply to the whole of the kingdom; South Wales is rather by itself. I see Mr. R. W. Cooper there. We are a little bit in competition with Mr. R. W. Cooper sometimes, and I do not want to let him have all the information we have about our secret trade.

23,798. *Mr. R. H. Tawney*: Would it not be an advantage to the public to know these things?—I do not know that it would matter 2d. to the public.

23,799. It does not matter to the public whether you or Mr. Cooper do the job; either would do it excellently?—It is a very curious thing that previously to the war—which has upset everything, and we do not know where we are—a good many years ago there used to be a half-crown difference between Mr. R. W. Cooper and me, and if the freights went wrong and we charged more than half-a-crown for our coal, the ships would go up to Newcastle.

23,800. *Chairman*: Do you think the result of competition between you and Mr. R. W. Cooper is that the coal industry generally does not get the price it ought to get for the export coal?—We do not think that. We get the very highest price we can and keep the collieries going. You may take that for certain and so does Mr. R. W. Cooper, but we have difficulties sometimes in ships leaving us for some reason or other.

23,801. *Mr. Arthur Balfour*: And do you think if the mines were nationalised and our Government was selling coal to other Governments, they would get a lower price than you do?—I cannot imagine it; it is beyond me. I think if you nationalise, you will have no export trade at all.

23,802. *Sir L. Chiozza Money*: That is very simple?—Yes, and you will shut up all the South Wales collieries.

23,803. *Chairman*: Now, will you proceed with your proof?—Yes. "The members of my Association are seriously concerned at the prospect of nationalisation, and are of the opinion that if the British Government is to become a trader in all parts of the world and maintain offices and agencies in each of the 600 foreign ports to which British coal is shipped, nothing but disaster can follow. In a business so complex as to the opening and holding of foreign markets, often demanding elaborate arrangement and investment in foreign coal consuming industries, no Government can hope to compete with the individuals who control the export trade in American and German coal. I have been to Germany on various occasions, and am of opinion that the State-owned mines of Germany are not so successfully managed as those under private ownership."

I know the old Hibernia and Shamrock. That was bought by the Prussian Government, and I will tell you the reason why it was given that name. That was the first colliery ever sunk in Germany, and it was sunk by a fellow countryman of mine, Mulvaney by name. I know those collieries, and I have been over them all. They were a profitable concern before they were bought by the Prussian State, and I know that they have managed to turn that property into a loss because I have seen the accounts. I do not know, after what I have said, whether it is worth while to put in the pamphlet. It was a pamphlet that was got out for the Coal Owners' Association of South Wales compiled largely from newspaper cuttings. On page 11 you will see a summary of the thing where it states that the German State Mines are not so profitable.

23,804. *Sir L. Chiozza Money*: You would not ask us to believe that what a German journalist writes is any more true than that statement that the telephones are absolutely bankrupt?—I have been out in Germany, and for years I used to see the Hibernia's accounts. I know what profits they used to make, and I have read all the various figures from the various accounts about carrying on that trade. Just at the present moment it is very hard to get figures from Germany, but I know for a fact that those collieries were turned into a loss.

23,805. *Chairman*: Now the last sentence of your *précis* is: "I am of opinion that nothing but disaster can follow the placing of the mines under Government control, and that no interference with private ownership, which has been so successful in the past, should take place with regard to such an important key industry as the coal trade."

Witness: What I mean by that is this: People like myself and Boards of Directors go into a speculative concern, and we ask people to subscribe. If they are satisfied with me, and that I am a fairly sound man to back up, they will come in; the only change that we are speaking about now is that individuals will have to work the coal trade just as before, but they would not have the same initiative. Now what they are asking you to do is not to ask people to put money voluntarily into a risky concern, but nationalisation means that you are going to let people who have not the same interest that I have gamble with the taxpayers' money. Nationalisation means this—that you are going to let people whose name would not get a brass farthing in the City gamble with the taxpayers' money.

23,806. Do you think any change is desirable at the present time?—There is always some change that would be very desirable.

23,807. What change is desirable?—With regard to the question about wages, I am not at all sure that we have not been going on a very wrong system of wages, that is, putting wages solely on the question of price, because that has rather encouraged the men

* See Appendix 71.

29 May, 1919.]

MR. JOSEPH SHAW.

[Continued.]

to stint the output, because their idea was that they could keep the output down. I have known this fact happen: they thought the price would rise, and, therefore, their wages would rise. What we want is to get output up and any form or shape of arrangement which could come about by which the men could be paid on their exertions, that is, if they put more coal out they should get more money, would be better. They should be paid by exertions and not by price altogether, although, of course, price would have to come in.

23,808. You tell us that that is your view of what ought to happen. Have you any idea as to how it should happen?—Once you get the principle adopted, it is for people sitting round a table to find the details of it, and it is very easy to work when you get both sides together.

23,809. There is a good deal of unrest at present in South Wales?—Yes. Do I not know it! Bedwas was mentioned this morning by somebody; I happened to be chairman of the Bedwas Colliery. There we have had an irritation striko going on.

23,810. What do you think the cause of that unrest is?—There are two men down there at that colliery—I do not mind telling Mr. Hodges, there is the check weigher and a man called Watkins. He said, "I am not of the Independent Labour Party; I am a Bolshevik: I am a pure revolutionary." He is fighting the Executive at the moment, and that is the trouble. I do not know whether he wants to get Mr. Hubert Jenkins's place or not; but as soon as over we get that colliery going and begin to get it right again, they come out on some excuse or another; now it is a safety striko, because we introduced a method that is working all over England perfectly safely.

23,811. That is a very unfortunate state of things. You have told me what you think the cause is; now, what is the remedy?—The remedy is the usual rough and tumble remedy—either a strike or a lockout.

23,812. *Mr. Frank Hodges*: I think you are adopting that last remedy at Bedwas, are you not?—I think the men are out without notice.

23,813. Is there any truth in a report that appears in the paper this morning, that you have turned the strike into a lockout by way of revenge?—Not revenge, but I am not going to carry it on under present circumstances.

23,814. Have you decided to lock the men out?—I do not know.

23,815. Have they been locked out?—Instead of looking after my business down there, I have had to be sitting here.

23,816. As a matter of fact, your business is not directly connected with the colliery, is it?—How do you mean?

23,817. You are not directly connected with Bedwas?—Certainly; I am chairman of the company. I am not chairman of companies unless I know every mortal thing that is going on and have a finger in the pie.

23,818. Do you not think that that is a lot for one man to do?—I do not work eight hours only; I work much longer than that.

23,819. *Sir Leo Chiozza Money*: Then we must nationalise you.—I am going to Honolulu if you nationalise—that will be the only decent place to go to.

23,820. *Mr. Frank Hodges*: How does the Powell Duffryn Colliery go on in your absence?—Here I have telegrams and letters coming in all day.

23,821. In fact, you have had to set up a bureau in London to keep the industry going on?—Yes; I manage to carry on, and fairly satisfactorily.

23,822. But you do not carry on?—I beg your pardon, I do carry on; I know everything that is going on. Mr. Hann consults me every day.

23,823. We have had Mr. Hann giving evidence here, and Mr. Hann understands the industry, I believe, does he not?—Mr. Hann is the best colliery manager in the Kingdom.

23,824. You pay him for his brains, do you not?—How do you mean, "pay him for his brains"?

23,825. You pick his brains?—I pick his brains?

23,826. Certainly.—We pick each other's brains. I do not mind telling you this, if you think I have no brains. I was the first man to introduce electricity

into collieries in South Wales on a large scale, because I happened to know a little about electricity, but Mr. Hann was afraid of it.

23,827. Are you a mining engineer?—No, I am a barrister by profession. If you like to take it this way, I am a jack of all trades and master of none.

23,828. Then it is a good thing that you have Mr. Hann, who is a master of one?—It is a good thing I have him because he is a first-rate engineer, and he would not be with me if he was not; I know when to pick a man when I see him.

23,829. I am sorry you came here as a member of the Powell Duffryn Colliery Company under the guise of giving evidence on behalf of the Freighters' Association?—Why do you attack me? You brought a man here—I cannot remember his name, I think it was Mr. Davies—what he was and what he is I do not know, but he gave evidence about my enormous profits and the capital that I put in. What is on that very table is not the capital involved in the concern, because we kept the capital down all those years that we did not pay a dividend.

23,830. I will not ask you any question about the Freighters' Association, because I regret to say that I have gathered very little from your *précis* on the freightage question. I thought we should have had some help from you there. I should like to put to you one or two questions about the Powell Duffryn Company, seeing that that was the burden of your argument?—No, I beg your pardon; the burden of my argument was the great competition we are going to get, and have already to meet, in foreign parts.

23,831. You have put in some plans of houses and some tables, have you not?—Yes.

23,832. I see there are some houses near Pengam?—Yes.

23,833. Do you know how many houses you put down to an acre there?—I do not know.

23,834. I do. There are 20 to the acre?—I will tell you this, if you want to know: there are a great many people whom I know in the colliery districts and in other places who would much rather live in streets than they would in these houses where there are 20 to the acre, because they can talk across the back wall to one another.

23,835. Do you know that they are 20 to the acre?—I do not know that.

23,836. Then you know very little about Powell Duffryn?—I do. What I tell you is this, that a great many of these people prefer to live in a street because they can talk to their neighbours across the back wall.

23,837. How very interesting?—You will have to educate them up. Then I will tell you another thing—

23,838. Will you tell me what I want to know?—A great many of these difficulties about the houses is that the bad tenant makes a bad house. That is not only the case in South Wales.

23,839. Do you think 20 houses to an acre is a proper number?—It depends on circumstances entirely.

23,840. Does it not depend on who has to live in them, from your point of view?—If they want other houses, they can have the choice of them.

23,841. You have built better houses?—Look at those houses.

23,842. I have been looking at them, and the living room is 9½ ft. in length by 10½ ft. in width?—When we built some houses which were a great deal too big for the people, we found that we had two families living in every house.

23,843. Will you keep to the plans?—But that is absolutely the fact.

23,844. The facts are explained on the plans?—We built houses that were too roomy, and the people did not want them: all it did was to encourage two families living in a house.

23,845. How many houses do you think there ought to be to an acre?—The modern idea is 12.

23,846. *Mr. R. H. Tawney*: Eight?—It varies: some people say 12, some say 8.

23,847. *Mr. Frank Hodges*: Is that the number prescribed in The House and Town Planning Act, in any of the regulations issued by the Local Government Board or by any local authority?—The whole thing

29 May, 1919.]

MR. JOSEPH SHAW.

[Continued.]

is under discussion so much that I have not followed it. What I always did was to cut away the wash-house from the cottage so as to prevent the steam going upstairs, but the Local Government Board will not have it now, so that the steam goes upstairs and makes all the sheets wet.

23,848. I will pass you these plans back again. The average size of the living room, I see, is 9½ ft. by 10½ ft.—Some of those houses are bigger than that.

23,849. I do not see any on those plans. Then again there is no hathroom in them?—About the bathrooms, you often find the cocks and hens in the bathroom.

Sir L. Chiozza Money: Do you put that in evidence, that the cocks and hens are in the bathrooms?

23,850. *Mr. R. H. Tawney*: Do you advance that as a reason for not providing baths?—We would provide baths to-morrow if the people would use them.

23,851. *Sir L. Chiozza Money*: Different kinds of people to yourself, I suppose?—Since the return of the soldiers, there is much more application for baths than before.

23,852. The chickens are not in the baths as they used to be?—We found out over and over again that they were never used. I am telling you what I know of my own personal knowledge.

23,853. *Mr. Frank Hodges*: You did not know how many houses you have to the acre?—Where you have a large number of houses in a particular spot, I could not tell you how many there are to the acre.

23,854. Do you know how many houses you have at all?—The living room in this house is rather bigger than what you say: it is 11 ft. by 13. I cannot go into them all.

23,855. *Sir L. Chiozza Money*: You cannot go into them because they are too small?—No, because I am in a hurry. I tell you that these are well-built and good cottages.

23,856. *Mr. Frank Hodges*: Are you answering the question I asked you?—I am looking at this plan to correct you. Here is one here 12 ft. by 8.

23,857. That is less than what I said; I said 10½ ft. by 9½?—All I can say is, that the houses that are empty first, when there is a slump among the men, are always the good houses: that is invariably so.

23,858. Do you know that you have the reputation of being the worst colliery company in the South Wales coalfield, as far as wages are concerned: do not you know that?—No, I never heard that.

23,859. Let me tell you this, that until 1915, when the new agreement for the South Wales coalfield came into operation, the Powell Duffryn Colliery Company was the only colliery company in South Wales of a big character who did not pay 6 turns for 5?—Oh, you are trotting that old dispute out again.

23,860. Do you call that an old dispute?—It has been going on for years.

23,861. It is a fact, is it not, that whereas the whole of the South Wales colliery owners were practically paying six turns for five, the Powell Duffryn Company did not?—My recollection is that that was not the whole of South Wales. It was an old agreed rate.

Mr. Frank Hodges: I do not think you are treating this question in a serious sense. I think you are flippant in the matter, and I do not propose to ask you any more.

23,862. *Mr. Evan Williams*: With regard to this question of 6 turns for 5, is it not the fact that about half the collieries in South Wales were paying it and half were not?—From our valley to the centre of the coalfield they were not.

23,863. Taking the men employed, was it not about half and half?—Yes, half and half.

23,864. Now coming to the question of export, there is very little I want to ask you. The point of vital importance, to keep regular working in an exporting colliery, is delicate touch between the port and the pit?—Certainly.

23,865. You must have a man at the port whose concern it is to keep certain pits going?—We have to have a man at the port who is watching the ships, the trucks and everything, and we must know exactly where our trucks are so that we can keep the colliery going the next day.

23,866. Whatever system of ownership you may have, it is imperative, is it not, that you must get certain men to work certain pits?—Yes.

23,867. Without any division of responsibility or working?—Certainly. The least little bit of grit in the thing will stop the collieries, or have the ships on demurrage, or both.

23,868. You must give the man at the pit discretionary power to take a decision immediately?—Certainly. They have to have that power. We put responsibility on men that no Government officials would be allowed to have.

23,869. It frequently results that there is a possibility of a pit being idle the next day?—Yes.

23,870. The man at the dock knows that he has power to give another 3d. a ton freight to get a ship that he would not get otherwise?—Certainly; he must have absolute responsibility. If he makes a mistake, I am on his back, but he takes responsibility; and if he only makes a mistake of judgment, I pat him on the back and say, do it again.

23,871. Do you think it is possible for a District Council, set up under the Miners' Scheme, to do that?—I know exactly how the thing is done, and I have built up this trade. I know that any system of bureaucracy would pull the whole trade to a standstill.

23,872. The same personal touch must be maintained between the exporter and the buyer?—There must always be that touch.

23,873. With regard to internal transport, it has been stated at this Commission that 700 million tons of transport on railways have been saved by the scheme of the Coal Controller. You are a director of the Great Western Railway Company, are you not?—Yes.

23,874. Have you any experience of what has been the result on the Great Western Railway?—We have not saved one ton mile, and the South Wales coal-owners were very much put to it by the trucks being out so long. We very nearly had the colliery stopped because of the trucks going to a district they had never gone to before. They got blocked, some in the Severn Tunnel, and we lost time, by the trucks being out, as much as a week.

23,875. There may be an actual saving?—I do not know what there may be under other railway companies, but there was not on the Great Western Railway.

23,876. Would the conditions be any different in any other railway company?—That I do not know.

23,877. So that it does not follow that the saving shown on paper is so in practice?—All I know is from personal experience that it is not so.

23,878. When you speak of demurrage, you mean demurrage on ships?—Demurrage on ships.

23,879. Which is as important as keeping the colliery going?—I put in those two tables, from which you will see that we very often have demurrage, and at the same time the collieries were not stopped.

23,880. When you speak in South Wales of a colliery being idle and being short of wagons, that really means shortage of tonnage to take the coal away?—Yes. It means this: very often we have all the trucks that we consider necessary, and some keep more than are necessary to safeguard that, because you have ships that come into dry dock, and perhaps are kept ten days or a fortnight there; we have trucks standing waiting for the next ship to come in, and consequently there are no empties to go back to the colliery, and the colliery gets stopped.

23,881. The number of wagons that a colliery has must depend on the class of coal?—Certainly. The Powell Duffryn Company are producing large coal, small coal, washed peas and beans and nuts, and those all have to be sorted for the particular markets, and you have to keep a sufficient number of wagons to accommodate them all.

23,882. I only want to put one other question just to clear up a statement that was made yesterday by Mr. Hughes, the head surveyor. He told the Commission, that his salary was £335, plus house, light and coal. I believe you have looked into that matter and can tell us what is the actual amount of money received by this gentleman?—We have been in the habit for a good many years past, and during

29 May, 1919.]

MR. JOSEPH SHAW.

[Continued.]

the war we have continued it, of paying bonuses, and I find that Mr. Hughes last year got £50 bonus as well as his £335, and I see the estimate of the value of his coal, rent and gas is another £60. We take that into consideration when we make up their salaries.

23,883. Was that £60 pre-war?—Pre-war.

23,884. *Mr. R. H. Tawney*: Was the bonus paid pre-war?—No, that was paid last year.

23,885. That is to say, his normal salary was what?—£335 a year.

23,886. That was stated to us by Mr. Hughes?—Yes. He is quite right to say that, but he did not say that he had a bonus. For the last ten years we

(*The Witness withdrew.*)

Mr. Robert Smilie: The witness Hughes said, when the question was put to him at 22,263, this: "Will you tell the Commission what is your own salary?"—(A) £335 a year. (Q) Are there any privileges?—(A) House, coal, fire and light. (Q) In addition to the £335?—(A) Yes. That is a recent increase I had within this last month. (Q) What were you getting before the war?—(A) Before the war, £200."

Mr. Evan Williams: He has omitted all reference to the bonus.

Mr. R. H. Tawney: He was not getting a bonus before the war; the witness told us so himself.

Sir DANIEL MACAULAY STEVENSON, Sworn and Examined.

23,890. *Chairman*: Sir Daniel Stevenson is one of the gentlemen from Scotland. I do not intend to read all this proof, as time is getting on. I do not say that it is not all important, but I am going to read only the material parts.

"*Précis of Evidence to be given by Sir D. M. Stevenson.*"

I have been appointed by the Scottish Coal Exporters' Association, of which I was Chairman for eighteen years, to give evidence on their behalf on the two following questions submitted to them by the Secretary of the Coal Industry Commission:—

(1) The probable effect of the Nationalisation of mines and minerals upon the Coal Export Trade.

(2) The best method of working the Coal Export Trade if Nationalisation is decided upon.

On these points I speak for the Association, but should I be asked questions on other points my opinions on them must be held to be my own.

1. The Export Coal Trade is so intimately bound up with the whole economic life of the country that it seems to me that it must be carried on. To abandon exports, or even to reduce them substantially, would mean ruin to shipping by throwing out of employment the tonnage at present engaged in carrying coal to foreign countries."

"There is an impression among many of my colleagues that Nationalisation in any form would greatly reduce output, and consequently render impossible the maintenance of exports on pre-war bases. With this I agree in so far as the period of reconstruction is concerned. There is already a serious shortage, and if this were accentuated, resulting in the further diminution of the quantity available for export, the consequences, as already pointed out, would be disastrous; but so far as I remember, every time that there has been a substantial improvement in miners' wages or working conditions, whether as the result of agitation or of legislation, there have been prophecies of disaster to the trade. Events have falsified these prophecies. We have no precedent for such an upheaval as is now in contemplation, and no doubt it would take years to evolve a satisfactory working scheme. In the meantime I think there would be much trouble and loss in store for the coal trade, but convinced as I am that the export part of it must be, and therefore will be, maintained, I believe that all interested in the production of coal would have to adapt themselves to the international situation and produce it on such conditions as would permit of successful competition both in manufactures and in exports."

were giving bonuses. He had not £50 the year before, because his salary was smaller.

23,887. *Mr. Evan Williams*: You pay a bonus every year?—Yes.

Mr. Frank Hodges: We had better look this up, because where there is this one man in question we had better consider it carefully.

23,888. *Sir L. Chiozza Money*: Do you think that £445 is a sufficient salary, in view of the cost of living?—A surveyor is not the most important man about the pit.

23,889. You think it is enough?—I think it is enough under the circumstances.

Mr. Robert Smilie: Either Mr. Hughes or Mr. Shaw must be wrong. Mr. Shaw said he was paid £335 before the war.

Mr. Evan Williams: No; Mr. Shaw said he was getting a bonus before the war.

Mr. R. H. Tawney: He did not say so to me. He said to me he was not getting it.

Mr. Evan Williams: He said, for ten years he was getting a bonus, but it was not £50 before the war.

Chairman: I am much obliged to Mr. Smilie for calling attention to it.

"Owing to the high prices obtainable just now in neutral countries there is a mistaken idea prevalent that Great Britain has an asset in coal for which she can get practically any price. The tendency is to forget that for some years there has been a dearth in Europe which even since the Armistice has not been made good. American production is increasing rapidly, and no doubt before long the United States will be able to export coal on a much larger scale than hitherto, and economists even in Germany itself are satisfied that one of the first things that she must set about doing is to export coal freely in exchange for food and raw material."

"When I come to deal with methods, I see what appear to me all but insurmountable difficulties. The buying and selling of coal to foreign countries is carried on chiefly by telephone and telegraph—telephone conversation between the colliery salesmen and the exporters, telegrams between the exporters and the foreign buyers. Under Nationalisation I suppose there would be an official salesman who would fix the same price from time to time for all buyers, whereas the colliery companies are in the habit of differentiating between buyers according to their standing, honourability, amount of business they control, and so on. They also give special prices for special markets—a lower price for a market which takes regular quantities all the year round, or which serves as a dumping ground at times when orders are scarce in the general trade."

"Perhaps I ought to allude to another probability—what has come to be called "peaceful penetration." If there were a uniform Government price for all buyers, like the price of postage stamps or railway tickets, the first thing that would happen would be the sending by foreign buyers of representatives to London and the coal-selling districts to take the place of exporters—a proceeding against which the Board of Trade has strenuously set its face."

Then Sir Daniel quotes from the Commission appointed by the German Government, and the Report says: "They recommended the setting up of an organisation to be called the German Coal Association with power and freedom, because one of the worst dangers was the elimination of initiative and of a sense of individual responsibility, on which qualities the success of private business depends. The report adds: 'If responsibility were to be devolved on committees or to depend on the consent of controlling authorities, if every decision were to be the result of lengthy discussions or of a wearisome system of reports, if there were no one prepared to identify himself with the consequences of any step taken, if every directing person is to be encircled by a series

29 May, 1919.]

SIR DANIEL MACAULAY STEVENSON.

[Continued.]

of committees whose members he must first convince before action can be taken in each case with the best will of all concerned, the German coal industry would be brought to a complete standstill. . . . On this point the Commission is quite unanimous; it lays the strongest emphasis on the rôle of the man who directs industrial life, and its suggested organisation wishes to leave to him the greatest possible amount of freedom; but, in doing this, the Commission is convinced that this does not contradict democratic principle.' "

23,891. *Mr. Arthur Balfour*: I take it that if the coal mines of this country were nationalised there would be a standard price?—I think so.

23,892. Otherwise one person of the community would be favoured against another person?—That is what we feel.

23,893. Therefore, if you were competing for an order of the Italian Railways and the Americans cut the price you could telephone to your colliery and they could meet the competition at once?—If they think fit.

23,894. *Mr. Herbert Smith*: Do you know that? Why not let the witness say so? You are telling him that they do so, and I object to that sort of business.

Witness: If I tell the colliery people that America is making a quotation which will lose us the order unless we reduce the price so-and-so, they, of course, knowing me as an old friend of the colliery, will either agree or will say that they have so many orders that they do not mind losing it, and if they want to keep it they will cut the price.

23,895. *Mr. Arthur Balfour*: What will happen if you telephone to the Controller of the Coal Mines and tell him that he must cut the price?—I have come here with the hope of finding out. I cannot see what would happen. I feel that if the Controller fixes a price I cannot very well haggle with him unless he does what the German Commission say, that is, give the representative of the export department a perfectly free hand to operate as the collieries do at present with the exporter.

23,896. Then he would be accused of giving you undue preference against another member of the community?—I think that is very likely.

23,897. If he did not give you a prompt decision the order would be lost in the meantime?—It would go to America.

23,898. Do you sell coal sometimes to foreign buyers landed at an inland town in the country?—Very seldom—unless you call Rouen and Paris inland towns.

23,899. You do not see any way in which national coal mines could work the export trade?—I do not.

23,900. Do you think there would be any competition between the Governments? Do you think the British Government would enter into a contract to supply the whole of the coal to Germany?—Germany is a large exporter of coal. She exports more coal than she imports.

23,901. Take France?—Take Italy, where there is practically no production, and certainly no export. That would be a better instance. There has been an attempt during the war to carry on an arrangement between the British Government and the Italian Government, and every time that the Italian Government have come and said, "Sell to us direct," the British Government has said, "No, we will not; you must buy your coal through the exporters."

23,902. You can imagine that political differences might arise out of the export of coal?

Sir L. Chiozza Money: I do not know whether he has quite finished that. He said the Italian Government had come here and demanded to buy from the British Government.

Mr. Arthur Balfour: And the British Government, knowing the position, declined to do the business?—In deciding that way the British Government had all the exporters on its side and all the collieries. I ought to explain that for Sir Leo's benefit, for this reason, that the British Government, more or less with the advice of the exporter, said if we allow Italy, who wants 10 million tons of coal, to have all that order in one hand she will be able to squeeze the country into either giving low freight or

low coal prices. The result was that they decided that it was a wise thing to insist on the competition in Italy being continued, and it not being all in one hand.

23,903. *Mr. Robert Smillie*: I suppose you anticipate that under nationalisation the export trade would be carried on as before?—I hope so, but I cannot see how it is to be done.

23,904. I suppose in any form of new legislation it is hardly possible to see how things are to be done until it is proved by experience that they will be done?—That means, of course, a time of very severe trial, and it might be a very long time.

23,905. You say that there is an impression among many of your colleagues that nationalisation in any form would greatly reduce output. On what is that based? I take it that is amongst your colleagues who are coal exporters?—Yes.

23,906. On what do they base that fear?—It is very difficult to answer the question on what do they base their fear. Looking back just now we find that the output which is got now is about 60 million tons or 70 million tons per annum down, and yet there is a desperate need for coal both in this country and in foreign countries. There are said to be a number of industries idle for want of coal, and yet we cannot get the output.

23,907. Is not the output of every country down at the present time?—No; the American output has risen over 100 million tons during the war.

23,908. But it is down considerably at the present time?—Since last year I cannot tell you.

23,909. Are you not aware of the fact that in America they put in stock millions of tons of coal, and that they are now lifting it and that the collieries are standing idle in their district?—I am not aware of that.

23,910. You can depend on that as being the statement that has been made during the last two or three days.

Sir Arthur Duckham: It is very interesting to us to have the statement that there are millions of tons of coal stored in America, before the Commission.

23,911. *Mr. Robert Smillie*: Would you not expect in consequence of a war such as we have been through and 300,000 or 400,000 of our people having joined the Army that the output would be down?—We were not surprised at the falling off when the calling up of the men on such a large scale took place, and as a matter of fact, taking the figures of the output for 1913, 1914, and 1915, there was a falling off in that year. It rose a little in 1916, if I remember rightly. In fact, notwithstanding the great calling up of men there was a slight improvement in the output in one year, and we were hopeful that as other men were drifting into the works it would be increased, but it did not. It has fallen now the worst fall of all.

23,912. I want to put to you that that fall has taken place from the private ownership of mines. You say that your colleagues are of opinion that nationalisation would lessen the output?—My colleagues think that the output has fallen because although the men are there they will not turn out the coal.

23,913. Are your colleagues connected with the collieries in any way?—Almost all exporters are interested in coal mines.

23,914. Must they not base their opinion on statements which they get from colliery managers in coal mines?—There are committees which are charged with the distribution of coal at present.

23,915. Surely it must be somebody at the colliery?—There are committees all over the country just now, which are in charge of the distribution of coal—there is the Coal and Coko Supply Committee. I was a member of that Committee for a short time in Glasgow, and there are two exporters who are still members of the Committee. They state that the output is falling in spite of the number of men being greater than it was at the beginning of the year.

23,916. Tell me your own opinion. Do you think that the workmen are putting out less than they were two or three years ago?—Per man they are certainly.

23,917. You are sure of that?—I am sure of that.

29 May, 1919.]

SIR DANIEL MACAULAY STEVENSON.

[Continued.]

23,918. We should like to have the figures to prove that; that is, per man per shift worked. You and others make the mistake of taking the annual output and dividing it up by the number of days in the collieries worked. You must take the output per man per day worked. I think you will admit that that is the only fair way to get the output per person employed?—Yes, I think so.

23,919. I want to put it to you that the treatment of coal at the pit bank is very different now to what it was even a few years ago. Is it not divided up into different kinds of coal?—It is not so well done now as it was five or ten years ago. Just now the buyer will take anything he can get that is black.

23,920. It is rather a serious charge that you and your colleagues are making, that the miners are not producing coal as they ought to do or as they did before. I put it to you if you divide by the persons employed in a mine you would find out the output per person employed, and you would make a mistake, because there are thousands employed in a mine who were not employed previously in the manipulation of coal?—Not as compared with five years ago, and five years ago we had the biggest output we ever had.

23,921. I think you will admit that there are many persons coming back from the Army and working in the mines who were previously good coal getters, but who will not be able to produce the coal they did before. They may be just recovering from wounds. Do you expect them to be?—We expect that the last 100,000 who were taken away will do as well as they did before.

23,922. That all arose out of your fear that nationalisation would reduce output; but does it do us any good to tell us that the output is reduced now under private ownership? Why ought it to be further reduced on nationalisation? Would not the same men be working in the pit, and would they not be managed in the same way working under nationalisation?—And, therefore, under nationalisation the output would go on falling automatically.

23,923. As a matter of fact, we want the mines nationalised in order that we may raise the output by better development of the mines. That is our desire, and it is always dangerous for people who do not know about mines to give opinions of that kind such as you have expressed in this paper?—I have been stating the facts staring us in the face every day. We are told every morning that the output yesterday or last week was so much down on the output of 1918, and that is a very serious thing in a time of real peace.

23,924. You are not dealing with something you see every day. You are making the statement that if the mines are nationalised there will be a reduction of output?—I hope not. I am stating that my colleagues have that fear.

23,925. *Chairman:* Are your views different from those of your colleagues? You keep on saying that your colleagues say this?—Might I say that I only dictated this print yesterday and I read it coming up in the train last night. Consequently I am not quite sure of the exact terms of it, but it is something like this: my colleagues dread very much the nationalisation of mines, because they think it is going to further reduce the output which is already very low.

23,926. What is your own opinion?—I say with them it is staring us in the face that a reduction of output is going on now. Whether it is true or not that nationalisation would reduce output immediately. I believe in the long run output would be restored because the country cannot live without it. That is my point. The period of restoration might be a year or two or it might be ten years, and they say that in ten years a lot of us would be dead.

23,927. *Mr. Robert Smillie:* Did you write this *précis* yourself?—I dictated it.

23,928. And you say you did not know what was in it?—Really, Mr. Smillie, that is not fair. I dictated it, and I read it in the train coming south. It is more or less badly done, but I think it represents fairly what I intended to say.

23,929. I think this statement would be probably as you put it: "There is an impression among many of my colleagues that nationalisation in any form would greatly reduce output." I want your opinion on that?

—I have said that I believe it will in the first instance.

23,930. You believe that nationalisation in any form will greatly reduce output?—Yes.

23,931. Will you give us some reason for it?—I have not seen any form of nationalisation put forward which would not give a lot of bureaucratic management, which, if I may say so, is invariably, I think, inefficient, and I was very much surprised at first to find that the German Commission's Report of the present socialistic German Government confirms that view and states that the national mines of Germany have been very much less efficient and very much worse managed than the privately managed mines in Germany.

23,932. *Mr. R. H. Tawney:* You remember what they recommend?—They recommend a very free hand in the management.

23,933. They recommend what they call socialisation?—What it comes to is that they recommend that the man who has charge of the buying and selling of the coal should have a free hand and should be the responsible man to the State.

23,934. *Mr. Robert Smillie:* In your *précis* you quote something from the finding of a German Committee?—Yes; a Government Commission.

23,935. Has it not been fashionable for some years now not to believe anything made in Germany or said in Germany?—It has not been fashionable with me.

23,936. I think you were blamed for believing in Germany, and so was I?—Yes.

23,937. You say that our Government set its face against buyers of coal from other nations coming here?—No; against their coming as a nation.

23,938. They would not object, would they, to individuals coming to buy here?—From the Government?

23,939. Individuals who desired coal abroad—would they prevent them coming here and buying it?—To buy from whom?

23,940. Purchasing coal at all?—Not at all. They do not object to their coming here.

23,941. Would they object to their going to Sir Adam Nimmo?—No, not at all.

23,942. I suppose you were aware that there was a control price for coal exported to France?—I was and am aware. It is still in existence.

23,943. Did you export coal during the war to France?—Yes.

23,944. Are you aware that exporters in this country actually sent over persons to France, who became coal agents there and bought the coal from exporters and raised it by £1 or 30s. a ton to the consumer?—We knew or were told that something of the sort was being done. The doing of anything of the sort was simply roguery and nothing else.

23,945. Are you aware that exporting firms in this country sent their own clerks out to France who bought coal exported by their own exporters and became coal agents and made fortunes by it?—I do not believe any respectable or decent person did anything of the sort.

23,946. But I believe the coal exporters did it, though no decent person would do it.

23,947. *Sir Arthur Duckham:* Do you mean that all coal exporters are indecent persons?

Mr. Robert Smillie: No.

Sir Arthur Duckham: It sounded so from your question.

23,948. *Mr. Robert Smillie:* The control for prices has been withdrawn, has it not?—We are informed that the control cannot possibly be withdrawn for a long time yet. It will not be withdrawn this year certainly, and it may go on for a year or two; but the control as regards the limitation of prices for foreign countries has been very much relaxed. This is the 29th of May; I think on the 31st or the 1st of next month the control will be altered to this, that there is a minimum price fixed and the exporter can charge as much as he likes if he is able to get it. But up to the 31st of this month the price for France, Belgium and Italy is fixed and we could not get more than a certain price, and France, Belgium and Italy were getting coal at less than its value.

29 May, 1919.]

SIR DANIEL MACAULAY STEVENSON.

[Continued.]

23,949. *Mr. R. W. Cooper*: They were getting coal at 30s. were they not?—There is a tremendous table of prices.

23,950. That has to be the minimum?—Yes, that has to be the minimum.

23,951. So that beyond that point there is a free and open market?—Yes; but the Coal Controller will not take less than that for his stuff; therefore it is controlled.

23,952. Is not the effect of that this, that the price of coal to the Allies has gone up very materially beyond 30s.?—It will go up from the 1st June.

23,953. *Mr. Robert Smillie*: It was stated last Thursday or Wednesday that the price had already gone up for bunkers by over £1 a ton. Is that true?—Yes, it will be true.

23,954. What I am trying to get at is that the price has already gone up for bunker coal?—Yes.

23,955. And after a certain time you say the price will be removed for export to France?—Yes.

Mr. R. W. Cooper: After Monday?

23,956. *Mr. Robert Smillie*: I want to know who is getting this £1 that is already put on the bunkers?—The collieries.

23,957. Now supposing you had orders for coal with a colliery to deliver it and the coal price was removed and you get 20s. a ton more for it, would the colliery owner get that in a case like that?—I am not quite sure that I have got your question correctly.

23,958. Shall I put it again?—Yes, please do so.

23,959. Supposing you had arranged with the colliery company to deliver 10,000 tons of coal and in the meantime the controlled price had been removed and you put up the price by £1 a ton, would the colliery company or you get the extra benefit?—The buyer of the 10,000 tons in the foreign country would get the coal on the basis of the price that I had paid for it up to the 1st June. After the 1st June whatever price the colliery company charge for the coal, which will probably be 20s. or 30s. more than this week, the colliery gets the extra price and the exporter merely gets what is called the commission on that.

23,960. I was not dealing with everything after Monday. I was dealing with what has already taken place?—He gets nothing beyond the commission—a maximum of 1s. a ton.

23,961. As a matter of fact is it not possible for the price of coal to go up between the time you purchase and the time you sell it?—In the time before the war.

23,962. Is it not possible now?—No.

23,963. Would you say that no middleman has made any greater profits out of the raising of the price of coal in former times?—I do not think so.

23,964. Then the colliery owner must get it?—The money goes into the colliery exchequer and through the colliery exchequer to the Controller.

23,965. *Sir Adam Nimmo*: Would you mind asking him whether he knows that there has been a general rise in bunker coal?—Yes, there has been. It is fixed by the new scale. There has been a new deliverance by the Coal Controller with regard to bunker coal.

23,966. *Mr. Robert Smillie*: I want to get back to my statement. A newspaper published in London said, a few days ago, that the Control price had been removed from bunker coal, and the price had suddenly gone up 19s. 6d. to 22s. 6d. a ton, that it had increased to that extent. Do you know if that is the case?—By "Control price" was meant a minimum and a maximum. The price was a schedule. I am sorry I have not got that with me.

23,967. Will you give a straight answer: Has the price of bunker coal gone up?—Yes.

23,968. How much?—I expect that statement will be quite right: about £1 a ton.

23,969. Why could you not have said that?—I do not know. I am not in the bunker trade and do not know the amount of it, but the moment that you release the maximum and make the maximum unlimited, up goes the price so long as there is a tremendous scarcity, as there is at present.

23,970. You say that that is the inevitable outcome of it, so far as bunker or export coal is concerned, if the other people are prepared to pay it?—Yes.

23,971. That is to say, if you get the orders?—Yes.

23,972. Would not the same thing take place for our home trade if the demand was there?—Yes.

23,973. Then it would be a wicked thing for the Government to remove the Control price in this country and allow the coalowners to put it up £1 a ton?—If the Control price for the home trade were removed, up would go the price.

23,974. Are you aware that the mineowners are doing everything in their power to get the Control removed?—I am not aware of that, but it is quite natural.

Mr. Evan Williams: It is not true.

Mr. Robert Smillie: It is true. You signed a report hugging for the Coal Control to be removed at once.

Mr. Arthur Balfour: Is that the Coal Control price?

Mr. Robert Smillie: Yes.

Sir Adam Nimmo: I understood you to say that the special move was to get the Coal Control removed.

Mr. Robert Smillie: I said the coalowners were moving heaven and earth to get the Coal Control removed.

Sir Adam Nimmo: That is not the thing.

23,975. *Mr. Robert Smillie*: We have had it stated everywhere in this Commission that the Coal Control is a bad thing. It is your opinion that if the Coal Control were taken away, the price would go up?—Yes, the price would equalise itself. Just now some Scandinavian countries are paying 85s. a ton for the very same coal that the Frenchmen are getting for 28s. Next week the Frenchmen will have to pay something between the two, because probably the Scandinavian price will fall.

23,976. *Sir L. Chiozza Money*: Are you sure it will fall?—I think it would be very likely to fall.

23,977. But you are not sure?—One cannot be sure of the future.

23,978. *Mr. Robert Smillie*: It would be a good thing if it did?—Excuse me, referring to what Sir Leo said, if there are 20 million tons of coal available for export, of which 3 millions or 4 millions only are allowed for the Scandinavian countries and the rest for the Latin countries, the Latin countries will not pay the 80s., they may pay 60 or 70s., and the price for Scandinavia will come down; the price will equalise itself.

23,979. You are anticipating that?—If the whole of the coal countries were thrown into a pool and the price equalised, instead of the price being 80s. for Scandinavia and 20s. for the home countries, the price for the home countries would rise to 35s. or 40s.

23,980. What you are saying is that three-fourths of the exported coal will, within a very short time, rise from 30s. to 60s. a ton?—Yes, until America is able to pour in coal to start with.

23,981. That is a very nice prospect, that the whole of the coal exported is going to be 30s. a ton more. Supposing the mines were nationalised and the prices fixed for various grades of coal at, say, 20s., 25s., 26s. or 27s. a ton, that that was to pay wages and cost, depreciation and other things, and our exporters were to buy the coal at the colliery at that price, would that interfere in any way with our export trade, if the export trade were still left in the hands of the present exporters?—If the Coal Controller, or whoever is the representative of the Government in the future, said, My price is 28s.—

23,982. At the pit?—Or at the harbour, it does not matter—if the price is 28s. at the harbour, then to the Frenchman who asks me for a price I can say that the freight is 15s., and if he says 28s. is the Controller's price, I add the two together and get 43s., and I telegraph to the Frenchman whatever price I think fit, not less than 43s. The Frenchman telegraphs me back, "Your price is ridiculous; I am offered American coal at 40s." What I had to do in pre-war days was to go to the colliery and say, "Here is this message from So-and-so in France; he is offered coal at 40s., which is as good as the coal

29 May, 1919.]

SIR DANIEL MACAULAY STEVENSON.

[Continued.]

I am offering at 43s.; can you reduce your price?" He may say, "My coal is better coal, but you can take off 1s." Then I telegraph that to the Frenchman and he may accept that or may refuse, but the fixing of the price here has nothing to do with it; the price I had to sell at is the price that the Germans or the Americans will take.

23,983. I suppose you have applied to the colliery company for a reduction in price?—Yes.

23,984. I suppose you have done that very often in the past?—Yes.

23,985. You have appealed to colliery companies for a reduction in price?—Yes.

23,986. We thought you had done that, but we could not get evidence of it until now. When you were appealing to get something off per ton to send coal abroad you were reducing our wages?—No, I was reducing the price of your food.

23,987. Do you know our wages were fixed on the selling price of coal, and when you went to the telephone to get a shilling off the price of coal, that price went into the books? Were you aware of that?—If I had not got the shilling off, 10 per cent. of the collieries would have been standing idle.

23,988. Better for the collieries to stand idle than the men working at a starvation wage. Under nationalisation the nation would have to make more and the persons producing the coal would be getting wages to enable them to live. Under nationalisation you can come to the Government and say: "I must reduce the price of the coal I have to export"?—Yes.

23,989. Is that your position?—Yes.

23,990. *Mr. R. W. Cooper*: Were you consulted by the Coal Controller before he issued this recent circular of his?—Yes.

23,991. Has this recent circular which has gone out as an edict from the Coal Controller removing the restriction on the price of coal to France had your approval?—Certainly.

23,992. I should like to understand the reason for that?—The reason was that our country was giving away coal at a great deal less than its value—it was giving away coal, its most valuable asset, for a great deal less than its market value. The fact of the matter is, I think it was in December last, I told the late Sir Guy Calthrop I thought the time had come when we should cease to coddle the Allies with regard to coal.

23,993. At the same time half a dozen coalowners gave the opposite advice, not to remove the restriction?—The Coal Controller hears statements of his Consultative Committee. That Committee is formed of coal exporters and coalowners, whom he calls on from time to time when he issues new directions and consults as to the best way of doing the thing.

23,994. *Mr. Robert Smillie*: When did you advise the Coal Controller?—In December.

23,995. Are you aware there was what was called the Coal Control Advisory Board, consisting of mine-owners and miners' representatives, and there was, and is still, an Advisory Committee, as far as I know, with representatives of the trade?—There are so many Committees. I am a member of one of them. The one I am a member of is called a Consultative Committee—the Controller's Consultative Committee.

(The Witness withdrew.)

MR. JOHN ADAM ST. JOHN GREENER, Sworn and Examined.

24,009. *Chairman*: Mr. Greener is a gentleman who speaks with regard to the export trade in the North of England. I am sure the members of the Commission will pay very great attention to his *précis*, but whether they desire to ask him any questions is another matter altogether. Mr. Greener says he is a member of the firm of W. Mathwin & Son, coal exporters and shipbrokers, of Newcastle-on-Tyne and elsewhere.

"(1) *The probable effect of nationalization of mines upon the coal export trade.*—"In principle" this should have little, if any, effect.

Indeed such a pooling of resources might—theoretically speaking—offer certain advantages.

23,996. Are you aware there has been a Coal Controller?—Yes.

23,997. Are you aware they had what was called an Advisory Committee of the Coal Controller? I cannot tell the exact name of it.

Sir Adam Nimmo: Advisory Board.

23,998. *Mr. Robert Smillie*: Is anybody in the country so ignorant as to say they do not know they had an Advisory Board?—They also had an Advisory Committee.

23,999. Were you aware of that?—Yes.

24,000. You advised the Coal Controller to lift the control price as far as France and Italy were concerned in December?—Yes.

24,001. Are you aware that the Advisory Board has never heard of that until now?—I cannot answer that.

24,002. *Sir L. Chiozza Money*: Do not you think, in regard to the condition of France and Italy, it was rather extraordinary advice, and that we should be such bad Allies to raise their price in the times of suffering? Does it not show the commercial spirit at work again?—If our Government wished to make grants to our Allies we ought to make them direct and not in an indirect way. Nobody knew how much the grant was, and both France and Italy were not in the least bit pleased.

24,003. Do not you think, in view of the extraordinary shortage of coal in Europe, that the export price of coal would rise not only to the height now existing for Scandinavia, but higher prices? You think there would not be the equalising?—I think there would.

24,004. Do not you think the price of coal to the consumer in London would approximate to that, say, in Scandinavia, in view of the shortage that obtains?—The control has nothing to do with the price in London—the export control.

24,005. I know that. I know the price of coal to the consumer is limited. I say if the control was taken off, is it not a fact that the price of coal to the consumer in London would be at least £3 a ton?—I believe it would.

24,006. Do not you think the public ought to know that?—I am pleased they should know it.

24,007. Do not you think the impression is created that the Controller has unduly put up the price of coal, and Mr. Harold Cox repeats it again and again?

Mr. Arthur Balfour: May the witness answer a question without your making speeches?—What was the question?

24,008. *Sir L. Chiozza Money*: Do not you know the impression has been created in the Press that through the action of the Coal Controller the consumer is paying more for his coal than he ought to pay? I put it that but for his action the consumer would be paying very much more?—But for the action of Parliament—the Limitation of Prices Act. Under the Limitation of Prices Act the consumer in this country is paying a good deal less than he would pay otherwise. There is no doubt about that.

Chairman: We are much obliged to you, Sir Daniel.

To commence with the State would command the assistance of experts who, under private enterprise, have accustomed themselves to commercial usages, and who count the cost before plunging into any venture.

Would the State management of mines, however, be maintained in the future with strict regard to efficiency and economy?

Experiences of nationalisation and Government Control do not, unfortunately, warrant the assumption.

The danger is that, say, twenty years hence, the management of mines will have become established as a branch of the Civil Service—that employees, having "passed their examinations," will be considered qualified to adequately fill any post into which

29 May, 1919.]

MR. JOHN ADAM ST. JOHN GREENER.

[Continued.]

they may be pitchforked. Under private enterprise a man stands or falls not by his "credentials," but by the actual results of his labour.

State organisation is notoriously slow. It lacks soul and imagination. It is difficult—almost impossible—to find co-ordination between departments. Whether the work is done efficiently or otherwise, the relation to cost is only a minor consideration. Fads and wild schemes are liable to be pursued only to end in hopeless failure.

The possibility is that nationalization would ultimately result in a decreased output and a considerably increased cost.

The future of the coal trade cannot be judged in the light of the present. We are at the moment living in a fool's paradise. About two thirds of the production is being delivered for home consumption at little over actual cost, and fabulous values are being obtained for the small surplus shipped to neutrals.

Comparison of Prices.

	Home Consumption.		Shipment Allies.		Shipment Neutral.	
	s.	d.	s.	d.	s.	d.
Best Northumberland steam—						
To-day ...	25	0	37	0	85	0
July, 1914 ...	14	0	14	0	14	0
Best Durbam Gas—						
To-day ...	22	6	32	0	70	0
July, 1914 ...	12	0	12	0	12	0

In 1900, during the South African war, the highest price for Northumberland steam was 30s., and from 15s. to 20s. were the highest figures paid during the industrial booms of 1907 and 1913.

What the "normal" may be hereafter it is difficult to say, but certainly we cannot look for restoration and reconstruction of industry on anything like the basis of present inflated prices. War created extravagances. Peace will enforce economies.

It is possible there will be an over-production of coal—world wide—before the effects of the next industrial boom are felt. Germany must work. She will supply large quantities of coal to France, Belgium and Italy. She will probably compete with us in Scandinavia, and now that America has the ships we may regard her as a much more serious competitor for the future.

The demand—the outstanding demand above all others in the next generation—will be economy and efficiency, with emphasis upon the economy. Can we rely upon that under nationalization?—Does the risk justify the gamble?

(The Witness withdrew.)

Mr. ARTHUR ANDREWS, Sworn and Examined.

24,010. *Chairman:* Mr. Andrews is a witness who speaks as to the anthracite trade in South Wales, which is the chief seat of the anthracite trade of the United Kingdom. It is an important branch of the coal trade, but, of course, not the largest branch. I am sure, Mr. Andrews, we shall do the same to you as we shall with regard to the last witness—read your proof and pay the greatest attention to it. We will not trouble about the steam coal, as we have had a very large body of evidence with regard to it. It is very important to see what you say with regard to anthracite. Mr. Arthur Andrews states:—

"1. He is President of the Swansea Chamber of Commerce (Incorporated) and Managing Director of Arthur Andrews & Co., Ltd., Coal Exporters, Swansea.

2. He has been selected by the Swansea Chamber of Commerce to offer evidence before the Royal Commission, specially in reference to the anthracite and steam coal trade of West Wales.

3. He has been engaged in the South Wales Coal Trade all his life, and for the last sixteen years at Swansea. He has therefore a thorough knowledge of the peculiar trade of the Western portion of the coalfield, both anthracite and steam.

Steam Coal.

4. The western side of the South Wales coalfield differs very materially in some respects from the

As a taxpayer I would vote against it, and I think that any such proposed drastic change should be submitted to the country for the final decision.

(2) *The best method of working the coal export trade, if nationalization were decided upon.*—In my opinion the best method would be for the business to be conducted through the medium of recognised coal exporters.

They know their business. It is their duty to cultivate markets abroad. They have to seek orders in normal times. If, as may be inferred, we are likely to be faced in the future with keen German and American competition there will have to be all the greater display of enterprise on our part.

Exporters act for, and they offer necessary and varied accommodation to, the receivers in foreign countries. Very few collieries have ever deemed it prudent to adopt the rôle of exporters in their own right, and it is hardly conceivable in this respect that where collieries have feared to tread the State will step in and try to do the business.

Minimum prices for the respective districts could be fixed—and modified periodically as circumstances dictated—by some Central Control or authority. The selling and the trading facilities, however, should be left to the districts separately, so that advantage could be taken of obtaining the full "market" value. In other words, except a safeguard of minimum prices, there ought to be practically a complete system of local control in each district.

This proposal has also the advantage, to commence with, of creating the least possible interference with the ordinary and general conduct of the coal export trade.

As time went on it is conceivable that amalgamations of exporters might ensue, just as under nationalization, for management purposes and convenience, the mines would probably be "grouped." Even a fusion of interests might ultimately obtain, but these changes would be made only in the light of an extended experience of the new order of things.

As an alternative to merchants, collieries or the Government would have to set up an Export Department for all coals, which would be large and costly, and would in all probability amount to more than merchants' profits. Foreign buyers would probably have to appoint buying agents to arrange and attend to their shipments while the collieries or Government would have to finance the transactions and give credit."

We are very much obliged to you for your *précis*. We shall all carefully consider it. I do not know if anybody wishes to ask any questions. (No reply.) Thank you, Mr. Greener. We shall bear your *précis* very carefully in mind.

eastern side and Rhondda. The collieries are on a much smaller scale of output, and the coal differs to a marked degree from the coal worked in the Rhondda and Monmouth portions of the coalfield. It is very soft and friable and in the cutting, handling, and shipping, produces an abnormal quantity of small in proportion to large. So marked is this tendency that a considerable proportion, probably the main proportion of the collieries in West Wales, have ceased to screen their large coal, and therefore only produce thro' and thro', or unscreened coal. In many instances even this thro' and thro' coal only contains approximately 20 per cent. to 25 per cent. of large or lump coal, the rest being small.

This disability, in comparison with other and competing coals in South Wales, entails very special marketing in order to make markets for this very difficult class of coal. In order to dispose of the small coal, and for which there is very little real demand on the continent, some of our exporters have been obliged to erect themselves fuel works in Franco, or assist financially their French customers to put up fuel works. Engineers have been sent out to France and other countries, in order to educate customers to the use of West Wales small and thro' coals, and the fact that there is a quietly growing market now for this class of coal is undoubtedly due solely to the

29 May, 1919.]

MR. ARTHUR ANDREWS.

[Continued.]

individual enterprise of both colliery proprietors and coal exporters in West Wales, firms which have expended much money and time in the past years and are only now beginning to realise the fruits of their labour.

Witness cannot conceive that under national ownership of mines such individual enterprise on behalf of any particular district could or would be undertaken successfully. On the contrary, he conscientiously believes that only under private enterprise has it been possible to continue the steady development of the West Wales steam coalfield, under the most difficult and depressing conditions.

Anthracite.

5. This is a class of coal practically peculiar to West Wales. It is a comparatively new industry in the commercial sense, as is shown by the fact that the production has more than doubled during the last fifteen years or so.

The output of saleable anthracite in 1899 was only 1,817,800 tons, whereas in 1913, the last full year prior to war conditions, it has risen to 4,156,517 tons.

It has taken many years of patient industry to bring its undeniable merits before the notice of the consumers at home and on the Continent, and it is a safe statement to make that in no other section of the coalfield has it been necessary to so fight its way into use as in the case of anthracite.

6. The first introduction of anthracite to continental consumers was made about 1831 when the coal was sent to France and Germany in sacks and literally given away in order to induce consumers to make trials. The large coal was broken by hand into nuts. Special stoves were designed and constructed by the pioneers of the industry, and were sold under cost price and often fitted free in order to demonstrate the peculiar merits of the coal for household purposes. A member of one of these pioneer exporting firms actually spent 12 months in San Francisco, wholly engaged in the introduction of anthracite to that market. Witness himself spent some months in Sweden soon after the washing anthracite was commenced in West Wales, engaged in propaganda work, and succeeding in introducing washed anthracite into Sweden after a very great deal of effort and expense.

Witness had to sell the coal at considerably less than cost price in order to get the trials made, but the result to the trade justified the sacrifice, and Sweden is now a most important market.

Witness gives these illustrations in support of his statement that anthracite, by reason of its peculiar characteristics, has proved a most difficult coal to develop and introduce to home and foreign markets.

7. Very expensive and complicated machinery has now been erected in most of the anthracite collieries for the washing of nuts, beans and peas, which effectively removes most of the stone, shale, and other impurities from the coal.

8. Although anthracite was first brought to the notice of consumers as a very excellent household fuel, research work has since proved it to be specially suitable for use in gas engines; for making calcium carbide and for steaming purposes by means of special bars and furnaces.

9. The result of these developments is entirely due to the energy, enterprise and pioneer work of exporting houses who will probably never personally reap the full benefit of the work and money they have expended, but the trade as a whole has benefited enormously and its growth and expansion is wholly due to individual effort.

In this case also, as in the case of the West Wales steam coal trade, witness cannot imagine that such strenuous pioneer work would have been undertaken by State controlled or owned collieries, either by way of scientific propaganda, research and educational work or the expenditure of such enormous labour and money as has made the trade what it is to-day.

The principal reason for his belief that the Government cannot hope to develop an industry like the coal trade with anything like the same efficiency as the private owner and the exporter is:—

Coal will remain essentially a competitive article, not so much in the case of the home trade, but most certainly for foreign markets.

Foreign Markets and Competition.

10. Witness appends as follows a list of our principal foreign markets, and in the second column he indicates the foreign coal fields from which the keenest competition is experienced:—

Markets.	Competing Coalfields.
France	French, Belgian, German, and American.
Italy	French, German, and American.
Spain... ..	German and Spanish.
Mediterranean ...	German and American.
Scandinavian ...	German and American.
Eastern	Japanese and Indian.
South America (East Coast).	American and South African.
South America (West Coast).	Australian and American.

11. The vital principle of Government management is not and has never been based on competitive lines, for Government management or control has of necessity in the past created a virtual monopoly. It is his opinion, therefore, that State machinery for the ownership of the mines and the distribution of the production would not respond readily to competitive conditions, and that as a result this country would lose many of its markets to foreign competition, unfettered by State ownership and spurred on by keener efforts of private enterprise, with its greater elasticity in meeting special conditions. Governmental control in this country in the past has not suggested much elasticity in meeting new conditions, even when that control has created a virtual monopoly, and he cannot therefore believe that he can hope for any improvement in this respect in dealing with a strictly competitive article like coal. The very system is all against such a belief.

12. The State as a commercial or trading concern has not a single success to its credit, notwithstanding the fact that it has had the undoubted and immediate effect and benefit of creating an absolute monopoly in its trading career. The postal service, the telegraphs and the telephones are striking illustrations of failure—failure to make the services pay commercially, and, what is even worse, failure to provide a good service. The position of the telegraphs is deplorable, and has been working at a loss of approximately £1,000,000 per annum. The State control of the telephones is a failure and compares unfavourably with the private management of the National Telephone Co., both in point of cost and service.

If this be the result of State control on industry protected by monopoly, it is reasonable to assume that the nationalisation of the mining industry cannot be effected with any hope of success, bearing in mind that 20 per cent. of the total production of the United Kingdom is exported and is therefore subject to keen world-wide competition. This is specially appreciated in South Wales, where over 50 per cent. of the production is exported.

An important point, too, for consideration is that keen price cutting for world markets may convert the commercial aspect into the political, a very dangerous feature when inspired and conducted by Governmental control.

13. The coal-trade, governed as it is by world-wide competition, is of necessity a very speculative trade, and sellers, whether collieries or exporters, are often forced to accept onerous conditions of sale in respect of payment, guarantees of quality, &c.

Witness cannot think that a Government Department would readily lend itself to such conditions, and without which it could not possibly secure or maintain certain valuable markets which have been built up by private enterprise, willing to shoulder such responsibilities in the face of the keenest foreign competition. Government service does not tend to mould its servants on competitive lines, and he greatly fears the very system would break down badly under world-wide competition, with the inevitable result that this country would lose many of their hard-won markets, thereby causing irregular working of the mines, and consequent unemployment of miners and all labour attached to the great coal shipping industry."

29 May, 1919.]

MR. ARTHUR ANDREWS.

[Continued.]

24,011. Do you wish to say anything more about the last paragraph of paragraph 12? You are one of the only witnesses who has dwelt upon that point. That is an important point. You say: 'An important point, too, for consideration is that keen price cutting for world markets may convert the commercial aspect into the political, a very dangerous feature when inspired and conducted by governmental control?'—I consider that a very important point. I have been rather struck in the evidence I have read so far that that point has not been referred to prior to this or I have not seen it. It does strike me at present the coal trade is essentially a commercial article, but dealt with as it may be now as it is proposed to rather under a nationalisation system, any reciprocity arrangement made between country and country for any other purpose might easily bring that out of the commercial and take it into the political at once. As an example, let me make my point in this way. Assuming we were extraordinarily short of, say, iron ore, and to get iron ore we had to make a special arrangement with Spain on a reciprocity basis whereby for the return of that ore we undertook to give them a certain quantity of coal at a certain price, perhaps it may seem at a too favourable a price, but a price less than the price we gave to other nations, that at once, in my opinion, takes it out of the commercial aspect and puts it into the political, and would cause naturally or may cause serious difficulty amongst the other nations. It is an aspect, I think, that requires rather keen consideration.

Chairman: I do not want to ask you anything on the Report. On that point I shall ask Sir Leo to assist on one side and Sir Arthur Duckham on the other.

24,012. *Sir L. Chiozza Money:* I will ask you some questions upon this rather interesting point which you have mentioned. Are you aware that during the war the economic situation of the Allies, not only our Allies, France and Italy, was saved, but this nation with others was collectively saved from disaster by collective action in buying?—I think that was so.

24,013. Do you know they, in spite of the extraordinary difficulty of the circumstances, made successful arrangements by which they bought up the whole of the export supplies of different countries in the way of wool, in the way of wheat, and other articles; they pooled them and distributed them so that the consumers in each country got their needs satisfied with a fair amount of satisfaction?—I think that was so.

24,014. Do not you think that was rather a tribute to what can be done by collective management?—Yes, but I think that was done, and I am going to rather qualify the answer in this respect, that that was under war conditions. We can do, and have been able to do, many things under war conditions we should not be able to do when coming up against world-wide competition. War conditions have enabled us to, if I may say so, ride rough-shod over all the conditions. That will not apply under normal conditions.

24,015. Forgive me if I suggest to you that the conditions in times of war present greater difficulties than could possibly obtain in times of peace?—Would you say that, Sir Leo? I am not quite certain that it is so.

24,016. I suggest to you that the number of markets in which one could buy were limited, the dangers of transport were enormous; that indeed the whole of the concomitant circumstances were extraordinary and more difficult and dangerous than could possibly obtain under any conceivable circumstances in times of peace?—On the other hand, does it not suggest also that after all it was the United Kingdom, it was Great Britain and France, in other words, the Allies, formed for the time being during the period of war the greatest possible and strongest combination ever known; therefore, under those circumstances, they were able—call it by force or what you will—to make arrangements which under normal conditions would never have been possible.

24,017. May I suggest there were shortages which could not possibly exist in times of peace. There was a limitation in buying that could not exist in times

of peace. Therefore, taking those two elements alone, if these things were not only possible but accomplished during the war—the public did not know what was being done for them—and that was successfully done, do you think it passes the wit of man to arrange such a trumpery matter as the export of a few million tons of coal in times of peace, if you will excuse my using that expression?—I still think the conditions under war conditions made it possible, whereas under normal conditions it would not be possible, under the conditions of prices, too. During war we must agree that the Allies themselves have paid for war commodities prices which under normal competitive times would not have been possible. That has contributed to it, I think.

24,018. I cannot ask you to change your opinion in a few minutes. I can only ask you to think over the considerations I have put before you. Have you considered, taking the balance of probabilities, the position in Europe during the next ten years at least will be such that there will be a demand for coal and for many other commodities beyond the powers of Europe, with any assistance it can get from America, to supply?—I think it must be so.

24,019. Does it not follow, therefore, that even if it were granted, which I do not grant, that it would be difficult to establish an export system under nationalisation, there really exists no risk at all, because there will be a greater demand than any system could possibly be called upon to supply. In other words—I hope I am not making a speech—is it not the fact that there really is no risk, so far as the export trade is concerned, in entering into nationalisation at this time and that during the next 10 years the demand for coal will be more than we can possibly supply?—Drop the question of the period out.

24,020. The period is rather important. We are addressing ourselves to a particular condition at a given time. In 1919 the things are what they are. Consider the next 10 years, and, as a practical man, are you not rather inclined to agree with me?—The period goes. Certainly for a considerable period, but I am not prepared to pledge myself for 10 years.

24,021. There is no real risk to the export trade in this country owing to nationalisation for the next 10 years. If it takes time to adapt itself to circumstances that element can be ruled out?—My reply is these questions have been asked to-day in respect to a possibility of German competition. I quite agree with the answers given that for a time, at any rate, it is quite impossible to expect any keen competition from Germany. I was never seriously afraid, as an exporter, of American competition. To-day I am very much more seriously afraid than I ever have been. The position with America in the past has been she has had the coal but not the tonnage. To-day, under war conditions, she has built up a magnificent mercantile marine which has put America into a very much keener competitive position than she was in or could have been in but for the war. I do fear her to-day, and I am meeting her to-day in my export business.

24,022. One is with regard to Germany. As to Germany, I think you admit that in all probability in the near future, not counted in a year or two years, but probably for ten years or more, there is no reason to fear German competition in coal in Europe will be as strong even as before the war?—Give me the period of years.

24,023. Ten years, or even a little more?—That, again, is wandering into the region of guess work. With regard to the Germans—we may say or think about them what we like—we do know one of their characteristics is recuperation. There is no doubt the export of coal to them is going to become a matter of vital necessity. I should not be surprised if the coal industry of Germany will be made one of the first things to encourage the whole attention of both Governmental and private opinion in Germany to recover that trade. Whether it is going to take 10 years or not is rather difficult to say. I think it is going to recover very fast and very much faster than we anticipate.

24,024. Might we not go further and say that if any recuperation does take place in Germany there

29 May, 1919.]

MR. ARTHUR ANDREWS.

[Continued.]

will be need to import coal into North Germany?
—Why should that be?

24,025. As before the war, for economic reasons?—
Of British coal, do you mean?

24,026. Yes?—Was not the import of British coal a
negligible quantity prior to the war?

24,027. No, very considerable?—I do not think so.

24,028. If you do not know much about it, I will
not ask you about it. Now as to America. You said
something about ships. May I suggest to you who-
ever owns the ships does not matter; it is the length
of the voyage and cost of the voyage that matters?—
Yes.

24,029. Does not that rule out what you said about
America owning ships? Is it not the fact the con-
ditions of competition between ourselves and America
after the war as before the war really excludes
America from the European markets, unless really we
have forgotten how to do business altogether?—The
business is being done on a delivery basis, cost, freight
and insurance. It entirely is a question of marrying
the various costs and bringing them up to the deli-
vered price. Sales may be cheap and freight may
be dear; the distance might make dear freight. We
do know also that America, with her huge produc-
tion of coal, is capable of seriously undercutting, I
say to a certain extent, which is capable of bridging
the difference of freight by that undercutting of
price.

24,030. You know she did attempt it before the war.
She succeeded temporarily for a short period, and
then competition fell and almost disappeared by 1913?
—That is quite true. That was five years ago, prior
to the serious change in her mercantile marine posi-
tion.

Sir L. Chiozza Money: I think Mr. Andrews' Re-
port is very fair and useful.

24,031. *Sir Arthur Duckham*: Sir Leo was speaking
with regard to this satisfactory arrangement being
come to during the war for controlling prices and dis-
tribution of materials?—Yes.

24,032. There was a world shortage in these mate-
rials?—Clearly.

24,033. That made it possible to make the pur-
chases?—Yes.

24,034. I suppose the Allies were fairly closely
united?—Yes.

24,035. That rather assisted the operation?—Un-
doubtedly it made it possible where under ordinary
conditions it might not have been possible.

24,036. Under nationalisation you seem to fear the
question of the difficulty of working an export trade?
—That is so.

24,037. Is one of the reasons that there might be
a fixed price for coal in the country?—I think that
would almost of necessity follow.

24,038. Would that fixed price be detrimental to you
in your export trade?—Of course that would be
largely controlled by the prices which were current
amongst our competing coalfields, either by way of
Governmental monopoly, as I said, or free coalfields.

24,039. Do you envisage coalfields in England as well
as national coalfields?—No, you misunderstand me.
Take the German coalfield, that is partly Govern-
mentally owned.

24,040. Would it be a disadvantage to you in your
dealings abroad to have this fixed price?—I think it
would.

24,041. And for export trade it would be essential
to have a flexible price?—Yes.

24,042. Would it affect you as it would other con-
sumers to have only one body of people to deal with
in your trade—the State?—It would affect us to this
extent—I am speaking entirely as an exporter—that
meeting as we would flexible prices from competing
coalfields we should at least know at once we are in
business or out of business by having fixed prices on
this side. Do you follow what I mean?

24,043. I do not quite follow?—I mean this much.
We should know our fixed price under nationalisation,
assuming there were fixed prices; knowing also
approximately the prices prevailing in competing
coalfields we should know almost immediately whether
we were able to compete as regards English coal or
otherwise.

24,044. Sir Leo asked you with regard to there not
being much possibility of competition within the next
ten years. Is there any competition to-day for
American coal in the South American market?—Most
certainly. As far as the South American markets are
concerned; it is non-existent as far as British coal
is concerned.

Sir J. Chiozza Money: I was speaking of Europe.

24,045. *Sir Arthur Duckham*: I am speaking of com-
petition in the world market?—We have lost the
South American market entirely.

24,046. Is there competition anywhere else?—Yes,
in Sweden. American coals have been sold to Sweden
itself.

24,047. Therefore the competition is with us to-day?
—It is actually with us to-day.

Chairman: We are very much obliged to you, Mr.
Andrews.

(The Witness withdrew.)

Dr. JOHN THOMSON WILSON, Sworn and Examined.

24,048. *Chairman*: I believe you are a Doctor of
Medicine and you hold the Diploma of Public Health,
and you are Medical Officer of the County of Lanark
and Medical Officer of Health of the three County
Sanitary Districts?—Yes.

24,049. You say, in the course of your *précis*:—

“The County of Lanark is, for the administration
of Public Health, divided into three areas, the Upper,
Middle, and Lower Ward Districts. Each area is
administered by a District Committee, and, except
in matters of capital expenditure and rating, act
almost independently of the County Council in all
matters relating to Public Health. Coal mining is
an important industry in the Middle Ward, which is
a large industrial area. The Upper Ward is largely
agricultural, but in certain localities there is a con-
siderable mining population. The Lower Ward,
which is near Glasgow, has also some miners. The
statistics relating to these areas are as follows.”

You show here a table of “Occupation Mortality
in Scotland.” I think this is with regard to all
Scotland, is it not?—Yes.

24,050. We have already had that. I thought
perhaps it referred to Lanark itself, but I will just
draw attention to the three salient facts. You take
a table of deaths per 1,000 workers, age period 25 to
45, for the period 1890 to 1892. Agricultural
labourers seem to be the lowest with 4.52, and

builders, masons and bricklayers seem to be the
highest with 15.04. Coal and shale miners are
7.3. I think those figures come out more or less
the same with regard to the years 1900-1902?—Yes.

24,051. I think the same proportion is maintained at
the next age period, which is between 45 and 65?—
Yes.

24,052. Then you set out a very interesting table
which we have also had given to us. Then we come
to another interesting table (Table A) at the bottom
of page 2 shewing the “Comparative Mortality of
Men, 25 to 65 years of age, in different occupations,
1881-2-3.” I think the people who seem to live
longest are clergymen, priests, and ministers.
Gardeners are next with 108; coal miners are 160.
Inn and hotel service seems to be the worst with 397.
That table is set out under the heading of “Mortality
in Relation to Occupation,” by Dr. William Ogle,
and the last paragraph of that reads:—

“Of the death-rates thus obtained the lowest was
that of men in the clerical profession, and for the
sake of easy comparison I have taken this lowest
death-rate as my standard. I represent it by 100,
and the death-rate of each other profession or
industry is represented by a figure duly proportionate
to this standard.”

Then it goes on to set them all out. Then on the top
of page 3, second column, it says:—

29 May, 1919.]

DR. JOHN THOMSON WILSON.

[Continued.]

"There remains yet one industry among those exposed to inhalation of dust of which I have not yet said anything—I mean coal mining. This I have reserved to the last, as requiring special consideration. Seeing the conditions under which coal miners work, in a hot and dust-laden atmosphere, and their terrible liability to fatal accident, it might naturally be expected that their death-rate would be excessively high. As a matter of fact, this is far from being the case. Even when fatal accident is included their death-rate is by no means an excessively high one; and, putting accidents aside, the death-rate from disease alone is exceptionally low, being almost exactly the same as that of agricultural labourers.

The question is, To what is this comparative exemption due? There are two possible explanations: one, that it is simply due to the picked character of the miners, inasmuch as none but strong men are likely to adopt so laborious a calling; the other, that there is some special preservative condition attaching to the industry; and, as the most notable of the conditions under which the coal miner works, is the necessary inhalation of coal dust, or other matter given off from coal, it is to this that most writers who have adopted the second explanation attribute the comparative immunity. 'It is in the highest degree probable,' says Dr. Hirt in his well-known treatise, 'that coal dust possesses the property of hindering the development of tuberculosis, and of arresting its progress.'

Then you set out a number of most interesting figures and we are much obliged to you for your proof.

24,053. *Mr. Robert Smillie: (To the Witness.)* I think you can say a few words on the housing question of Lanarkshire?—Yes.

24,054. I suppose you know the housing conditions of the Lanarkshire miners?—Yes, and I did send on some proofs of that some time ago and I have some of the details here.

24,055. *Chairman:* Would you just tell us what they are. We have not time to go through the 60 or 70 pages of proof which you have been good enough to send in. Will you just tell us from your own knowledge?—The tables taken from the last census show that the two-apartment dwellings prevail mostly, but one-apartment dwellings come next, and then the three and four-apartment class, and then above that.

24,056. *Mr. R. Smillie:* Do you remember going round a portion of the county with Mr. Forgie, Dr. Haldane and myself?—Yes, I do.

24,057. I think we went to your house when we finished?—Yes.

24,058. Do you remember showing a map of the county in which there were certain black spots?—Yes.

24,059. I think you yourself had prepared it from your own knowledge?—Yes. You were naturally anxious to find out what accommodation was available for washing in the miners' houses.

24,060. That was the reason for our visit?—Yes, and I took you to the parts where I thought you would see the evidence you wished to get.

24,061. I want to call attention to that map. On that map you pointed out certain parts which were darkened, and you said if any infectious disease broke out, you would know at once where it would spread to. Do you remember that?—No, I do not remember that particularly, but the localities I took you to were Blantyre and Belshill, and round that way.

24,062. I want to call attention to the map which you showed?—I am sorry, I cannot remember that.

24,063. Had you a map in your house of the county in which there were dark portions, one being Blantyre and two or three other places as to which you told Dr. Haldane and the rest of us that if any infectious disease broke out it would be sure to spread to those particular parts?—No, I do not remember that, I assure you.

24,064. Is the housing worse in some parts than others?—Yes.

24,065. Have you a map in your house with black portions on it where the housing is worse?—No, I have not such a map that I can remember, but a great deal has been done since you and Dr. Haldane

went round with me in meeting those conditions. In Blantyre we have had water-closets introduced. I remember Dr. Haldane being shocked at the midden privy system in the Blantyre area where you had miners' houses with midden privies, but within two or three years of your being there they were all converted into water-closets.

24,066. But that is not the case all over the county?—No, it is not the case all over the county, but it was very largely introduced wherever there is a good water supply and an efficient drainage system. In other words, although we had in the City of Glasgow the midden privy system existing for a long time, and longer than in other parts of Scotland, yet we tried to introduce that water-closet system very fully and completely.

24,067. I think it is six or seven years since we were round?—It is more than that.

24,068. It is when the Royal Commission on Mines was sitting, 1909 or 1910?—I have your report beside me and I think the date of that report was earlier than 1909 or 1910.

24,069. Well, it is hardly necessary to trouble about the time. You were strong in your condemnation of single-apartment houses for the miners at that time, were you not?—Yes.

24,070. I think you went so far as to say that no family should be required to live in a house of one apartment?—Yes, I believe I expressed myself that way.

24,071. I think for some years you have done everything in your power to induce the County Council to see to it, and that your scheme of housing was carried out to that extent?—Yes.

24,072. Have you changed your mind since then?—No; but I may say that, so far as coalowners' housing is concerned, we have had no plan since 1900 which shows one-apartment dwellings. That is to say, I can give you figures of the actual number of houses built by coalowners since 1900 and I think there are only 12 out of 1,000, which is about 1 per cent.

24,073. Have you changed your mind on the question of one-apartment houses?—No.

24,074. You are still of opinion that families should not live in one-apartment houses?—Yes, but there is this difficulty. If miners marry early and they have no way of furnishing more than a one-apartment house, we would rather see them in a one-apartment house suitably constructed than living in lodgings or something worse than that. Take things as they are to-day; you have miners getting married and the wife going to her home and the husband going to his mother's home and living there when they are married. You have also the case where the wife lives with a married sister or some relation of that kind. Now that is a very undesirable thing. No matter how humble the home may be, it is certainly far better than starting married life under these conditions.

24,075. I think you have gone the length of expressing your opinion that a one-apartment is very suitable for an aged couple or a young married couple?—I believe that was a reasoned argument as conditions existed in 1909.

24,076. Is that really your feeling?—If they can afford something better, good and well; but it is far better to be living in a little house of their own than to be living in lodgings.

24,077. But that is not the way in which it is put. That it is far better that they should be living indoors than lying outside anyone would admit, but it is put that you rather advocate a single-apartment house?—No, I am not an advocate of single-apartment houses. I can get the actual words of the Report if you like. You will find it is a reasoned argument which I can go over bit by bit, and if you find me wrong, you can correct me. I am not an advocate of one-apartment houses. We have a very high birth-rate in our districts due to the fact largely that people marry early in life and often with not sufficient means to furnish a house and live under these conditions properly.

24,078. Of course at the present time you know in nearly all the mining centres in the middle of the county that the people who have married recently,

29 May, 1919.]

DR. JOHN THOMSON WILSON.

[Continued.]

the young people, have very often gone into a room of either the man's father or mother, or the woman's father or mother where there has been a two-apartment house?—Yes.

24,079. You know there are two families in many cases living in a single-apartment house?—Yes, very largely due to the war condition. That is to say, all building operations ceased during the war and many of these men have come back from the war and were anxious to get married without delay.

24,080. But for fifteen years you have been advocating that there should be some scheme of housing in Lanarkshire?—Yes.

24,081. I believe you have been doing everything in your power, or were at one time, to get the county authorities to move?—Yes.

24,082. But you could not get them to move?—I do not think you should put it in that way. Up to 1909 we did not have Parliamentary power; that is to say, the Housing and Town Planning Act, 1909, was the first Act of Parliament that gave us much power to go ahead with the housing scheme. Since then we have also had the miners' agents on our country committees, who have been most helpful in pushing along with things, and I should think you may take it that with a mining agent as Chairman of our Housing Committee in the Middle Ward things have been going along very well.

24,083. You do not seem to be moving very much?—Yes we are.

24,084. With regard to the housing accommodation in Hamilton, are you responsible to the Borough Council?—No.

24,085. Take Larkhall and so on. If there were houses available for the workmen to go to do you think you would be justified in condemning some 1,000 houses as unfit for the people to live in?—I have given actual figures in my *précis*, but I will put it to you in this way. Four years before the war 1,000 were condemned and 4,000 were renovated. We have on our books just now about 2,000 that require to be dealt with and are being dealt with in the way of new housing schemes.

24,086. May I take it the majority of the older houses owned by colliery companies are simply founded on the clay without any attempt to have a damp-course to them?—I think that the houses built in early days were so constructed, but I think the bulk of them now have been condemned as unfit for human habitation. That is to say, the lack of a damp-proof course may give rise to dampness, and that we say is a nuisance, dangerous to health, and we condemn the house if it is damp.

24,087. Would you believe about 70 per cent. of the houses owned by employers in Lanarkshire are of that kind and that it is only those built within the last 10 or 15 years that have a damp-course?—I could not give you figures, but I will take it from you if you say so. Of course, it does not prove dampness. It is quite easy to protect a house without a damp-course and not have dampness in the walls, but a great deal depends upon the subsoil.

24,088. I think your explanation as to the low death-rate of the miner is probably accurate, and I was going to put it to you, but you put it more clearly than I can. You say it may be accounted for by the fact that it is only the strong that go to the mines?—Yes.

24,089. And probably the weaker are kept out of the mines and put to some other industry. Is the mortality amongst other children more favourable than amongst the miners' children? That is to say comparing miners' children with other children?—Comparing the miners' children as a class with the children of another class?

24,090. No, I mean the children of the mining villages of Lanarkshire as we understand them as compared with the middle-class and upper-class children?—Well, I will put it in this way, that the infant death-rate—that is to say infants under one year of age—among the mining classes is higher than among the wealthier classes. If you take houses of three or four and more rooms, the death-rate may be only 60 per thousand infants, but among the mining communities it is perhaps as high as 110 or 120. But

you have to remember that the population that produces most of our babies to-day is the working classes.

24,091. But it is percentages you are dealing with?—I want to lay stress on the fact that where the mortality is high you have also a high birth rate, and it is the working classes that have the highest birth rate.

24,092. Does not the same apply as you go higher up than one year? Does it not also apply to two years?—I have no statistics taken out for that age period, but I believe for the next two or three years it will be high.

24,093. You do not know whether it has been higher in the past or not?—So far as my own statistics are concerned I have not taken out the figures.

24,094. *Sir Adam Nimmo*: I think you have heard the criticism and know something about the criticism which has been passed upon coal owners in Scotland with regard to the housing conditions of their men. May I ask if you regard that criticism as quite fair?—No. I am sorry Mr. Robertson was not aware of the immense improvements that have been carried out since the 1909 Report was issued. Take the firm of James Nimmo and Company.

24,095. That is specially referred to; perhaps you would deal with it now?—The information in 1909 was that the conveniences consisted of pail privies and open ash-pits. We got a drainage scheme introduced into the Holytown area, and immediately afterwards water closets were provided. We then got a scavenging scheme introduced, and the ash-pits were abolished also. So that the fact with regard to privies and open ash-pits is that they are non-existent.

24,096. In fact, the statement made by Mr. Robertson was not correct?—That is so.

24,097. And did not represent actually the position at the time he spoke?—It did not.

24,098. Do you know the houses at Eastfield in the Longrenn district?—I did at one time, but it is a very decadent area, and they are practically all empty now.

24,099. Do you know that certain houses there were reconstructed at the beginning of the war?—Yes.

24,100. Twenty houses?—Yes.

24,101. Do you know whether all these houses have been occupied or not?—No, they have not all been occupied, but water closets were provided in each of these houses.

24,102. Do you know whether the poorer houses in the neighbourhood have been occupied in preference to those houses?—I do not know that.

24,103. Do you think that the housing conditions of the mining population in Scotland do prejudicially affect the death rate among the miners?—It is exceedingly difficult to associate health and housing. That is to say, you will get a very bad house, or a lot of bad housing, and yet the mortality would not be as high as you would expect it to be. In going into a court of law we do not require to produce vital statistics to prove that there is actual injury to health going on, because it is impossible; but we simply state that there are sanitary defects which must be dealt with.

24,104. Do you think the man in the south quite understands the housing question in Scotland?—Well, I have been through some of the mining areas about Coventry with a committee, and I know the housing there is very different to what we have, but we have adopted in our new scheme somewhat that plan and type. The two large apartments provided for the Scottish houses will contain, perhaps, as much cubic space as the three and four apartments in the South Country house.

24,105. Is that not a fact very much overlooked in comparing houses in Scotland with houses in England?—I believe it is.

24,106. That the two rooms in the houses in Scotland are much bigger?—They are.

24,107. Are the miners' houses in Scotland that you know of either better or worse than the housing conditions generally applicable to the industrial population?—No, the housing conditions relating to all classes of labour are on the same plan, more or less.

29 May, 1919.]

DR. JOHN THOMSON WILSON.

[Continued.]

24,108. Have you found that the coalowners in Scotland have been very ready to carry out your instructions in regard to improvements on houses where you considered them necessary?—Most of them have; there are just one or two exceptions.

24,109. But generally speaking?—Generally speaking they have been very ready and very willing, and I would say this much, that notwithstanding the fact that in the City of Glasgow you had the working classes housed in one-apartment dwellings—even provided by the Corporation of Glasgow and provided with common conveniences—yet you have certain firms, like James Nimmo, whom I will take again, if you like, who were amongst the earliest to provide single water closets and sanitary conveniences for each dwelling.

24,110. Have the houses which have been put down by the coalowners in Scotland been steadily progressive?—They have, undoubtedly.

24,111. What is the character of the most recent houses which have been erected in Scotland?—They are big, roomy, two-apartment dwellings, each with their own scullery, water closet, slop-sink, gravitation water supply and everything that you would desire in the way of modern conveniences.

24,112. As a medical officer, have you looked upon that housing accommodation as satisfactory?—I have plans in my possession that I can show you to prove that.

24,113. Are you aware of the statement that was referred to by Mr. Robertson, which was alleged to have been made by Dr. Russell, the late Medical Officer of Health for Glasgow?—Yes. No doubt it is an affecting story, but the Glasgow Corporation, whom he served, appointed a Housing Commission some 10 or 12 years ago, and after that Commission sat and deliberated, the Corporation built workmen's dwellings, all one and two-apartments, in the proportion of three one's to six two's. These are out in the Riddrie district.

24,114. Do you know when Dr. Russell's statement was made?—It is long ago.

24,115. Was it as far back as 1888?—Perhaps not quite so far back as that. He wrote it in connection with a Church Society.

24,116. Mr. Herbert Smith: May I ask you one question, because I want to see what Mr. Robertson said? You seem rather anxious to defend James Nimmo & Co. Let us see what he said in his *précis*?—What I said is perfectly true.

24,117. But let us see what Mr. Robertson said in his *précis* with regard to James Nimmo & Co.:—"James Nimmo & Co. (Chairman, Sir Adam Nimmo; Chairman, National Association of Coalowners), Holytown Mine." Then you refer to pages 175 and 176 of the Medical Officer's Report, which says this:—"Holytown Mine. 438 employed. One hundred and seven two-apartment houses, one storey, brick built. No damp-proof course, no garden ground. Sculleries used as wash-houses, no boilers, thirty-six pail privies; eighteen open ashpits?"—That was all remodelled when we got that drainage system introduced and the scavenging system.

24,118. Is that on pages 175 and 176 of the Medical Officer's Report?—May I get it?

(The Witness withdrew.)

Sir KEITH PRICE, Sworn and Examined.

24,133. Chairman. I believe you are a director of Price & Pierce, Limited, Wood Brokers?—Yes.

24,134. You say in your *précis*:—

"In November, 1914, I was asked to take up work in connection with the supply of explosives at the War Office, and was subsequently transferred in 1915 to the Ministry of Munitions. In 1917 I was appointed Member of Council for "X" Group, and continued in this capacity until the Armistice, when the groups were re-arranged and all the Government factories working under the Ministry of Munitions were included in my group. In March of this year I returned to my ordinary vocation.

My knowledge of coal is confined to the early days of the war, when I was responsible for the production of the bye-products from those collieries having coke

24,119. I mean what Mr. Robertson said?—I have copy of the report here; I can tell you.

24,120. Is this what Mr. Robertson said. He is only quoting the Medical Officer?—There was a very fiery paragraph in our "Glasgow Herald"—"Deplorable Conditions." May I call your attention to it?—I have the cutting here (*producing same.*)

24,121. I can understand Sir Adam Nimmo wishing to get clear of it, but I want to know what the doctor said?—What was said was true at the time the report was made. Why Mr. Robertson made a mistake was that he did not find out what alterations were made.

24,122. I want to have a word with you on your experience of Scotland because we happen to know something about Scotland. I went up to Scotland in 1887 and went to Cambuslang. Do you think it was unusual to have to be called out of bed because you were in the same room where child-birth was going to take place, as these were only one roomed houses?—That is not desirable.

24,123. Is it true, as a matter of fact, that it has happened scores of times?—First of all, I was born in Cambuslang, and I remember quite early the miners rows when I was there, but I cannot say what was the accommodation provided. What part of Cambuslang are you referring to?

24,124. I was there in 1887.

Sir Arthur Duckham: Does that affect us to-day?

24,125. Mr. Herbert Smith: There seems to be an intention to glide over this. We are talking about one-room houses. Sir Adam objected when Mr. Frank Hodges made a statement saying it was not so, but I put it, and the doctor seems to agree. There are single-room houses now and he recommends two-room houses. (*To the Witness.*) Have you two-room houses where you live?—Two-room houses are very popular with the working class.

24,126. Have you a two-room house where you live?—No.

24,127. Would you like to live in a two-room house?—I believe I would.

24,128. Well, there are plenty if your idea is carried out, to go into. I suggest you ought to shew an example by living in one?—With regard to Cambuslang, I was not Medical Officer of Health in those days. Cambuslang in 1887 was simply managed by a Parish Council.

24,129. One of the things I want to make clear now you are here is that Mr. Robertson was here before, and all he quotes is a Medical Officer's statement?—What he did quote I believe might be true at the time the report was made. What I am telling you now is that that report would show that it was a basis of action, and immediately the facts were put before the various sanitary authorities, they did take action.

24,130. I think you will admit Scotland is fifty years behind England?—We have been a poor people compared with England.

24,131. You will admit that there are many scores of houses now in a similar position to what James Nimmo & Company's houses were in when this report was made?—Yes, and if we are only spared for a few years, they will soon be wiped out.

24,132. You have a lot of sins to wipe out, and the sooner you start the better.

ovens, these being required for explosives purposes. In this capacity I was a member of the original Coal and Coke Distribution Committee of the Board of Trade.

As member of Council "X" during the war I was responsible for the control of over 50 Government factories and establishments and some 80 explosive stores, the factories representing an expenditure of over £25,000,000 on works and plant.

My evidence must be considered as my personal views only.

I consider that the Government factories which came within my group were satisfactorily run, and that the management and results did not compare unfavourably with private enterprises. The factories may be divided into two groups:—

29 May, 1919.]

SIR KEITH PRICE.

[Continued

- (a) Those which were run entirely by the Department.
 (b) Those which were run by private contractors for a management fee on behalf of the Department.

It is difficult to say which system proved the more efficient, as a fair comparison of the working of chemical and explosive factories is difficult to make, but on the whole it can certainly be said that the factories under Group (a) compared favourably with those under Group (b). The two largest factories, viz., H.M. Factory, Gretna, and H.M. Factory, Queen's Ferry, were run under Group (a). In the case of factories run under Group (b), resident Government Accountants were installed and close supervision always maintained from Headquarters.

While maintaining that the Government factories which came within my purview were satisfactorily run during the war, I have the very strongest opinion that in peace time the reverse would be the case.

The Department had the advantage during the war, not only of the extreme keenness and loyalty of the workpeople and the management, but also the advantage of having been able to secure some of the leading engineers and chemists of the day to manage and administer the factories. These men came from all parts of the world, and either worked voluntarily or took relatively small salaries in order to do what they considered their duty to the country. It would be practically impossible for the State to secure these men in normal circumstances, and, in fact, I know that the majority of them would refuse to serve the State during peace time in view of what they consider the irksome and inefficient system with which they have had to contend, quite apart from all questions of remuneration. As regards remuneration, I cannot see how it would be possible for the State to pay the salaries which men of the class to which I refer above can command in the open market. Under Government control there is, to a large extent, no reward for efficiency, and inefficient men can keep their positions under nearly every circumstance; this cannot lead to the economic administration of industrial concerns.

My experience of those Government factories which were in existence previous to the war confirms me in the opinion that Government factories cannot be operated on competitive or economic lines, owing to the cumbersome nature of the procedure which is inevitable under Parliamentary and Departmental control.

Among the objections against Government control to which I attach importance are the following:—

1. The management having so little say in:—
 - (a) the appointment and selection of staff;
 - (b) the grading of salaries;
 - (c) the lack of authority in dealing with labour;
 - (d) the efficient maintenance of plant, i.e., the scrapping of obsolete plant and the installation of up-to-date plant.
2. The weakness of any Government organisation in purchasing raw material on competitive lines (a condition which did not operate during the war owing to so many prices being controlled and material being rationed).
3. The weakness of any Government organisation marketing its products. I cannot see how this can be done satisfactorily on commercial lines without acute controversy.
4. Political pressure will certainly be brought to bear whenever questions of closing down inefficient or uneconomical concerns arise, or even on lesser subjects?—Yes.

24,135. *Sir L. Chiozza Money*: I have read your *résumé* with great interest, and you know I took some interest in your Department when I was myself connected with the Ministry of Munitions. I think that your verdict on the Government factories is that they compared favourably with those run by private contractors for a management fee?—That is so.

24,136. That is to say, that the factories which were run sometimes, as you say, by men who did the work voluntarily, and sometimes by those who took relatively small salaries, were not worse than the

factories run by private contractors for an independent contractor's fee?—Yes.

24,137. Would it not be true to go a little further than that and say that many of these State factories actually did produce in the war goods at a lower cost than the prices for which contracts had been made with private contractors?—Yes, that is the case.

24,138. Did that not lead to this—that the prices paid by the Government to private contractors were in a number of cases revised downwards, because of the successful work of the State factories?—That is the case.

24,139. So that we not only saved money in the State factories, but actually saved a lot more money in the private factories, because we were able to show what the cost of production of goods actually was?—To a certain extent, that is the case. Of course, it was also assisted by the fact that the contractors' accounts were carefully audited.

24,140. And by the Costing Department of the Ministry of Munitions?—Yes.

24,141. I think that is true of cordite, is it not?—Conditions were rather difficult in the cordite trade. The production increased so enormously. Where you started with a production of a few tons a week, you suddenly came into thousands of tons per week, and the difference in the cost of production on the large scale was very appreciable.

24,142. With regard to sulphuric acid, did there come under your attention the price at which that was produced and the cost at which it was produced at Gretna?—Yes.

24,143. Was it a favourable cost?—Very favourable.

24,144. Was it very favourable as compared with sulphuric acid produced and contracted for elsewhere?—No, you cannot say that. The sulphuric acid which was produced at Gretna was strong or fuming sulphuric acid, which we usually call oleum. With regard to private contractors, I think I can state before the war there were only two oleum works in this country and they were rather old. The oleum plants at Gretna being absolutely modern and up-to-date were able to produce at a very much improved cost.

24,145. There is no doubt it was a very favourable cost?—Yes, they had the latest advantages and everything was quite modern.

24,146. And it would not be an exaggeration to say that if the whole of the industries of the United Kingdom were managed as efficiently as Gretna and were furnished with plant as up-to-date as that at Gretna, the cost of production in this country would decrease and its power in the market of the world increase?—That is probably the case. Of course, you have a factor to remember in that *carte blanche* was given to do the best thing on the best scale, and you had the best men and the most up-to-date methods of production and management possible.

24,147. It is a fact, is it not, that in addition to calling in business men like yourself, the Ministry of Munitions also called upon scientists who were not, in the ordinary sense of the word, business men?—That is so.

24,148. Take Mr. Lambourne with the coke ovens; he was not a business man, was he?—No, he was not.

24,149. Did he not come from some college or school?—Yes, to the best of my knowledge.

24,150. Did you have the assistance of Dr. Spielman, of the Institute of Chemistry?—Yes.

24,151. Those are only samples of the kind of men brought into the Ministry of Munitions and made an active State service in the war?—We had scientific men come from all over the world. We had three leading professors from Australia, who insisted on coming over.

24,152. It is not unfair to say, so far as the actual fact is concerned, quite apart from how it was done, that there is a good deal to say for the success of State enterprise during the war?—Yes.

24,153. And I think you rather doubt the continuance of that in peace time, because you feel the State cannot get the assistance of such men in peace?—I am sure it could not get such men in peace. I have very grave doubts on that subject.

29 May, 1919.]

SIR KEITH PRICE.

[Continued.]

24,154. I noticed that opinion in your *précis* and it very much interested me. Have you ever examined the existing state of the municipal undertakings of this and other countries?—No; I have never had any occasion to study it.

24,155. Well, let me suggest to you that other nations in their State Government and in their local and municipal government have had no difficulty in getting the assistance of the very finest organisers and scientists to help them. Is it not rather true to say that men are proud to serve their country in those connections?—I should not have said so myself. My experiences of municipal gasworks and municipal electric works, such as they are, does not lead me to that conclusion.

24,156. You know, do you not, that both municipal gasworks and electric works produce their gas and power at least as cheaply as private concerns, and I think I am not going too far in saying they produce them more cheaply?—That is not my experience as regards electric power.

24,157. But you know it is the fact from collected statistics that the supply of electricity to the public from municipalities is cheaper than from companies?—I do not know enough about it to say so.

24,158. But that would show, if it were true, that they managed to get the assistance of capable engineers?—I presume it may be so.

24,159. And if you take the State railways of the world, is it not the fact that in Germany, in Switzerland, in Norway, in Sweden, in Denmark, in Japan, and in Australia, all those State railways have the most capable men at the head of them, and men who are acknowledged to be leaders in their profession?—There, I am afraid, I should entirely differ from you. That is not my experience, with the exception of the German State Railways. I have travelled a good deal, and the German railways were very good. If you take France, the Orleans State Railway is disgraceful. When the L'Ouest was taken over it was very bad, but I think it was worse after the State took it over.

24,160. I do regard this as of very great importance. Do you really suggest to us in time of peace the Electricity Commissioners who were being set up by the Government, and who would have the great responsibility of carrying on the electric work of this country, would not be able to command capable engineers to assist them? You know the Government electricity work?—Yes, I am aware of it.

24,161. Do you suggest the Government could not get the assistance of Mr. Merz and men like that?

24,162. *Sir Arthur Duckham*: As whole-timers?

Sir L. Chiozza Money: Yes.

Witness: I should very much doubt if they would. It depends upon what salaries the Treasury are prepared to offer.

24,163. Does that answer it? If you really can offer them a remuneration according to their status, they will be only too glad to come?—I think when you talk of the electricity trade, there is just the possibility of it, because it is in such a dreadful state at present that men for the good of the country might come forward to do it. That is one of the few industries in which I see the possibility.

24,164. Is it not the fact that if you take the public enterprises of the world as a whole, you have the most capable men in charge of those things?—I should not have said so. I should say private enterprise had the most capable men.

24,165. Take the town of Cologne where our soldiers are. Have they not the most capable electric supply, and is it not managed by a most expert man? It surprises our own soldiers who are asking why our own towns are not so well fitted up?—Quite so, but look at London on the other hand.

24,166. But London has not got it, unfortunately. Take the Panama Canal. Is it not the fact that America was able to get hold of the very finest engineers and scientists, who sacrificed their lives in some cases, in order to make that State enterprise a success—and that in time of peace too?—You might do it for one State work which stands out as something on which a nation's reputation depends, but for ordinary everyday work like producing commercial material my opinion is the reverse of yours.

24,167. You think that a capable man of affairs or a scientist would rather serve 10,000 shareholders

than he would serve his country?—The Government methods are so cumbersome and so annoying that I think in peace time you would have the really first-class men refusing to do it.

24,168. Are you not rather going by your experience of a time when labour was short and men were being drained into the Army and mechanics had got to be rationed out and every material had to be rationed out, and when if you wanted to establish a new enterprise under your department, and you had to co-ordinate it with other demands, and ask whether shells were not more important than something you wanted to do? Are you not misled in comparing that with a time when there would be freedom of action in peace?—I may have been unfortunate, but with regard to serving in peace time, I have had conversations with the best men I have come across, and the majority of them, or the most important people, told me that on no account would they continue in Government work.

24,169. Is it not the fact, taking your own operations in the Explosives Department, that we had to set up Committees to find out how to safeguard this country in respect of glycerine, one of the chief things you wanted?—Yes.

24,170. And we had to set up a Committee to safeguard us in respect of glycerine—you remember the Committee on which I and others served?—Yes.

24,171. Ought we to have had to set that up if the business men of this country had done their duty? I put it to you?—That is a very difficult question.

24,172. I put it to you, is it not the fact that business men of this country in the year 1915 (I am speaking of things of which I have some special knowledge) sent out to the Continent in 1915, supplies of fat which contained very large quantities of glycerine which were wanted for explosives?—Were they not sent to Holland under agreement?

24,173. Some of it was sent under agreement, but I am speaking of things which were sent out under the most dubious circumstances and which had to be stopped?—If you say so I accept it.

24,174. Is not that what led to the setting up of committees of which you know?—I am certainly not aware of it.

24,175. Is it not clear that there was an edict against trading with the enemy. If business men of the country had done their duty, there could not have been need for a committee to keep fat in this country and it would have stopped in this country without a committee to help it?—It seems to me that that is a question for the Government and they should not have allowed it to go out.

24,176. There was a law against it?—But how did it get out?

24,177. Because the profit of private merchants sent it out. It was a gain to the individual to send it out because he got a high price on the Continent. Therefore private gain operated against national interest?—I am not sufficiently aware of those facts to answer the question.

24,178. *Sir Arthur Duckham*: Did these men that came in from all parts of the world and worked voluntarily, and worked at comparatively small salaries, come at a time of stress to the country when it was in great need?—Yes.

24,179. In the ordinary working of the country you do not think they would have come in the same way?—Certainly not.

24,180. Take your own case: would you be prepared to serve your country at the salary of the Prime Minister?—I do not suppose I would.

24,181. There was one man working under you, was there not, who gave a great impetus to your Department, I believe, and who could certainly command in the open market to-day double the salary of the Prime Minister. In fact I believe he was offered a salary commensurate with that?—Yes.

24,182. Do you think it likely that that man who was so valuable to you in your work would come back and work under State service?—Taking the man I think you have in view, that man was in South Africa. *Sir Starr Jameson* cabled that the British Government required his services. He was 40 miles from Cape Town, and the boat left in 1½ hours. He caught the boat, but without any luggage or anything at all. That is what he did to come here.

29 May, 1919.]

SIR KEITH PRICE.

[Continued.]

When he left he said he would never again take up any Government work except in time of war.

24,183. You mentioned the great difficulty of getting rid of inefficient. Have you found that a great deterrent for economical working in your department or other departments in the Ministry of Munitions?—No, because during the war we were so short of staff that really you had to take anyone you could get. But looking at the Government service as a whole, so far as I am aware, you may take it that unless a man does something really bad he is fixed for life.

24,184. You cannot sack an inefficient?—Such a thing is almost unheard of.

24,185. One point raised by Sir Leo to-day was this question of glycerine, and there was toluol which he raised the other day. The point is that these things were not required in these quantities before the war?—There was no demand in this country for them.

24,186. Therefore you could not imagine any private enterprise or Government Department retaining or building up stocks of these things to anything like that which was commensurate with our requirements in war time?—I think that the War Office ought to have made some preparation for holding stocks, but, apart from that, there is no possible reason why they should be kept in the country. It is rather the contrary; you should encourage exports, if you cannot use them here.

24,187. Would the stocks have had to be very big to be any use to you?—We should like to have had

some reserve previous to the war, but with regard to the quota of fats and oils, the answer to the point which Sir Leo was after is this, I think, that there was no machinery here for extracting the glycerine which was required in the early days of the war.

24,188. Did you find that the men worked better in your Government factories, where they were not working for profit, than they did in the private factories where they were working for profit?—Well, the men I was concerned with worked so well that I would not like to express an opinion.

24,189. They did not work any better in a private factory than in a Government factory?—I should not like to say so.

24,190. You had a certain interest in the Woolwich Arsenal at the end, had you not?—Yes.

24,191. Did you find better conditions so far as output and discipline and general content with the workers ruled than in a private enterprise?—No. It was not so with Woolwich Arsenal, unfortunately, I suppose, because it was a pre-war factory, and that is one of the examples which weigh very much with me.

24,192. With regard to costs at Gretna and other Government factories, did they include a proper allowance for costs as compared with all the very heavy expense they had at these Government factories?—Yes, the costs were kept on a proper commercial basis.

24,193. So that the comparison is a perfectly fair comparison?—Yes.

(The Witness withdrew.)

Sir JOHN MANN, K.B.E., Sworn and Examined.

24,194. *Chairman:* The Commission have asked you and Mr. Webster Jenkinson to come and give evidence, and they have said under the circumstances they do not think they desire to ask you any questions because the matter is a very technical one. What I propose to do is to read your proof. I will ask you first of all, is the evidence which you have handed in a *précis* of your views on the question?—It is.

24,195. I will read it:

"*Précis of Evidence by Sir John Mann, K.B.E., Chartered Accountant (Messrs. Mann, Judd, Gordon & Co., London, Glasgow and Newcastle), Controller of Munitions Contracts, Ministry of Munitions.*"

He says:

"1. I shall be glad to give the Commission any information in my power on methods of ascertaining costs of production—a subject which I have studied throughout my professional life. Ten years ago, with my partner, Mr. Harold G. Judd, C.B.E., I published a small book on "Colliery Accounts" which includes some notes on colliery costing.

For nearly four years past I have been engaged in finance and contracts work in the Ministry of Munitions, where special departments formed under my direction have demonstrated the supreme importance of accurate knowledge of costs of production. It will be understood that any opinions expressed as to the work of the Ministry are personal and should not be treated as official.

I may add that for many years my firm has been called in from time to time to verify, for the satisfaction of the miners in Scotland, the statistics (mainly of realised prices) submitted by Scottish coal owners to the Conciliation Board. I have, therefore, some knowledge of the methods of accounting in use in Scottish collieries.

2. The following are the principal questions which I anticipate the Commission may wish to put to me along with very brief answers thereto based mainly upon Scottish experience:—

(a) What type of accounts are kept to show the cost of coal mining?

Answer.—Generally very complete and prepared on sound principles, but extremely varied in details.

(b) Are the accounts open to any substantial improvements?

Answer.—No, except in some of the smaller concerns.

(c) Can statistics be compiled comparing results of one colliery with another?

Answer.—Yes, but many adjustments would be necessary to ensure true comparisons owing to the great variety in detailed methods of accounting in use.

(d) What results may be expected to follow a close comparison of working costs throughout the country?

Answer.—Nothing but good, through disclosure of the relative strength or weakness of the management through showing up sharply any cases of waste and extravagance and distinguishing excess cost due to natural handicaps.

(e) Would the introduction of a uniform style of colliery cost accounts be feasible and advisable?

Answer.—Yes, if prescribed by Government.

3. The ascertainment of costs of coal-mining, taken by itself and apart from its by-products, presents little difficulty, indeed it is one of the simplest cases for costing. There are few processes, and there is one unchanging unit of production—the ton.

The market price is generally fixed by outside conditions and without very close reference to costs of production. The cost accounts, therefore, differ from those of many manufacturing industries where price is directly based upon cost, *e.g.*, complicated engineering work where elaborate preliminary estimates of probable cost are first prepared, followed by a close scrutiny of the cost of each operation, culminating in comparison of actual cost with original estimate.

4. Colliery cost returns are prepared at frequent intervals for every colliery I know. Sometimes the forms used are rudimentary and fallacious, but these occur generally in small cases, what may be called domestic cases, managed by or under the immediate personal supervision of the actual proprietor.

In large group of collieries and in cases where the general direction is not on the spot, elaborate and systematic statistical records are kept based upon

29 May, 1919.]

SIR JOHN MANN, K.B.E.

[Continued.]

prompt returns from each pit. The larger the group the more exact and useful are the statistics. The result of the cost returns is sometimes, though not always, reconciled with the financial accounts at the close of each quarter or half-year.

5. Proper colliery cost accounts should show clearly the results of the use of machinery—coal-cutters, washers, etc. They should also show separately (distinct from coal mining) the financial return from the ownership of workmen's houses, railway waggons, the operation of attached brickworks, coke-ovens, by-product, and recovery plants. There is room for improvement in the methods in which subsidiary accounts are kept.

6. Without cost returns the management would be helpless, but, on the other hand, there is a distinct risk of relying too much upon the mere preparation of the returns. Their value lies in their use. After all, costs are but instruments in the hands of the mining engineers and export managers—tools which must be kept polished and sharpened and above all be used with intelligence and judgment. Too often has a cost system been introduced and expected immediately to work miracles of itself forgetting that costing is but the diagnosis, which is valueless unless followed by curative treatment.

7. There are broadly three functions of colliery management for which intricate and accurate cost statistics are of essential value:—

- (a) in the detailed practical day-to-day management of each pit.
- (b) in deciding the general technical policy of colliery development.
- (c) in determining prices and general commercial policy.

8. Cost returns are the basis of any supervision and criticism of the details of management. They should throw up items of excessive or over-average cost and thereafter point the way to inquiries as to the cause whether unavoidable or due to carelessness, inefficiency, waste of stores, explosives, electric power, etc.

For instance, the records of cost of coal-cutting by machinery should account for the whole working day of each cutting machine and show the exact number of minutes during which the machinery is standing idle and the precise cause or causes given by those in charge. The cost of the idle time of machinery is a very important factor—often not fully appreciated.

9. Comparative costs will show clearly cases of collieries (or it may be particular seams of coal in a colliery) which are suffering from some special unavoidable handicap, geographical or geological, *e.g.*, distance from market, thin seams, heavy water, long underground haulage, and so on. It is possible to calculate an allowance for these drawbacks in order to gauge relative efficiency.

10. For the guidance of the general policy of the management on its technical and practical side, the cost returns are of course vital, whether in discussing proposed extension of the workings of any pit, opening additional pits in an area, introduction of machinery or improvements in existing machinery.

11. Costs are no less important on the strictly commercial side. Although the work of the coal salesmen may seem confined to bargaining in the home and foreign markets, it is absolutely essential that the directing minds should know how far prices may be reduced without giving away sovereigns with the coal. In this connection proper cost accounts should subdivide the general expenses, or oncost, into these items which vary and those which do not vary with the volume of output. Otherwise it is more difficult to settle questions of policy—to decide at what point orders should be refused or whether a certain pit should be closed, etc.—problems obviously demanding great discretion, clear cool judgment, and, of course, involving great responsibility.

12. My general experience of the value of statistical costing has been amply confirmed by my special experience in the Ministry of Munitions. The costing

work of the Ministry was carried on with two main objects:—

- (a) to adjust with the producers the prices of raw material and finished products, and
- (b) to assist in the practical and financial control of the new national factories.

13. The use of production costs in price negotiation does not seem to have a bearing upon the work of the Commission, but, if desired, I shall be glad to explain the methods adopted through technical and accountancy costing to arrive at fair and reasonable prices during the war, and as a result to save very large sums for the National Exchequer.

14. Some details of the second function however—national factory costs—may be of direct help to the Commission. This work has latterly been specially developed in the hands of my colleague, Mr. M. Webster Jenkinson, C.B.E., Chartered Accountant, Controller of Factory Audit and Costs, whose work has clearly proved the value of comparative cost returns to the factory managers.

15. The Ministry of Munitions installed complete systems of costing in all the important national factories and supervised and introduced improvements where necessary, into the systems in use in the works of certain contractors where the Ministry was directly interested in the costs of production. The information yielded by these costing systems has been of inestimable value to the Ministry, not merely in disclosing the actual costs of the article made in such factories, but also in indicating the relative efficiency of one factory compared with another and the variations in efficiency and economy at the same factory. The analysis of the costs into the various operations performed on any one article also afforded valuable information as to the cheapest method of carrying out each operation, thus indicating at each factory any particular operation or operations which may have been weak or costly.

16. The installation of a costing system, especially in factories of a temporary nature, met with some opposition in certain cases, but any such opposition ultimately disappeared, and the factory managers almost without exception recognised its value, not merely for statistical purposes, but as a guide to them in efficient works management. It may fairly be claimed that the system of costing introduced and developed in national factories has been of a most thorough character and embodies all the latest practices.

17. The investigation by Ministry accountants of contractors' actual costs also met with a good deal of opposition, but this latterly almost entirely disappeared.

18. One result has been that many manufacturers have been induced to improve their existing systems of costing and in some cases where records were practically non-existent, to instal costing systems, and generally a much needed impetus has been given to scientific ascertainment of costs both on the accountancy and technical sides.

19. I am convinced that the time has come—whether or not there be nationalisation of the coal mines—for “all the cards to be placed on the table” with regard to the cost of production of coal. I have for long felt that the reiterated demand of the miners for certified data as to cost of production as well as for realised prices, should have been granted earlier. I also believe that much misunderstanding and suspicion—prominent factors in industrial unrest—will be removed by periodical submission of such data to the miners.

Full discussion and explanations should follow, more particularly as to establishment charges (oncost)—those inevitable, but rather elusive items of interest, depreciation, sinking fund, deadwork, unproductive expenditure, which are so difficult to reduce to an intelligible rate of cost per ton. One has every sympathy with employers' hesitation to disclose information hitherto jealously guarded with the utmost care but I find, from conversation with employers, that they recognise that the undoubted tendency of the times is towards publicity.

20. For instance, I believe that full and frank discussion of each cost return between the colliery

29 May, 1919.]

SIR JOHN MANN, K.B.E.

[Continued.]

manager and a Committee chosen from experienced workmen, intimately acquainted with the working of each pit, would be surprisingly educative and helpful to both sides. Substantial progress will be made by taking representative workmen into counsel, letting them understand the risks of the business, the ease with which a profit may be converted into a loss, the amount and perplexing effect of the out-of-pocket expenses, the savings through coal-cutting and coal-washing, the profits or losses from bye-products, the calculation of the charges made to other departments, the disastrous effects upon cost of a drop in output, the reduction in cost through continuous working, and so on.

21. The benefit would not by any means be confined to the men, the management would obtain valuable hints and suggestions; for the men's eyes, ears and wits would gradually be enlisted on the side of economy and efficiency. Their influence would make for repression of slackness and waste, and the replacement of indifference and apathy by a spirit of helpfulness and co-operation.

22. Whatever happens, whether nationalisation in any of its forms is instituted. I am satisfied that a uniform type of accounts and cost returns for collieries and their auxiliary industries should be pre-

scribed by the Government, and that the results should be reported to a central authority. Details of the forms could readily be settled by the Inland Revenue for Tax purposes, on the one hand, and by the Board of Trade through the Coal Controller, for industrial purposes, on the other hand.

23. A valuable precedent exists in the Railway Companies (Accounts and Returns) Act, 1911, passed to secure uniformity in the presentation of the accounts of railway companies and no doubt in the hope of obtaining reliable comparisons of costs framed upon uniform bases. But as the Board of Trade have no power to inquire into the detailed methods employed by different companies, there is great divergence in practice, and satisfactory comparisons cannot be made without careful adjustments. Uniformity is possible if a central authority has power to enforce observance of its instructions.

24. The ascertainment of cost of distribution of household coal, as I know from experience, presents no special difficulties beyond those arising from lack of accurate and complete data.

24,196. That is your evidence?—Yes.

Chairman: We are very much obliged to you for your valuable statement.

(The Witness withdrew.)

MR. MARK WEBSTER JENKINSON, C.B.E., Sworn and Examined.

24,197. Chairman: Mr. Webster Jenkinson gives valuable evidence to the same effect, and it is headed:—

“*Précis of Evidence on ‘The Importance of Efficient Cost Accounting to Coal Industries and the Means which should be adopted to secure it.’ By M. Webster Jenkinson (Fellow of the Institute of Chartered Accountants, Controller of Factory Audit and Costs at the Ministry of Munitions).*”

“I am a Fellow of the Institute of Chartered Accountants now practising on my own account, but at one time a member of the firm of Hadfield, Riddell & Co., of Sheffield, and subsequently in partnership with the late Sir George Franklin, F.C.A., in London.

In the course of my practice I have been responsible for the audit of collieries, coke oven plants and coal merchants.

At the Ministry of Munitions as Controller of Factory Audit and Costs I have, *inter alia*, been in charge of the audit and costs of all the national factories, and, with the exception of the explosive factories, have been responsible for the systems of costing introduced.

These systems necessarily vary according to the type of undertaking, and, with the exception of the iron ore mines in Cumberland and Lancashire and certain quarries, the cost systems at national factories, &c., would not be applicable to the coal industry.

At one time I was also responsible for the Cost Investigation Department, and carried out investigations into the cost of coke and pig iron.

2. Value of Efficient Costing.

The value of efficient costing in business administration has not been recognised generally in this country. The main purpose is not merely to determine the production cost in order to fix the selling price, but to give a detailed analysis of how such cost is made up so that comparison of the various items of expense may be made, and waste and extravagance avoided.

The benefit derived from the costs depends entirely on the extent to which the information thus obtained is used by the management in the control and administration of the business.

3. Use of Factory Costs by the Ministry of Munitions.

The following procedure was adopted in the Ministry of Munitions to use the cost results obtained from national factories in the control of such undertakings:—

(a) A uniform system of costing was laid down for each class of factory and printed instructions given showing in detail how the costs were to be compiled so that uniform results could be obtained.

(b) The detailed cost returns were forwarded monthly to the Department of Factory Audit and Costs, and, after examination, sent to the corresponding Administrative Department so that the technical experts attached to such department could explain the causes of high costs, &c., at factories which showed unfavourable figures.

(c) The Department of Factory Audit and Costs directed attention to cases of high costs, waste, &c., and these questions were taken up by the Administrative Departments with the factories.

(d) In some cases the Administrative Departments circulated the cost results to the factories in comparative form, with the result that the attention of factory managers was directed to economical production.

(The allocation of work was also based as far as circumstances would allow on the production cost results of each factory.)

(e) A monthly meeting of each Administrative Department was held when the costs of the factories under the control of the Department were considered.

At this meeting a representative of the Costs of Production (National Factories) Committee and a representative of the Department of Factory Audit and Costs were present.

(f) A meeting of the Costs of Production (National Factories) Committee was held each month, when a report of each sub-Committee was presented and any unsatisfactory cost results, after full enquiry into the cause, reported to the Financial Secretary.

The knowledge afforded by the costing and other efficiency data obtained has been of very great value to the Ministry, giving information as to the actual costs of manufacture which could be used in fixing prices paid to outside contractors and indicating the relative efficiency of the factories in each group.

As the larger part of the work in the National Factories has been of a repetition character, systems

29 May, 1919.]

MR. MARK WEBSTER JENKINSON, C.B.E.

[Continued.]

of process costing have been possible and the cost of each operation obtained, thus showing the relative efficiency of various methods of manufacture or type of operation and the variations each month in the efficiency of each operation at a factory and its efficiency compared with the corresponding operation in other factories in the same group, thus enabling the most economical methods to be adopted.

The value of the cost results is best illustrated by the fact that the introduction of the cost systems was generally strongly opposed at the outset by the factory managers, but when they realised the practical use which could be made of the information contained in the cost returns they co-operated to the best of their ability in carrying out the system laid down and frequently asked for more detailed results than originally provided in order to secure efficient works management.

4. Colliery Costs.

Probably owing to the fact that the ascertainment of mining costs is comparatively simple, it is usual for most mining concerns to get out costs—generally weekly or fortnightly—but in some cases the cost sheets are badly designed and the results obtained unreliable.

On the other hand, in large collieries there are exceedingly good costing systems in operation, and a valuable fund of statistical information is collected and used by the management for control purposes. In such cases the cost results are usually reconciled with the financial books.

Costing in mines differs from that of the average manufacturer, as the selling price of the product does not depend on the production cost, whilst the nature of the product is more or less unchanging, the only variation being in quality.

Nevertheless, an adequate costing system is equally as important to the mine management as to the manufacturer, for, whereas the latter can to some extent, as, for example, in the engineering trade, estimate from drawings what each job should cost, the mine manager must rely on his cost returns in order to ascertain the expense of production.

Capital and revenue expenditure are also going on concurrently and cannot generally be made the subject of separate works orders as in a factory.

The increase in final cost, due to extraneous causes, such as flooding, falls of roof, subsidence, geological conditions, and the high costs arising from working thin seams, long distances from coal face, &c., are only brought to light by a scrutiny of the cost returns, and then only can the comparative efficiency of one colliery with another be ascertained.

It is no exaggeration to say that the management of a colliery cannot determine its policy as regards development and extensions of workings, introduction of machinery, markets, or retrenchment in production cost unless complete and accurate cost statistics are available.

5. Factors which increase Costs.

In a colliery the factors which increase the cost of production above the normal cost may be divided into two classes, viz. :—

- (a) Avoidable.
- (b) Non-avoidable.

The latter, as pointed out in para. 4, include such items as flooding, falls of roof, subsidence and geological conditions, &c.

The "avoidable" costs consist of such items as:—

- (a) Waste of stores.
- (b) Idle time of machinery.
- (c) Inefficient plant or tools.
- (d) Idle time through breakdowns (not always preventable). Waiting for material, &c.
- (e) Faulty works organisation.
- (f) Waste of power and lighting.
- (g) Extravagance in administration.
- (h) Careless buying.
- (i) Old-fashioned methods of production.
- (j) Incompetent staff.
- (k) Inadequate haulage and raising facilities.

Attention is focussed on such factors on the consideration of the cost returns, but it is necessary:—

- (1) That the costs be so framed that such items are brought to light.
- (2) That the cost results are actually used by a management sufficiently expert to understand the lessons taught by them.

6. Limitation of value of present Cost results for Comparative Purposes.

The collection of the cost results of a number of collieries for comparative purposes is at present liable to give misleading ideas owing to the diversity of treatment of different items of cost, e.g.:

- (a) The allocation of expenditure between capital and revenue will not have been made on a uniform basis.
- (b) Depreciation will have been written off at varying rates.
- (c) Dead work will be treated differently.
- (d) Establishment charges will in some cases include interest on borrowed money, which has no relation to the cost of production, and other items representing expenditure of an unproductive character.
- (e) Selling charges will not always be clearly earmarked, certain expenses being grouped under other headings in the establishment charges.
- (f) Stores, explosives, pit timber, &c., will sometimes represent purchases during the period, and in other cases quantities actually used.
- (g) Rents received, bye-product plants, etc., will be treated differently.
- (h) Coal sent to washing plant, coke ovens, etc., will at some collieries be charged out at a standard (or fixed price) and at other collieries at the market price.

7. Unification of Cost Returns.

There would appear to be no reason why a standard form of cost return for collieries and their subsidiary operations should not be prescribed by Government in the same way that the forms of accounts for railway companies are laid down (Railway Companies (Accounts and Returns) Act, 1911).

Such form should only be settled after consultation with the large collieries known to have efficient costing systems in operation, and should generally comply with the requirements set out in the memorandum attached (Appendix 1). A standard cost return could not, however, be prescribed for very small pits, and, in any case, the form would vary in detail in different districts."

24,198. I should be much obliged to you if you could give me an idea of what you mean by very small pits, because, suppose one was recommending this, you cannot use language of that sort, for there would immediately be a long discussion as to what you mean by very small pits. Would it be possible to say a pit in which the output is so and so?—My idea was that a Committee should be formed, and they should decide that pits with less than a certain amount of output should not be required to fill in the form.

24,199. I want to get at what your own view is. Do you think it would be 50,000 tons a year?—I think you could go below that mark and say 25,000 tons. That is only a rough idea.

24,200. I simply wanted to know what was in your mind. You might, if you were a member of that Committee, advise that?—I have not considered it in any detail.

"The use to be made of such cost returns would depend on the determination of the future of the coal industry, but the following possible uses suggest themselves:—

- (a) A Costs of Production Committee could be set up in each district to consider the cost results, and, after taking into consideration excessive costs due to unavoidable causes such as flooding, faults, breakdowns, etc., all of which would be noted on the cost returns, such Committee would draw the attention

29 May, 1919.]

MR. MARK WEBSTER JENKINSON, C.B.E.

[Continued.]

of the management to high costs of production and to savings which could be effected by the use of machines, etc.; technical experts would be sent to enquire into the cause of high costs and find, if possible, a remedy.

(If the present system of ownership continued, such Committees would be formed by the mutual co-operation of the coal owners in each district who would share the expense.

The objection might then be raised that the efficient colliery was contributing to make the less efficient more profitable, but in the interests of the coal industry a broader outlook of the mutuality of interests should be taken.)

- (b) Industrial Councils, composed of representatives of the owners and miners in each district, should be afforded an opportunity to consider the production costs and other efficiency data. If the workers were allowed to study some of the facts relating to the business many misconceptions would be dispelled.
- (c) A complete digest of the production costs and corresponding selling prices, showing details of wages, royalties, wayleaves and management, should be prepared so that the position of the industry as a whole could be reviewed periodically with a knowledge that the information available had been compiled on a reliable basis.
- (d) If mining royalties were fixed on a sliding scale based on the costs of production (instead of at fixed rates per ton or sliding scales varying with the selling price), the cost returns would form the basis of calculation.
- (e) In the case of labour disputes it would be very useful to have reliable comparative data of the details of production costs in each district.
- (f) If Statutory powers be taken for Government intervention in the case of collieries which are badly managed, or if the miners are to have any share in the profits of the industry, the adoption of a uniform system of costing would be inevitable.
- (g) Should any system of control over distribution at pit mouth be formulated, the analysis of the selling and distribution charges of all collieries would necessarily have to be obtained on the same basis to facilitate comparison.

The use to which such cost returns might be put will, however, depend on the future control of the industry, but for illustrative purposes there are attached examples of comparative statistics (Appendix 2) obtained by the Ministry of Munitions in the case of the Cumberland and Lancashire iron ore mines (the figures are fictitious) and also an example of the form in which the cost results of National Factories were presented for comparative purposes (Appendix 3).

8. Coal Merchants' Accounts.

Generally only the large merchants prepare monthly cost statements showing the expenses of distribution, the accounts of the small men being badly kept and affording little information for management control purposes.

The system of accounting required is exceedingly simple, the expenditure being grouped under various headings in order to show details of the purchase price of coal handled, carriage, and distribution and administrative expenses.

It would not appear feasible to lay down any standard system of accounting that could be enforced by Government, but the various Coal Merchant Associations might arrange for a memorandum to be prepared showing how the accounts should be kept, and the Associations might also retain firms of accountants to render assistance to their members in introducing such systems.

9. Selling Price fixed by periodical Cost Investigations.

It has been suggested that the practice of investigating costs as adopted by the Ministry of Munitions in fixing contract prices might be applied to the coal trade in order to determine the price to be paid to the consumer.

Apart from the difficulty of carrying out periodic investigations of this character, a uniform system of accounting would be necessary to facilitate comparison and in fixing prices:—

- (a) Profits or losses on the purchase of material would have to be ignored.
- (b) Profits from subsidiary operations should not be taken into account.
- (c) The investigations would have to be carried out by accountants expert in the trade.
- (d) Percentage limits would have to be agreed for certain overhead charges.
- (e) Collieries adopting special economical methods of production or producing under particularly favourable circumstances would have to be excluded in calculating the average.

The danger of price fixing on the basis of cost plus a definite fixed profit is that the incentive to economical production is destroyed. The rate of profit should increase as the cost of production decreases if cheap production is obtained by the adoption of economical and efficient methods.

If it be desired to adopt procedure to limit the selling price the following method might be adopted:—

- (1) Appoint price committees in each district to fix the maximum selling price in consultation with the representatives of the trade association.
- (2) Authorise such price committees to have investigations of the costs of production made if not satisfied with the figures presented to them.
- (3) Appoint an appeal council to consider the results of such investigation in case the trade association dissented from the price fixed by the price committee.
- (4) Insist on cost records being kept in a form either prescribed by law or as agreed between the trade association and the price committee.

10. Introduction of Cost Systems.

Excepting in the case of large collieries with efficient accounting staffs, a system of costing cannot be introduced merely by forwarding forms of the prescribed returns required and printed instructions explaining the methods of account keeping.

In the majority of concerns the accountants are totally incapable of introducing proper costing systems, and frequently the size of the undertaking would not justify the expense of a whole-time highly skilled accountant.

To produce reliable cost results entails the organisation of the whole accounting on an efficient basis in order to secure the proper allocation of expenditure; and although the final cost returns of a number of concerns may be uniform the internal records must necessarily vary according to the individual circumstances of each undertaking.

If some system of uniform cost accounting be adopted it would therefore be necessary to appoint advisory accountants in each district who could instruct the accountants at each colliery how the costs were to be kept, and these advisory accountants would have to re-organise the book-keeping systems to achieve the results desired.

Until the colliery accountants were sufficiently trained frequent periodical visits would be necessary.

On the other hand, the re-organisation of the accounting systems on an up-to-date basis would in many cases save considerable clerical labour, thus enabling the accountants to devote the time necessary to the preparation of costs."

29 May, 1919.]

MR. MARK WEBSTER JENKINSON, C.B.E.

[Continued.]

24,201. There was one question I wanted to ask you on this, and that is how long would that job take? Would it be a matter of 8, 10 or 12 months?—It all depends how large the districts were. If you divided the country up into districts and you had supervising accountants, there is no reason why you should not have univorsal cost accounts in six months. In the national factories we got it in much less time.

24,202.

" APPENDIX 1.

BASIS OF COST ACCOUNTS FOR A MINING GROUP.

Note.—The following suggestions are not intended to deal comprehensively with the details to be given in a colliery cost return, but merely to indicate generally the class of information required to facilitate comparison of the results of a group of mines.

The system of cost accounts adopted by any group of mining undertakings should answer the following requirements before the results obtained can be accepted as reliable, viz.:—

- (1) It must be capable of reconciliation with the financial books which should be designed to show a complete analysis of expenditure and revenue.

(*Note.*—This analysis of expenditure in the financial books is essential to an effective examination of costs, as only by a close scrutiny of individual heads of expenditure is it possible to suggest economies and to detect leakages.)

- (2) It must be capable of reconciliation with stores and stock records.
- (3) It must provide for the elimination of all factors which are not common to all the concerns or to all the periods under review.
- (4) It must be so designed that material surface alterations or extensions, and improvements in underground workings, as disclosed by the mine plans, will be reflected in the cost returns.
- (5) It must provide for the collection of statistical data showing the production per worker under various conditions, time lost, etc.
- (6) It must show clearly the results of machinery used (*e.g.*, coal cutters) and bring out separately the detailed costs of washing plants, crushing and screening plants, etc.

The accounts of coke ovens and attached by-product and recovery plants, brick works, workmen's cottages, etc., must of course be kept distinct.

In addition to showing the actual cost of "winning" the product, an adequate system of cost accounts must be in effect practically a monthly "Intelligence Report" dealing with all matters germane to the working and development of the mine as well as to the sale of the mine product.

- (1) *Reconciliation with Books of Account.*

(a) Analysis of Materials and Stores Consumed.

Headings should appear in the cost returns in respect of each group of materials for which separate stores records are kept, and the figure included as a charge against production each month should be the actual consumption of that material for the period (not the amount purchased during the month). A proper classification of stores is essential if economies are to be effected and waste avoided.

(b) Analysis of Labour.

Wages must be analysed so as to disclose the nature of the work upon which the employee is engaged; that is to say, differentiation must be made between surface workers and underground workers, and those classes again subdivided in accordance with the work upon which they are engaged, the broad principle involved being that the wages of the miners (or, to

prevent a misunderstanding of this term, the "coal getters" or "ore getters" wages) must be kept strictly apart from the wages of all other workers, as only by this means is it possible to get effective comparative figures with regard to the cost of output. A further sub-division of coal getters' (or ore getters') wages is necessary as between those working with hand tools and those operating pneumatic borers, cutters, or other mechanical appliances. This is necessary in order to obtain information as to the comparative cost of the different methods of obtaining the product.

(c) Analysis of Working Expenses (Oncost).

(*Note.*—The use of the word "Oncost" is avoided because to the layman it is a term capable of misapprehension, while to the professional accountant it leads often to purely academic discussion.)

All working expenses should be analysed in the financial books and the cost accounts be so designed as to include headings for all these accounts or groups of accounts. Economy in respect of working charges is only possible if a detailed analysis of these accounts is made.

- (3) *Uniformity of Conditions.*

(a) Output.

Before comparative costs can be of any use as between mine and mine or between period and period a common base for effective comparison must be fixed, *i.e.*, before unit costs can be effectively compared, all factors must be eliminated from each case which are not common to all cases under review. For example, it would be unfair to compare the cost of a mine the product from which is saleable immediately it is brought to the surface, with the cost of a mine the product from which requires to be "washed" before it is saleable in the same category as the former. The figure for output, which is the usual divisor in unit costs for mines, must, therefore, be on a basis common to all the mines in the group. It may be either the actual tonnage brought to the pithead, or it may be the saleable or marketable tonnage, according to the conditions ruling.

(b) Washing Plant, Crushing and Screening Plants.

Where these subsidiary process plants exist at mines, and the product disposed of obtains a special price, higher than the normal price, as the result of such processes, the raw product as it comes out of the mine should be charged up to these plants at the pithead price and separate cost accounts should be raised to deal with these processes, otherwise the inclusion in the ordinary mining cost returns of the costs of working these processes would completely vitiate effective comparison with other mines where such plants were not in operation.

(c) Saleable By-Products and other Sales.

In the ordinary course of mining operations it may happen that limestone or other materials of a marketable nature are brought to the surface in such quantities that they form an appreciable item of revenue. In such cases these sales must be clearly shown distinct from coal or ore sales, otherwise comparison with the costs of other mines where the same conditions did not pertain would be vitiated.

(d) Coke Ovens.

In the case of coal mine accounts, separate cost accounts must be raised for any coking process and its relative by-products.

The coke ovens will be charged up with coal at the price which that coal would have realised from an ordinary customer in open market. Only by this method will it be possible to judge if the coke ovens are being worked as profitably as similar undertakings not allied to a coal company.

This method has the further advantage of showing where the total profit or loss has been made.

29 May, 1919.]

MR. MARK WEBSTER JENKINSON, C.B.E.

[Continued.]

(4) *Extraordinary Expenditure.*

Expenditure of an extraordinary nature, resulting in alterations in mine plans, should be shown in the cost returns.

For example, if a new shaft is being sunk for, say, ventilation purposes, if the accounts are loosely kept it is possible that the cost may be wrongly included under the head of "Wages and Materials used upon Direct Production."

The use of a schedule in the cost returns for extraordinary expenditure (that is to say, for expenditure other than upon direct production or the ordinary normal working of the mine) would keep before the management the progress of all schemes of improvement, exploration, development or boring work. A periodical examination of the mine plans, which are altered in accordance with the progress of the underground workings, would lead the management to look to the cost returns to disclose under "Extraordinary Expenditure" the cost of the extensions or alterations disclosed on the plans. This would be the best method of preventing development work being included under ordinary mining costs. Whether the management ultimately might decide to charge the cost of such development work to "Capital" or to "Revenue" is not at the moment relevant.

(5) *Statement of Workers' Production Efficiency.*

Where mines are similar in character, and where the product obtained is worked under similar conditions, considerable information may be obtained by comparing the average yield per man per day.

When the yield per man per day is less in one mine than the other, the attention of the management is at once attracted and investigation instituted.

Assuming that the basis of comparison is the unit of saleable tonnage, such a difference may be explained by various circumstances, e.g.:—

- (a) Actual "slacking" by the getters.
- (b) Deadwork.
- (c) Machine tools used to a greater extent in one mine than in the other.
- (d) Some stoppage of work due to a "fall" or flooding.

The above illustration refers to the yield per miner or ore-getter (*i.e.*, the man actually engaged on getting the mineral).

A similar comparison of the output per man per day for all "underground workers" or for all "surface-men" will disclose where mines are overstaffed or where slacking prevails.

Further investigation of the unsatisfactory yield per man may lead the management to discover some one factor which is retarding production, such as "inadequate underground haulage" or "inadequate raising facilities."

(6) *Comparison of Costs.*

Having decided upon the unit of cost, and having determined the common base upon which this unit is to be calculated, the cost accounts should afford for purposes of comparison:—

- (a) The total cost per ton of any one mine with another.
- (b) The cost per ton of any one item of expenditure of one mine with the same item in another mine.
- (c) The total cost of each mine per ton month by month.
- (d) The true average total cost per ton of the group of mines concerned.

(7) *Criticism of Selling Prices.*

Although the primary object of cost returns is to show the actual cost of obtaining the marketable product and the analysis of such cost, a complete system of cost returns will also disclose the average prices obtained for the product. By means of this information it will be shown, assuming an equal metallic content and that other conditions are alike, whether any one mine is selling at a price less than the average obtainable in the group for a product of that quality.

APPENDIX 2.

IRON-ORE MINES IN CUMBERLAND AND LANCASHIRE.
MEMORANDUM EXPLAINING THE COMPOSITION OF
COST RETURNS AND THE METHOD OF UTILISING THE
COMPARATIVE FIGURES.

(Note.—The figures used in the attached cost returns are entirely fictitious and do not show the results of any of the mining companies. The figures have been created purely for illustrative purposes.)

The following notes upon the cost schedules received by the Ministry of Munitions from the Cumberland and Lancashire Iron-ore Mines will explain the general purport of the cost returns and the use made of the information afforded thereby:—

"A," the Cost Summary, is the principal statement; Schedules I., II., III., IV., and V. being supplemental statements showing how the details are made up.

"B," Schedule V., is the workers' efficiency return, indicating the output statistics.

A.—"Cost Summary."

Column (1). "Tons produced."

The tonnage shown is the actual saleable tonnage—that is to say, in certain cases where the ore contains an excessive proportion of "dirt," the ore has been "washed" in order that the output from all the mines may be compared upon an equal basis.

The total of this column is compared with the totals of previous months, and any decrease or increase in tonnage is noted. The increase or decrease is then traced to see if the result is due to any particular mine or group of mines, or if the increase or decrease is consistent throughout the district.

For example, if a very considerable fall in tonnage is noticed in any one mine which cannot be explained by causes already known at headquarters, such as a fire, flooding, or fault in the workings, the decreased output is notified to the local technical representative, who is required to report upon the reasons for such decrease.

Column (2). *Wages.*

The percentage of wage cost per ton is compared with the previous month and differences which cannot be explained by variations in output, recent wage awards, or other cases are reported to the technical representative in the district.

Column (3). *Materials.*

The cost per ton of materials is compared with the previous month, and differences which cannot be explained by variations in output, or known variations in price, are reported to the technical representative in the district.

Column (4). *Other Charges.*

Variations in cost per ton are similarly reported where these are unexplainable by conditions known at headquarters.

Column (5). *Total cost per Ton of "raising" Ore.*

It will be noted that, in addition to calculating the total cost of "raising" per ton for each mine the true average total cost for the group has also been worked out. This true average total cost is of use when compared with the figures of the previous month in estimating future expenditure after making allowance for known changes in wages and cost of materials which are likely to occur.

Column (6). *Profit to Mining Company.*

The figure used of ls. per ton is merely illustrative of the rates varying according to the terms of the agreement under which the mines were taken over.

Column (7). *Total Cost to Ministry.*Column (8). *Selling Price.*

The average selling price per ton is compared in each case with the average of the previous month. Variations in the selling price obtainable are compared and differences noted. Although these selling

29 May, 1919.]

MR. MARK WEBSTER JENKINSON, C.B.E.

[Continued.]

prices are "controlled," changes occur in the selling price, due to varying metallic content and to the presence of lumpy ores in some cases, which greatly increase values. Any considerable fall in price is at once notified to the technical representative in the district for his investigation and report.

Column (9). *Other Sales.*

This column shows distinct from ordinary sales the proceeds from the sale of sand and limestone extracted in the course of exploration or development work. If these sums were included under the head of "Sales" they might entirely vitiate comparison with selling prices of other mines.

Columns (10) and (11). *Columns for Profit and Loss.*

Attention is at once attracted to variations in the cost of production by an increased profit or an increased loss, or by the conversion of a profit into a loss or *vice versa*.

General Comments.

Mine (P).—In the case of this mine on the summary it will be noted that the output is nil. This is known to be due to flooding, which for the time being stopped productive work.

Mine (Q).—The very large cost of "raising" of 77s. 3d. per ton in this mine is known to be due to the reduced production caused by fire.

Mine (1).—The comparatively low cost of 24s. 3d. for this mine is traceable to increased production and to recent improvements in the mine management.

B.—*The Workers' Efficiency Return (Schedule V.).*

The use of the statistics contained in this schedule is obvious, so that it is not necessary to compare its uses column by column. The column to which particular attention is devoted by headquarters is "Ore raised per 'ore-getter' day." This column refers to the output of the miner upon the ore face, excluding all other underground workers. The average yield per man per day is compared with previous months. The nature of the workings in each mine is known and the average yield per man is also known. Any fall in that yield is at once noted and a report called for from the technical representative. Fall in the output may be due to development work, "dead" work, flooding, faults in the ore, &c., &c.

Take another example. Mine (S) shows a yield per man of 7·2 tons. This increased yield has been found to be due to the use of machine tools in extracting ore.

The main use of this column to the Ministry has been that through it it has been possible to check the charging of excessive development work against ordinary production costs.

(*Note.*—The above examples are, of course, entirely fictitious, and have been merely raised to explain the principle followed in commenting upon variations in costs.)

24,203. May I take it generally that the *précis* of evidence that you sent in is the evidence that you desire to bring before this Commission?—That is so.

Chairman: We are very much obliged to you for the assistance you have given us.

(*Adjourned to to-morrow morning at half-past ten.*)

SECOND STAGE—TWENTY-SECOND DAY.

FRIDAY, 30TH MAY, 1919.

PRESENT:

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. ROBERT SMILLIE.

MR. R. W. COOPER.

SIR ALLAN M. SMITH.

SIR ARTHUR DUCKHAM.

MR. HERBERT SMITH.

MR. FRANK HODGES.

MR. R. H. TAWNEY.

SIR LEO CHIOZZA MONEY.

MR. SIDNEY WEBB

SIR ADAM NIMMO.

MR. EVAN WILLIAMS.

SIR ARTHUR LOWES DICKINSON, }
SIR RICHARD A. S. REDMAYNE, } (*Assessors*).

MR. ARNOLD D. McNAIR (*Secretary*).

MR. GILBERT STONE (*Assistant Secretary*).

Mr. Evan Williams: Sir, there were a good many questions asked and statements put in yesterday with regard to the output of the collieries for the period from the armistice on to the end of March. I should like to ask for a return—I think it can be got—that would show us from June 30th last year, either week by week or month by month, the number of men employed, the total output, the total number of shifts lost by strikes and other causes, including accident, so that we may arrive at a proper figure that would show what has been the output per man per shift.

Mr. Sidney Webb: Per hewer?

Mr. Evan Williams: I doubt if those are available, but if they were they would be very useful. Particularly, I should like to have the figures from Easter, from the time of the Sankey Award.

Chairman: We will see that that is done.

Mr. Evan Williams: I want that so that we may take all the circumstances into consideration. We have heard a lot about strikes lately, but there were strikes before.

30 May, 1919.]

MR. EDWARD SMALLWOOD.

[Continued.]

Mr. R. W. Cooper: You mean time lost from all causes.

Chairman: I am in communication with the Coal Controller on this very subject, and I expect Sir Evan Jones here any moment.

Mr. Robert Smilie: You would require to ascertain whether or not it is possible for the men to take away the material—that is to say, to give clearance.

Mr. Herbert Smith: Would it be possible also to ask for a return of the number of shifts in which the men had to be sent back by the manager by reason of there being no rails or timber, etc.?

Mr. R. W. Cooper: If we could get it per hewer per shift that would be better.

Sir L. Chiozza Money: Can we also have the returns with regard to Germany? I understand there has been a great fall in output in Germany.

Chairman: If we can get it, we will certainly do so. Now I should like to make a statement as to the witnesses we propose to call in the near future. Up to the present moment the Commission has called 78 witnesses. To-day I propose first of all to call Mr. Smallwood, who will speak as Chairman of the Coal Merchants' Federation of Great Britain and as a member of the London Coal Committee. After that we shall have the advantage of hearing three miners' wives—Mrs. Hart from Lancashire on behalf of England, Mrs. Andrews from the Rhondda Valley on behalf of Wales, and Mrs. Brown from Lanarkshire on behalf of Scotland. We then have a witness, the Hon. F. B. N. Fisher, who speaks as to State ownership abroad, and a number of other witnesses representing the Post Office, retailers, and so forth. That will conclude to-day. Now I wish to speak of the other witnesses. Next week we shall call a number of witnesses who will speak on behalf of the consumers. We shall have four or five witnesses from the Associated Chambers of Commerce; we shall have witnesses from the Federation of Iron and Steel Manufacturers; we shall have witnesses from the National Gas Council, and I hope one or two other witnesses to speak as to private consumers. We shall, therefore, have a large number of witnesses in the consumers' interest. We thought it right to call these witnesses towards the end of the inquiry in order that they might be in a position to see the evidence given both on behalf of the mine owners' side and on behalf of the men's

side, and they would then be able to speak as to their views of the various proposals that have been put forward. It would have been useless to call the consumers earlier in the inquiry, because if we had done so they would not have had the advantage of seeing what those opposing views were. They will now have an opportunity, having seen what those opposing views are, of expressing their opinion upon them. When they have finished we hope to call two or three of the most eminent financial men of this country who will speak as to the finances involved in the matter, should nationalisation find favour with the majority. The last witness will be a gentleman who is in quite an independent position, and who will have had the advantage of hearing the whole of the evidence and will be prepared to answer any questions put to him by the various members of the Commission. I think we shall all agree that he will be most helpful—that is, Sir Richard Redmayne. He will be the last witness, and I hope to conclude the evidence by the Friday before Whitsuntide—that is, to-day week.

Mr. R. H. Tawney: Did you say you were getting evidence from Associations of Manufacturers?

Chairman: Yes.

Mr. R. H. Tawney: Are you getting evidence from the Trades Unions in the industries concerned?

Chairman: No, but we will get it.

Mr. R. H. Tawney: I think it is most important to have it, because they are just as much interested in the price of coal, and their point of view is likely to be very different.

Chairman: I need hardly say in reply to Mr. Tawney that there has been an invitation to these gentlemen now for some weeks, but we have not had the advantage of receiving any answer to that invitation. Now that the matter has been put forward I hope they will send us a *précis* of their evidence. As I have said, I hope to conclude the Commission by this day week. The Commissioners will then take a short holiday at Whitsuntide. It will not be a holiday really, because we shall have to read through the evidence; and I hope we shall meet either on the Thursday or Friday after Whitsuntide to discuss between ourselves as to what our course should be. Humanly speaking—and I see no reason to the contrary—the report will be in the hands of the Government, as promised, by June 20th.

MR. EDWARD SMALLWOOD, Sworn and Examined.

24,204. Chairman: This is the *précis* of the evidence of Mr. Edward Smallwood, late Member of Parliament for East Islington, Chairman of the Coal Merchants' Federation of Great Britain, and a member of the London Coal Committee. Mr. Smallwood submits that any system of nationalisation of mines and minerals that interferes with the individual enterprise, oversight, experience, and incentive of those connected with the industry must have a disastrous effect. I will ask our Secretary, Mr. McNair, to be good enough to read the *précis*, and after that I will ask Mr. Sidney Webb on my left and Sir Arthur Duckham on my right to ask Mr. Smallwood any questions they think desirable.

Secretary:

"The Coal Industry is a highly specialised one throughout the whole of its stages, not only from the colliery end, but also at the distributive stage.

Every colliery, with a view to eliminating waste and selling all coal raised at the best prices, will make a great variety of sizes and qualities, and is dependent to a large extent on those engaged on the distributive side to advise as to what is saleable in industrial centres, and also as to what classes of coal are saleable in various districts for private, institutional, commercial and public purposes.

Manufacturers and others purchasing large quantities of coal are also largely dependent upon the expert knowledge of those engaged in the distributive section of the trade for the supplies of the most suitable fuel for their purposes.

It is no uncommon case that a manufacturer may require five or six different qualities of coal, some in large and some in small quantities, for the business in which he is engaged.

Manufacturers making the same class of goods but using different boilers and appliances in the same town require entirely different fuels.

The same applies very largely to all other business and private consumers.

District by district, even in London, different kinds of fuel are required, not as the result of fancy or caprice, but due to the type of appliances used—from boilers and furnaces to the types of grates and stoves to be found in old and new houses and working class or residential districts.

Most unsuitable coals have been supplied in many cases, under present measure of control.

This accumulation of expert knowledge is the result of long and careful attention, and in a well-conducted business a record is kept of all coal most suitable for each user, even to the small private consumer.

Standardisation of coal and appliances is outside the range of possibility.

If the industry were fully nationalised the incentive and individual features that have made it so successful would be lacking.

Nationalisation of the industry would mean increased cost of production and dearer fuel, which would hamper the re-establishment of trade and cause mere unemployment in all industrial centres and in the distributive and other sections of the Coal Industry.

The private trade is a seasonal demand, and the distributor has to find other ways of using his plant, horses and men in quiet times.

Whether he be a colliery owner or distributive agent, the individual managing his own business under competitive system is dependent upon his own

30 May, 1919.]

MR. EDWARD SMALLWOOD.

[Continued.]

enterprise, incentive, expert knowledge and ability to earn an income.

Under nationalisation he would be replaced by a larger number of more or less expert men, who would take an income irrespective of whether they earned it or not, and whether the undertaking paid or did not.

Under the competitive system, the reward of the colliery owner is kept in check; under State management the industry might be used, as at the present time, for the purpose of raising large sums of money for revenue purposes.

The present high price of fuel is largely due to the measure of State control now exercised.

From this cause all classes of industry are suffering."

24,205. *Mr. Sidney Webb:* You explain that coal is not coal in fact—that it is a very complicated article, and is used for many different purposes, and is of very many different qualities. Has it been suggested that it is a single article which could be standardised? Have you ever heard that suggestion made?—I see nothing in my *précis* that in any way suggests that coal is not coal.

24,206. Pardon me—perhaps you did not understand me. I am taking this point, that coal is of different qualities and serves many different purposes, and each quality has, therefore, to be very carefully distinguished. I quite agree with you. That is a matter of very elementary knowledge. But I ask you whether that statement is made so emphatically with reference to any suggestion to the contrary. Have you ever heard anybody suggest that coal should be standardised?—I have known of several of the officials under the present measure of State control suggesting that coal should be standardised, so that it could be used in various parts of Great Britain and in certain areas into which they have carved up Great Britain for the purpose of the supply. I can give you a case in point and that is at Hitchin, which is not far down the Great Northern Line. There at present is a bar beyond which a certain class of coal cannot go. It is needed for a certain class of engine. That class of engine is a road engine working at Hatfield—not a rail engine. Hatfield is 10 or 12 miles away, and it has to go to Hitchin to get that particular fuel.

24,207. Pardon me, that is not the question I put to you. I did not say that suggestions may not have been made that some coal should not be used somewhere; but I asked you whether anybody had suggested that all coal should be standardised?—Yes, it has been suggested.

24,208. Will you tell me by whom it has been suggested that all coal could be standardised?—Not all coal.

24,209. You do not suggest that anybody has said that all coal could be standardised?—I say that it has been stated that so far as a certain district is concerned coal could be standardised for that district.

24,210. Coal could be standardised?—Could be mixed.

24,211. You are suggesting that the mixing of coal is an impossible thing?—Yes.

24,212. Then when you say standardisation you are referring to the manufacture by mixing of a common quality of coal?—That is so.

24,213. Has that been very seriously suggested?—It has been very seriously suggested.

24,214. Is that at all connected with nationalisation?—One is basing one's ideas of nationalisation a good deal upon what has transpired during the last year or two under control.

24,215. Have we had nationalisation?—We have had a certain measure of State control.

24,216. Then you are assuming that Governmental control of private enterprise is the same thing as national ownership?—We have not had the other proved yet. We have had a type of it.

24,217. I am not wanting to argue with you?—But you must allow me to answer your questions in my own way.

24,218. You are objecting that the experience of collective control of private enterprise has been very injurious?—It has been very injurious.

24,219. I quite agree; but that is not the same thing as national ownership?—It may not be in your mind, but it is in the mind of those who have had experience of State control, which gave us a fair taste of what will happen.

24,220. You are inferring that national ownership will be of the same nature, perhaps worse, as national control of private enterprise. If you do not want to explain do not, but I am only anxious to give you an opportunity of doing so. Is that what you are inferring?—I have already stated that the only idea one can get as to what nationalisation would mean is one's experience with respect to the past measure and the present measure of State control which has been obtaining.

24,221. That is your opinion of what nationalisation is founded on?—Yes.

24,222. May I infer from that that you think that public regulation or control of private enterprise in coal has been very injurious?—The public regulation of private enterprise?

24,223. Yes?—It has been injurious, but not wholly injurious.

24,224. Do you say that that is a good system? Should we go on with the public regulation of private enterprise in coal?—It is not a good system.

24,225. Has it been better than no regulation?—It has been better that we should have some regulation of private ownership of coal during a period of war.

24,226. What we are considering is what there should be during a period of peace?—Quite so.

24,227. Are we to infer from your evidence that you think public control of private enterprise in coal is injurious? Would you recommend it or not?—In a measure I should. I should want to see what that measure was.

24,228. Therefore you are not prepared to say that you wish to get rid of all public regulation of coal?—No, I am not.

24,229. At the present time you say the price of fuel is largely due to the State control of enterprise?—Yes.

24,230. Is it your opinion that if all the regulations were taken off the price of coal would fall?—No, but—

24,231. I only want to know whether it would fall or rise?—You may only want to know whether it may fall or rise, but I am not prepared to give an answer "Yes" or "No" to that question. I am prepared to answer the question in my own way, and not in your way.

24,232. Would you mind answering it?—So far as the price of coal is concerned, I should say that the price ought to be regulated as it was regulated in the early days of the war. So far as State control is concerned, we as merchants entered into the arrangement, and we were in agreement with the Board of Trade at that time that the price of coal should be limited, and I still maintain that that should be done.

24,233. Limited by Government regulation?—Yes.

24,234. Therefore, you do not advise that the Government regulation of the price of coal should be removed?—No, I do not.

24,235. I suppose that means—though I do not know whether I may take it to mean that—that as you recommend the continuance of Government regulation of the price of coal, you would be apprehensive that the price of coal would go up if the regulation were withdrawn?—Certainly, I should in a busy time expect that.

24,236. Therefore, when you say "The present high price of fuel is largely due to the measure of State control now exercised," we must take that as meaning that you think it would be still higher if there were no State control?—I should say it would.

24,237. That is in accordance with the other evidence given to us. It has been suggested to us by a very eminent coal merchant that if there were no State control we should be paying £3 a ton?—We might do so.

30 May, 1919.]

MR. EDWARD SMALLWOOD.

[Continued.]

24,238. Therefore, is it not a little misleading to say what you have done when, if the State control were taken off, we should probably be paying as much as £3 a ton?—What I do state is this, that, seeing that we have State control at the present time, prices ought to be very much lower than they are on that account.

24,239. I entirely agree with you, if the State control has brought down the price somewhat, but not enough?—It has not brought down the price. It has stopped it going up.

24,240. It has stopped it going up as much as it otherwise would do, but not as much as you wish?—That is so.

24,241. Would not the inference be from that that you must have a little more State control, or a little less?—No, I should suggest that the more State control you get, the more expensive will that control be, and the more prices will go up.

24,242. Then you say there ought then to be less control?—I have already stated that, so far as my view is concerned, the price itself ought to be regulated, and having regulated the price, it does not require a great staff. It was done by one man previous to a certain time in the Board of Trade, and was satisfactory; but the more State control you get, the more officials you get and the larger is the cost of that control.

24,243. It is very clear that you advised the Commission that the removal of all State control would result in a higher price?—Yes, I did.

24,244. I notice you say in the paragraph above that "Under the competitive system, the colliery owner is kept in check"?—Yes.

24,245. You have just been advising us that if we remove the check of the Government control and rely on the competitive system, the colliery owners will get a larger price?—I have stated that to be the case when trade was good, but when trade is bad, or when it is in its medium condition, the private ownership, or the price of coal under private ownership, is certainly kept in check under the competitive system.

24,246. Would you suggest that trade is good now?—Certainly it is good now.

24,247. I am glad to hear that?—I mean, in so far as there is a strong demand for coal.

24,248. You go on to add: "From this cause all classes of industry are suffering"?—Yes.

24,249. I should infer from that that they were not getting their coal?—They are not getting their coal.

24,250. All classes of industry, do you mean?—The very high price of coal, as a matter of fact, stops them buying as much as they would do for the purpose of manufacture.

24,251. You have just now told us that if we take away the control, the price would be still higher?—Yes, during a time of stress, but we are not proposing to legislate for the present time, but for years to come—changing our system.

24,252. We are also legislating for the ensuing few months of the year, as well as for the future?—The two things are distinct.

24,253. Would you propose to the Commission that the Commission should recommend the removal of all regulation so as to rely on the competitive system for it being kept in check, or would you suggest we should have some regulation?—I would suggest the removal of all restrictions except in respect of price and the allocation of certain quantities for certain purposes.

24,254. It is only in respect of price that you want the restriction?—That is the main thing.

24,255. Can you suggest any others?—I say in respect of quantities. At the present time it would be necessary to keep on the present system of control in respect of quantities to be allocated to gas makers, to merchants, to districts, and generally.

24,256. Then you think it is with regard to allocation to districts generally?—Until the time of stress is over.

24,257. Then I can hardly see what you mean by suggesting that from this State control all classes of

industry are suffering when you recommend that it should be continued?—I am not recommending that it should be continued, only in respect of price and the allocation to districts.

24,258. What other Control is there that you wish to get rid of: price, allocation and quantity are to be continued: is there any other control?—There is control right away from the pit into the poor man's collar in every regard in respect of coal. All that requires a large number of officials, or is supposed to want a large number of officials, and the expense of the coal control is enormous, and that, therefore, sends up the price of coal.

24,259. Do you think the cost of the Coal Controller's office enters into the price of coal?—No doubt it does.

24,260. Are you not aware that the House of Commons is voting a sum in respect of that?—I am also aware that last June 4s. a ton was put on the pit prices for the purpose of paying the men's and boys' wages and the cost of the Control.

24,261. You do not suggest, do you, that that 4s. was put on for the purpose of paying the salaries in the Coal Controller's office?—It is not a question of what I suppose. I know that 4s. was put on to the price at the pit for that purpose, and it was so definitely stated in the House of Commons. 2s. 8d. per ton out of that 4s. was to go for the boys' and men's wages, and 1s. 4d., which was one-third, was to go to the cost of the Coal Control, which came to about 15 million pounds of money.

24,262. Have you not put it more correctly in the preceding paragraph when you say: "At the present time, for the purpose of raising large sums of money for revenue purposes"?—Yes, and that is a totally different matter, and I should like to explain that. Might I answer that?

24,263. *Chairman*: Certainly?—So far as the question of revenue is concerned, that is a totally different matter from raising the money for the purposes of the cost of the Coal Control. The prices that have been allowed, even under the present measure of State Control, have permitted the colliery owners to obtain a certain price, and that price for his coal has given him such large sums of money, as has been known to be the case by the Government and the Revenue authorities, that certain collieries, to my knowledge, have paid during this last year one as much as £80,000 in excess profits, and the year before it was higher, and the year before that it was higher, and yet, under State Control, that has been permitted, and the colliery owner and the trader generally have been pilloried for being profiteers when they have taken that which the Government has almost forced upon them for revenue purposes.

24,264. *Mr. Sidney Webb*: Thank you, that is quite right. Now I want to ask you whether, under the competitive system, the reward of the colliery owners would be kept in check more than it has been under this system?—Certainly.

24,265. You think, therefore, that if the whole of State Control were taken away the colliery owner would get less than he has been getting?—He would get less than he has been getting, certainly, year per year, but you have to extend your inquiry and your knowledge over a matter of 30 years to get at what the colliery owner has been obtaining as a reward for his services.

24,266. We have had the exact figures?—Then if you have had the exact figures, you would know, as a matter of fact, that for 35 to 40 years his reward or his profit has very much varied in that time. In times of stress and in times of good trade that has been the time when the colliery owner has walked in, and he has got very large sums of money; but the years following, say, 1873, when so many collieries were shut down, owing to high prices—owing to the high price of coal—in those days prices, for many years after, slumped and there was not a very big margin in many collieries sunk at that time; in fact, many of them did not pay at all.

24,267. You say, if you rely on the competitive system of reward, the colliery owner is kept in check?—Certainly

30: May, 1919.]

MR. EDWARD SMALLWOOD.

[Continued.]

24,268. Yet you advised the Commission to retain the control as regards limitation of price, quantity and allocation?—Yes, in time of stress.

24,269. *Sir Arthur Duckham*: I see you have a paragraph in your *précis* which runs: "Most unsuitable coals have been supplied in many cases under the present measure of control." We have heard it stated before this Commission that great savings have been made with regard to carriage in the distribution of coal?—Yes.

24,270. And a figure, which is a well-known figure now, of 700 million ton miles has been given. Can you form any opinion as to the comparative inefficient consumption of unsuitable fuel that has caused?—I can only form a general opinion, because on the coal market, and meeting men as I do from all parts of Great Britain under the Federation, one has heard some very extraordinary cases of unsuitable coal having been put into certain districts by reason of the so-called saving of 700 million ton miles.

24,271. Do you consider the people who carried out this distribution of coal, and allocation of coal, fully realised the great differences there were between different kinds of coal?—I do not think they can have realised it or they would not have made such a hard and fast rule with regard to the transit of coal as they have done in many cases.

24,272. *Sir L. Chiozza Money*: Sir, may I ask, are we going to have evidence with regard to the distribution of coal?—because all these allegations seem to be very contrary to what Mr. Davis told us. Are we going to have the gentlemen recalled who have done these things?

Chairman: I forget the gentleman's name to whom you are referring.

Sir L. Chiozza Money: I refer to the man who was responsible in the time of war, when the nation was very short of coal, and very short of railways for distributing coal in the circumstances in order to save the nation from a coal famine.

Sir Arthur Duckham: I think you will have evidence next week on that point.

24,273. With regard to your own business, is it not the fact that the only way that you can run your business profitably is to please your consumer?—That is the case.

24,274. What would happen if you endeavoured to exploit your consumer?—We should lose our customers.

24,275. As long as there was competition?—Quite so. Under the present system, gas coal has been sent to us for the purpose of bakeries. Now if there is one thing a baker does not want, it is a gas coal. On the other side, we have known bakers' coal being sent to gasworks, and if there is one thing a gas company does not want, it is bakers' coal.

24,276. *Sir L. Chiozza Money*: You know that all this was in time of war?—Shall I amplify that, Sir Leo?

24,277. *Chairman*: By all means?—I only wish to point this out, that at the same time that bakers' coal was being sent into gasworks, there was a shortage of bakers' coal in various districts, and that bakers' coal was quite as essential in the industrial and large towns for the purposes of baking bread, as it was for making gas.

Sir Arthur Duckham: You say there was gasworks' coal available at the time?

24,278. *Sir L. Chiozza Money*: Do you know that?—Of my own knowledge I do not propose to say that.

24,279. *Sir Arthur Duckham*: I was coming back to the consumers' point of view. The consumer, under competitive systems and normal conditions, is free to purchase where he likes?—Quite so.

24,280. That is presumably his greatest safeguard?—That is so.

24,281. Under a system of control he has not had that freedom?—He has had the freedom of taking the coal where he liked at the beginning of the control, and if there was any specific reason why he wished to change, he has been able to change from one merchant to another.

24,282. Say a consumer was buying a Yorkshire coal at the beginning of the control period, do you know of any case where he has had to have Durham

coal at a later period because they would not send Yorkshire coal down to him?—Yes, and in our own case we have been buyers of a Yorkshire coal for 30 or 40 years, a coal that we placed a great pride in; but during the last two years the control has not permitted us to have one ounce of that: we have had to get coal from Derbyshire.

24,283. Therefore, you have not been able to continue buying the coal you were buying?—No, nor has any other merchant.

24,284. Do you suggest that the Government control, even on the lines suggested by Mr. Webb, should continue when conditions are normal, and there is a sufficiency of coal for the market? I am talking about the control price chiefly?—I have felt during the last year or so that a control of prices should exist, even after the stress of war.

24,285. Then when you get down to normal conditions, and there is sufficient coal on the market to cause competition?—I would like to qualify that to this extent, that I think some system might be arranged by which, when coal got a certain price, and the remuneration of the mine owner was above a certain sum, it should come under control.

24,286. Something to do with the profit of the mine-owner?—Yes.

24,287. Distribution is a specialised trade, is it not?—Quite so.

24,288. You have given us some idea of the definite purposes it serves?—Yes.

24,289. In ordinary working, somebody would have to carry out those functions?—They must do so.

24,290. Whether nationalised or not, those functions are considerable?—Yes.

24,291. We might be led astray if we considered they were not considerable?—That is so.

24,292. We have had complaints made here with regard to the extortionate—I think I may use that word—or the very high profits made by the distributor, and from the figures that are given, I think you can realise that the consumer would be feeling that he has been paying too much. Can you assist us at all by justifying the differences in cost? Can you justify them, and can you tell us how, under existing conditions, they could be reduced?—Are you now speaking of the profits since the industry has been under control? I have not it here, but there was a statement attached to the Chairman's report in which he gives the prices at the pithead and the price to the seller. What I wanted from you was a justification of the difference between those two prices.

24,293. The price at the pithead was 21s. 2d., and the price delivered was 44s. Then 23s. 5d., you see, the pithead price, is given in the second table?—Yes.

24,294. The railway rate was 6s. 3d., wagon hire 1s. 6d.; then there is 4d. and the merchants' charges, labour 4s. 3d., and establishment charges 3s. 4d., profits 1s. 3d., management and interest 1s. 6d. What is the justification, for instance, of the establishment charge of 3s. 4d.? It seems a very high figure?—Had I known that I was going to be asked as to figures, I should have had those figures with me. I think that is to be gone into at a later stage of the enquiry, but as to how that figure of 3s. 4d. is made up, I should not like to charge my memory without having the figures in front of me.

24,295. Does it not seem to you a large charge for establishment?—I do not think so, considering salaries, office rent, rates, and also the cost of control, or the administration of control, in the various offices, because that has been very considerable. When all these items are rolled together, I think that 3s. 4d. can very easily be justified, and will, no doubt, have to be justified at a later stage of the Commission.

24,296. *Chairman*: I think it included rents, rates and clerical staff?—Yes.

24,297. *Sir Arthur Duckham*: If you compare that figure with a figure in other businesses, 3s. 4d. seems a very high figure?—I can only say, in answer to that, that I have no knowledge of how that 3s. 4d. is made up, because it varies in different parts of the country. I am Chairman of the Federation of Coal Merchants of Great Britain, and I can say that those figures would vary in different parts of the Kingdom.

30 May, 1919.]

MR. EDWARD SMALLWOOD.

[Continued.]

24,298. Would not that figure be reduced if you reduce the number of distributors?—No, I am quite sure that would not be the case.

24,299. You do not think, then, that that 3s. 4d. is enhanced by the large number of small distributors?—No, I am quite sure that is not the case.

24,300. Taking establishment charges alone, you think the small distributor could distribute as efficiently as a large distributor?—Yes, I am quite sure of that, and more efficiently in certain cases.

24,301. We have had the question of storing coal brought up before the Commission. Will you take a concrete case: Say you wanted to store 200,000 tons of coal: what would be the cost and the loss on that storage? Just give us an estimate?—In the first place, one has to pay the men at the present time 1s. 2d. a ton for putting the coal down.

24,302. Could you not save that by mechanical handling?—No, that cannot be done possibly on wharves and open spaces where you have to store the coal; for instance, on an ordinary coal wharf where the rails are on a level with the ground on which the coal has to be landed, especially in large towns.

24,303. I am not suggesting it to you where you have to store on an ordinary coal wharf; I am suggesting that certain dumps should be made for storing purposes, where you could have 200,000 tons of coal stored in one dump?—In London, do you mean?

24,304. Yes, or outside London; what would the charges be on that?—I should say they would be enormous. In the first place, you would have to land your coal on the outside of a town, and you would have a rate to that particular place which, under the present rating system, would be higher than the rate to London itself.

24,305. You are speaking of the railway rate?—The railway rate up to a place within 10 or 15 miles of London is higher than to London itself; you would have a high rate to start with, or if you reduced the rate to the country district, you would have to raise the rate to the London district in order to get your revenue right for the undertaking. That would be one extra charge.

24,306. What would that amount to—1s.?—There is a station that comes to my mind for the moment on the Great Northern Railway, about 9 or 10 miles from London, the rate to which is 1s. 2d. more than to London itself.

24,307. Then you would have the rate from the dump to London again?—Then you would have also the breakage of the coal, and the labour again, to pick it up.

24,308. What would be the loss in value of your coal so stored for three or four months?—That would depend largely on the time of the year that it was stored.

24,309. What would it be if it was in the summer time?—If it was exposed to the winter rains and snow, it would deteriorate anything in the neighbourhood of 25 per cent.

24,310. I presume with mechanical apparatus you could put the coal down and pick it up for 1s. a ton?—We have gone into that many a time, but we have not as yet the apparatus in view, or in mind, or in being, that could possibly help us in respect of large coal. You can in respect of such stuff as will run, such as nuts, peas and such like, but we have not at the present time any mechanical means by which we can land coal on to a dump that is on a level.

24,311. So that it comes to this. You have one shilling a ton extra on your coal to get it there. You have something from the dump to London—one shilling again?—No, the local rate under the present ownership would be anything from 1s. 6d. to 2s. from that particular place, and your railway wagon would have to be charged again, because that railway wagon sent up to that particular point where your dump is would have as high a value put on its running as if it were run straight through to London. You have again to send railway wagons down to that place and all that expense to be gone through again.

24,312. So that you might have a charge of something in the neighbourhood of 4s. a ton?—I should say very easily.

24,313. Then you might have 1s. a ton for storing? That is a figure that I have had?—I should not dispute that.

24,314. Then you have your 25 per cent. depreciation of coal?—Yes; it is a pure guess.

24,315. So that it might be an excessive matter?—I should say very excessive. From our experience of landing coal in the open in quantities of 1,000, 2,000, and 3,000 tons, we know that it is a very expensive process, although one has it run right through to your wharf, put down straight away and picked up in four or five months' time at a particular depot without any extra expense.

24,316. *Mr. Robert Smilie*: Would you tell us exactly what bakers' coal is?—Bakers' coal is a coal which comes out of the Leicestershire district so far as London and the South is concerned. It is a coal the flame of which spreads very rapidly and there is not much smoke. It comes out of the Leicestershire district.

24,317. Is it only produced in Leicestershire?—No, not only in Leicestershire. I think it is also in Warwickshire, but it does come from certain well-defined coalfields for certain districts.

24,318. Do all the bakers of the country send to Leicestershire and Warwickshire for their coal?—So far as London and the South are concerned I am quite sure that most of the coal that is used by bakers comes from that district.

24,319. And you say some bakers got gas coal?—Yes, that is the reason we got so much burnt bread in London.

24,320. From what district?—When I say "gas coal," I mean gassy coal.

24,321. Gas coal was so scarce that it could be sent even to the bakers in London?—It was gas coal which was sent to bakers in London, and they could not get anything else. Gas coal pure and simple from Durham and Northumberland was sent to London at an enormous cost and a loss to the Controller of 15s. a ton.

24,322. *Sir Leo Chiozza Money*: These are very serious allegations against the gentleman we had here before, Mr. Davies, who is responsible for these things, and I am perfectly sure we have not had the whole truth on this matter. Can we spare one minute so that I may put a few questions to this witness on this interesting subject?

Chairman: Yes, one minute.

24,323. *Sir Leo Chiozza Money*: May I ask you, do you not realise that what you have been describing are quite abnormal conditions? They are conditions appertaining to a time of war and what immediately follows, and they have no relevance whatever, I think you will agree on consideration, to nationalisation in normal times of peace?—No, I do not agree. I consider they have a very great relevance. When I understand now fully as I do what a State official can do in respect of an industry, I do not want any more of him than I can possibly help in the future. I have had more than I require.

24,324. Do you realise that we were at war, that coal was exceedingly short, that while it was short large quantities had to be sent to France and Italy to enable them to continue in the war?—I know those things, and I know also that in the earlier stages of the war, in 1915 and 1916, both the merchants and the colliery owners were put upon their honour to do certain things without any definite control, and for 12 months they carried out that which they pledged themselves to without any rise in the price.

24,325. Do you know also that railways and locomotives had to be exported from this country?—I know that also.

24,326. Do you know that if those measures of control had not been exercised and some people had not been given coal to which they had not been accustomed in the past, many would have been without any coal altogether?—I know that, and I know also that if it had been left to the distributing agents they would have been better supplied.

24,327. Have you read the evidence of Mr. Davies as to what has been done?—No, but as a member of the London Coal Committee I have learned enough to satisfy my own mind.

30 May, 1919.]

MR. EDWARD SMALLWOOD.

[Continued.]

24,328. May I say that you see it from the point of view of several thousands of coal merchants who are anxious to retain their own business?—I do not see it only from that point of view to-day.

24,329. I thought you came as the Chairman of the Coal Merchants' Federation of Great Britain?—I come as a chairman, but I have another personality than that.

24,330. I do not know what your clients would say if they heard you say that their business was uneconomical?—That rests with them.

24,331. *Mr. Robert Smillie*: I suggest you are quite wrong when you said one man was regulating the coal trade. As a matter of fact, before the Coal

Controller was appointed there was a Joint Committee of coal owners and miners, of which Sir Richard Redmayne was Chairman, conducting the coal trade of the country?—I was speaking of the one man who was the prominent figure at that time, that was the President of the Board of Trade, who made the arrangements with us, and there was not a horde of officials coming between us.

24,332. As a matter of fact, he made that advice on the recommendation of the Coal Committee composed of three coal owners, three miners and Sir Richard Redmayne?—It was voluntarily done and not by a horde of officials.

Chairman: I am much obliged to you for your evidence.

(*The Witness withdrew.*)

Mrs. MARY ELIZABETH HART, Affirmed and Examined.

24,333. *Chairman*: I am going, Mrs. Hart, to read your evidence, and when I have finished I am going to ask you if you want to say anything more.

"*Evidence of Mrs. Hart, 56, Great George Street, Wigan, on Miners' Conditions.*

I am the wife of a miner and have lived all my life in a mining district. As a social worker I have taken a great interest in the housing question, as I recognise that to have a healthy population we must have good housing accommodation."

I am going to ask Mr. Herbert Smith to ask you questions on one side and Mr. Cooper on the other.

This is what Mrs. Hart says about housing:

"*Housing.*

In the first place there is a very serious house famine in Wigan and the Chairman of the Housing Committee of the Wigan Corporation informs me that the immediate needs of the town of Wigan can only be met by the building of at least 1,000 new houses, as there are at the present time two and three families living in one house. After making full enquiries I find that the applications for the proposed new houses far exceed the number to be built, although they know that the rents will be practically double what they are now paying.

In regard to the insanitary conditions of the houses, the conveniences are totally inadequate to the number of houses; in many instances two or three families use the same convenience, and as this is usually a pail it is both unhealthy and disagreeable. There are also some houses where the conveniences are so close to the back door that a single step will take you right into the convenience, and the stench, especially in the summer, can be more easily imagined than described.

There are a large number of 'back-to-back' houses with no water supply, no wash-boilers, and from which all ashes and refuse have to be carried a considerable distance. The rent received for such houses is, owing to this system, considerably greater than that received from an ordinary four-roomed house."

Now we come to pithead baths:—

"Now regarding the pithead baths, the general opinion amongst the men was that they would much prefer them to be put into their own homes, and they had at first a fear of catching cold and a natural disinclination to pay for their upkeep, as they considered they paid enough for tools, oils, &c. But after coming in contact with other men who had had experience of pithead baths, they found that the health of the miners was greatly improved.

The women are unanimously in favour of the baths, both at the pithead and in the home, for the miner's wife under present conditions is little better than a slave. Imagine a house with one living room which serves as a kitchen for cooking and as dining room. A family of from two to six sons, along with the father, come home from work. After they have had their meal, they take off their pit clothes and wash. There are no facilities such as hot water laid on. The usual procedure is a small pan heated on the fire; each has to wash in his turn and sometimes before the water is ready, some of them have gone to sleep—they are so tired. Now could they have had a bath

before their meal they would have been refreshed and able to enjoy a walk afterwards.

The shifts are so uncertain that the housewife has to be up early and late."

I have read that now. Do you want to say anything more than what I have read?—In the first place I want to qualify this first statement, because, having read some remarks that have been made by the witnesses at this Coal Commission, I have heard it stated that the miners' wives acquiesce in the bad housing conditions because they have a low rental and they are not willing to pay more rent for the houses. That is not the case. The women cannot help themselves, because there are no houses; and I put this in simply to show that the women are fully prepared, and the men too, to pay more rent if they can get a house; because the Chairman of the Housing Committee, who by the way is a miner, told me himself that there was no possible chance of any of these families being supplied with houses in spite of the fact that the rentals would be a lot more than they are at present paying—in fact, very nearly double. I should say, too, that as a member of the Insurance Committee of the County Borough of Wigan I have had some experience of dealing with consumptive cases, and we find that after we have sent these cases away to sanatoria and they come back improved in condition, when they have been at home a short time they invariably go back to the same condition, because owing to the housing conditions and their not being able to provide rooms for the different cases they have all to sleep sometimes in one room, and the condition of improvement has not been maintained. I must say I do not want to create a wrong impression: most of the houses in Wigan—I am only speaking about the local conditions of Wigan and the Urban District—the majority of the houses are not owned by the colliery companies; they are owned by private landlords. There are very few houses in Wigan that are owned by the colliery companies. In the urban districts there are a few, but the houses are largely owned by private landlords, so I do not want to create a wrong impression. With regard to the insanitary houses, in some instances I have spoken to the women, and in fact I know them myself because they are close to where I live. The houses are back to back houses, and it entails a very great strain on the women, because they have no washing boilers and they have to carry heavy pans, and that is responsible for a great deal of the internal complaints of women—through the wives having to carry these heavy pans. And then there is the drying of the clothes in the houses. The houses are provided with lines; they wind the lines up and down, and in winter time they have to dry all the clothes in the house. The steam comes from them; there is no sitting room attached; there is only one sleeping room up and just one living room down. Besides that they have to carry all the refuse. Perhaps I might just describe the place. The street in which I live—not the house in which I live—but the street in which I live is a long row of houses on both sides; and I should say that there would be about 40 or 50 houses on one side and 40 or 50 on the other. There is a small entrance between the houses within short distances, say, of 10

30 May, 1919.]

MRS. MARY ELIZABETH HART.

[Continued.]

or 12 houses—sometimes two or three. It just depends on who owns the houses. The women have to carry the whole of the refuse down this street, up these entries, and tip it into an open place, a dust-hole. They do provide tubs sometimes to put this dust in, but usually it is tipped in; and if a door happens to get pulled off or damaged in any way the dust flies about in the dry weather, and of course, that is prejudicial to good health. With regard to the pithead baths, I am not going to say that the men themselves are very enthusiastic about pithead baths, especially the elder miners; but the younger men seem to think that they would like these pithead baths. The reason the older men give me is this, that they have a fear of catching cold, and they think that they should not be asked to pay for their upkeep because they consider they pay enough for tools and all the rest of it. There is a place called Fletchers & Burroughs; most of the miners in our district do not walk to the towns; they go by car—some as far as 5 or 6 miles—and they come in contact with the miners at that place who have used these pithead baths, and the general opinion is that they would rather have them than be without them. Having once used them, of course, they know the value of them, and they think that these baths would greatly improve their health. Now the women are unanimously in favour of pithead baths, because they recognise that it would take a lot of dirt out of their houses. When a woman has to have a lot of men coming home and she has no facilities whatever in the shape of water or anything like that laid on, and the children are playing in and out of the house while the men are coming in, (who are not always in the best of temper, owing to the surroundings), they feel that if they could have all this dust and dirt left at the pithead it would save them a lot of work, and there would be a lot more comfort in their home life. But there is one point, and that is this: I have read that it has been said in this place that these women are not so clean in their habits, and all the rest of it. I read that—I think it was last week. One of the most prominent questions that was asked me when we have had chats about this, was this: they have said, "Well, Mrs. Hart, what would happen to the men's clothes if it happened to be raining, and what would happen to the washing of the pit clothes?" Because the men's wives wash what they call their pit drawers every night; and they want to know what would happen if these pit drawers and things could not get washed. Of course we are expecting that if pithead baths are set up somebody will be in charge and that they will wash these pit clothes and dry them too, so that it will not affect the men's health in any way. Then again the shifts are very uncertain, and that has a lot to do with the health of the women.

24,334. *Chairman*: Tell me about what effect that has. You say the shifts are very uncertain. What is the result of the shifts being uncertain? Do they come home at all different times?—It has an effect on the women's health. Suppose a woman has to be up in the morning—I know women who have to be up at 4 o'clock in the morning, and the family perhaps may be going out at different times. Different collieries start at different times. Some start at 6, some start at 7. The woman has to stay up the whole of the time, because she cannot go back to bed; and she may have daughters who may be working in the mills, and she has to stay up to see them out. She has to stay up at night to see them all to bed. Probably she may have some who are in the afternoon shifts who are coming in about 11 to 12 at night, and she has to stay up to get their meals ready and see to them. As a rule, it all devolves on the shoulders of one woman. So that I think the gentlemen who have given the evidence before this Commission that Lancashire women, the wives of miners generally, are not clean in their habits and also are not good cooks should also bear that circumstance in mind.

Chairman: We are very much obliged to you, and I am going to ask two gentlemen who come from the north of England to ask you some questions. The first gentleman, Mr. Herbert Smith, is the President of the Yorkshire Miners' Association; and after that

Mr. Cooper, who comes from Newcastle, on behalf of the owners.

24,335. *Mr. Herbert Smith*: I have been looking at your *précis*, and I think we had better clear up this question of times. You have spoken of the husband and three or four sons going out to work?—Yes.

24,336. The husband, as a rule, goes down to the colliery at 6 in the morning?—Yes.

24,337. That means that you have to get up at 4 or half past 4?—Yes.

24,338. Then he would come back between 2 and 3?—Yes.

24,339. You have a son going out at one o'clock to work?—Yes.

24,340. And he will get home between 11 and half past 11?—Yes.

24,341. You have a son going out at 10 o'clock on the last shift?—Yes.

24,342. He will get back between 6 and half past 6 in the morning?—Yes, something like that.

24,343. Then you have your family to get ready for school?—Excuse me, I am not referring to my family: I am referring to the general case.

24,344. I am talking generally now. That is what happens, is it not?—Yes, that is what happens.

24,345. So that a woman is busy drying pit clothes for one lot to go out to work, then drying again, and the dirty clothes are coming in after she has cleaned her house up?—Yes.

24,346. It means that she will have to clean her house up about four times a day?—Yes.

24,347. Is it your experience, as a pitman's wife, that she is not a cleanly woman and as careful as any other woman?—I may tell you this: my work is, I collect contributions for the Wigan and District Weavers' Association, and it takes me about into a good many houses. My experience of the miner's wife is that, in fact, I sometimes wonder how they keep their houses in the condition that they are in. With regard to some of the houses I go into, the living rooms are splendid, and the furniture you can see your face in it, it is so clean and polished up; so I do not think that dirt is a general thing amongst miners' wives. I think miners' wives are clean, and I think, seeing that the facilities that they have are so small, it entails, as I say, a great amount of work, and she is little better under the present conditions than a slave, because she has to be nurse, housekeeper, shop-errand girl and everything: she has nobody to look after things for her, she has to do everything on her own.

24,348. You can quite appreciate that these gentlemen who talked about miners' wives being untidy and poor cooks—that their wives have somebody else to cook for them, so you need not put too much stress on that, because if a miner's wife had a housemaid and a cook and two or three servants, she would be tidy all the time?—She would. If she had no dirt coming in, and no dirty pit clothes coming in, she could keep her house clean and it would entail very little trouble.

24,349. Would you admit that housing is a national obligation?—Yes, I do. I think that the reason of all this is that it is profiteering in houses, I call it. I am not going to say that I know how many houses to the acre there are, but I know they have as many as they can get, and if they could have put any more on, they would have done so; I think it is owing to the fact that people own property for income: it is their income, you see, because I have come in contact, in my work, with people who have owned property. I was on a committee that had to do with consumptives. They send us round to people to give them advice. The doctor gave us the advice, and told us what was the best thing to do in the case of consumption. I have gone round to houses, and I have one special instance in my mind where a woman had her two children and her husband suffering from consumption. When I went in, she showed me one place on one side of the wall that was practically down, the plaster was off and there was no paper, and then she had to prop up one side of the staircase. It was one of those old-fashioned staircases, those open staircases—it is like lattice work at one side. She had to prop up this side of the staircase, and she

30 May, 1919.]

MRS. MARY ELIZABETH HART.

[Continued.]

said it was a danger. When the members of the Committee were told about it and she said the housing condition was at the bottom of it, they would never even open their lips, and I have come to the conclusion, rightly or wrongly—I am not going to say that it is wrong, in a way, because we know that the existing conditions breed this sort of thing—but I think it is owing to people having to have their incomes from house property. I think it is a national problem, and that the State should take into consideration the housing question, because they say the children are the assets of the nation, and how is it possible for children to grow up healthy if they have to live under such conditions? It is an absolute impossibility.

24,350. Our complaint is not particularly against colliery owners, but colliery owners owning these slums. With regard to housing, it is a national obligation?—Yes.

24,351. Have you ever, as a miner's wife, experienced cases of people being evicted in the case of a strike or lock-out?—I must say again that there are very few colliery-owned houses in Wigan, but I have heard about people being evicted.

24,352. You have not experienced it?—No, I have no experience of that matter.

24,353. You say you would rather be free from that obligation. We do not want to make housing a condition of employment?—No. I know in some districts, if there is a man working at the colliery, and especially an official—I must say I have not had experience of miners being evicted—but when they wanted a house for an official, sometimes they have given people notice to quit.

24,354. You have heard of cases of miners being evicted at Cadeby, Hemsworth and Fryston in Yorkshire?—Yes; I lived in the North of England, in the County of Durham, at a village called Birtley, and the miners have told me there, when they have come out on strike—the colliery owners owned the property, or a good portion of it—they have told me that they had evicted the miners once when they came out on strike, and they had to sleep in the fields.

24,355. *Mr. R. W. Cooper*: How long ago was that?—It is a long time since.

24,356. *Mr. Herbert Smith*: I do not want to go back a long time; I want to talk about 1918?—I must say that during the period I lived up there the housing conditions were awful.

24,357. *Mr. R. W. Cooper*: Was that at Birtley?—Yes. In fact, that was the one reason why we left it, because they expected three or four families to live in one house, and we had never been used to that, so we came back to Lancashire again.

24,358. How many years ago would that be?—About 18.

24,359. *Mr. Herbert Smith*: Have you seen the medical officer's report from Wigan with regard to housing?—I have seen it, but I could not tell you from memory what it is.

24,360. Talking about paying good rents, if I tell you that a medical officer of the West Riding said it would pay West Riding practically to pay half the rent, because they paid indirectly more in curing tuberculosis and other cases of sickness which the County Council were compelled to do—it would be a saving to pay half the rent to house people properly, would you agree with that?—Yes, the doctors do realise that. At the last insurance meeting that I attended, one doctor said that it was a waste of money, because the conditions were so bad that the people had to go back to; he said it was an impossibility to do anything, only to keep repeating the case time and again; he said if the money that was spent in relieving these cases was spent in preventing the disease, it would be a lot better. The people generally cannot help themselves. They are paying more rent even now than what they used to do for the same house that they live in.

24,361. But is this state of things existing now in Wigan, that they have to use pails?—Yes.

24,362. In Wigan?—Yes, in Wigan, in the street where I live.

24,363. It is generally said by a friend of ours that what Lancashire says to-day England will say

to-morrow. I was wondering whether that would be so in this case?—In the house where I live, we have the water carriage system, but the majority of the houses have the old pail system.

24,364. Coming now to the question of baths do you find that the difficulty with the older men is that there is no sufficient privacy with regard to baths?—Yes, that is one thing: for instance, I was talking to a miner last week and he said, "I would have no objection: I realise it would be a lot better both for my wife and for my own life, but," he said, "I do not like one thing: I think it would be the means of carrying disease." He was under the impression that a lot of men would all have to go in one bath. I told him that would not be the right thing, because I was thinking that they would have separate baths for every person, and that they would not be required to go into the same bath.

24,365. It was not intended that two or three men were going to bath in one lot of water?—No, he meant to say that the baths should be cleansed. When a person had used a bath, naturally he would leave a scum of dirt round the bath, and he wanted to know whether these baths would be cleansed before another man was expected to go in.

24,366. I may say that my experience is that they have been fairly well cleansed. Then it has been the case, has it not, that the man gets his bath, then changes his clothes, and has to carry his wet clothes home with him?—Yes.

24,367. My point is that they should be left at the colliery and dried, as is done in Germany?—That is the point.

24,368. Do you think there would be as much opposition then if that were done?—No, I pointed out at first that that is what the women think about it. They say that these men who are using baths have to carry their clothes home, and they did not think it would be wise, because it would affect the men's health just the same as if the clothes were wet and they have to carry them with them.

24,369. When a man has to ride in a tramcar, he might as well have his clothes on as over his arm?—Yes. There is a lot of dissatisfaction about that because, as a rule, men have to ride in the same cars. In our district they do not put special cars on for workmen: they can ride in any car, and the consequence is, if people get in and the men have to sit beside them they feel it: they move up, as a rule, and it is only natural, because the pit dust spoils one's clothes.

24,370. So that most of the opposition that you have heard of is derived from a false impression of what is intended by the baths?—Yes. The general opinion amongst the younger men is that it will be of value and a great boon to their health, and also a boon to their wives.

24,371. Are you satisfied that if this was clearly explained to the men, that they would have a separate bath, and that the bath would be properly cleaned out and their clothes left at the pit to dry and to have all little menfings done to them—that would remove the opposition?—Yes: I think, if there was a ballot of the men taken now, that the majority would be in favour. I think there is a distinct revolution in the feelings of the men.

24,372. Do you know, as a miner's wife, that it should remove a lot of the disease away from the home if the pit clothes were kept at the pit?—Yes. It is evident if the miner's wife has to dry a lot of clothes in the house, and the steam is rising up, it is bound to have a bad effect upon the people and the children in the house.

24,373. Then if it was so arranged that he could get home at the time when the children leave school, you could all sit down together to a meal instead of having to cook two or three dinners?—Yes.

24,374. *Mr. R. W. Cooper*: With regard to the question of the baths at the pit, do the colliers at Wigan work at places a few miles away from Wigan?—Yes.

24,375. Which would you prefer: to have baths at the pit or a proper bath-room with a bath in each house?—I should prefer the pithead bath, because it would keep the dirty clothes and dirt away from our homes, of course. That is the woman's opinion.

30 May, 1919.]

MRS. MARY ELIZABETH HART.

[Continued.]

The woman, of course, value the bath in the home, because they realise that the whole of the members of the family could use the bath, but at the same time they think that there ought to be baths at the pit-head to remove this dirt from their homes, and cause them to have less work.

24,376. So that what you would like to see would be a pithead bath and also a decent bath-room in each house?—Yes, that is what I think should be.

24,377. I have never been to Wigan, and I know nothing about it, but I understand you live in a street called Great George Street?—Yes.

24,378. I gather from what you have said that your house does not belong to a colliery owner?—No, it belongs to a private landlord.

24,379. Do your neighbours work in coal mines, or are they engaged in other occupations?—The majority work in coal mines.

24,380. The majority of those living in that street?—Yes.

24,381. Who are the owners of the houses in that street?—I could not tell you who the owners are; I could tell you who the agents are.

24,382. Are they private people?—Yes.

24,383. Do they live in Wigan or not?—No, they do not live in Wigan; some of them live towards Southport. It is not likely they would live in Wigan, is it?

24,384. I gather from what you tell me that Wigan is not a health resort?—No, it is not, I can assure you. In the majority of the houses we do not see the landlord; we do not know who the landlords are. In the majority of the cases they are simply agents.

24,385. Are they somewhat old houses?—Yes, I should say they are about 30 or 40 years old, or more than that. The house in which I live is over 40 years old, but I should say this, that the landlord who owns the house that I live in is an exception to the general rule. He has tried, as far as lies in his power, all he can to improve the condition of the

houses, but he only owns a small number, four; and he does live in the town of Wigan.

24,386. You mentioned the Housing Committee of the Wigan Corporation. I did not quite catch what you said, but I thought you said that a miner was the chairman?—Yes, he is the chairman of the Corporation.

24,387. Have you any idea how long this Housing Committee has been in existence?—It was in existence before the war, but it has been in abeyance owing to not being able to get support.

24,388. I suppose owing to the war they did little or nothing?—They did nothing.

24,389. I presume the object of this Housing Committee is to see to the improvement of the housing conditions in Wigan?—Yes, the chairman of the Housing Committee told me last week that they have chosen sites to erect houses, but he said there were more applicants for these houses than they could provide for, and they have not started yet: he could not say exactly when they could start, because, owing to materials being hard to get and the price of things generally being high, he said it was held in abeyance.

24,390. As we know it is very difficult to do any building at present?—I think the housing schemes are all in the air yet. I do not think they seem to be realised. There is not much reliance about them at present; I think it is all talk.

24,391. Apparently in Wigan, as in other places, there is a very great need for what I may call housing reform?—Yes, there is a very great need of houses and also improvement of the existing houses.

24,392. I suppose you would agree if the Housing Committee of the Wigan Corporation does not do its duty, there ought to be some power brought into existence to compel it to do its duty?—The women are taking up this matter, I may say, and they are going to try to make them do it. They have put up with these conditions long enough.

Chairman: We are very much obliged to you for having come here to assist us.

(The Witness withdrew.)

Mrs. ELIZABETH ANDREWS, Sworn and Examined.

24,393. *Chairman:* I will read this *précis* of evidence on miners' conditions by Mrs. Andrews, of Ruskin House, Stanley Road, Gelli, Ton Pentre, Rhondda:

"I am the wife of a miner, and many of my people are engaged in the mining industry. I have lived all my life in the mining areas, and as a member of the Women's Co-operative Guild, and of the Labour Party, have had many opportunities of discussing the conditions with other women.

Housing.

Women acquiesce in bad housing in Wales because they have no alternative, under the present circumstances due to the extreme shortage of houses, a shortage which was very acute in industrial areas long before the war. The statement made that women acquiesce in bad housing because they like low rent I strongly resent on behalf of the women, as they have had to pay a very big increase in rent this last ten years for the same houses and conditions. I quote Rhondda, for example, being one of the largest mining areas in Wales.

Population: 165,051. (1918 estimate.)

Number of inhabited houses: 28,384.

Number of miners: 44,460 (estimate).

The estimated need for houses at present is 1,500 to 2,000.

Houses that have been condemned before the war (not fit for human habitation) are still occupied owing to the shortage, and most of them occupied by large families. The reason is that most landlords will not rent their best houses to people who have large families. The overcrowding of these collar dwellings are to a great extent responsible for the high infantile death-rate of 103 per 1,000.

Pithead Baths.—This reform like all other reforms at first met with opposition owing to the fact that it

would bring a change in customs, and naturally would meet with prejudice. But a revolution in ideas among the miners and their wives has taken place since then. This question has been discussed at public meetings all over South Wales during the last 18 months, and especially this last five months it has become the question of the day. It was the women of the Rhondda who renewed this agitation by asking the Executive of the South Wales Miners' Federation to urge the lodges to take the matter up, and correspondence took place in the South Wales daily papers which has aroused the interest of the miners' wives all over the coalfields. Conferences are to be held at various centres to press forward the campaign. I have addressed 25 meetings since March in mining areas in South Wales, where this question of pithead baths has been fully discussed, and both men and women have realised what it means to them in raising the standard of life all round, individually, in the home life, and in municipal life. Unsanitary workmen's trains and cars would be done away with, and the miners could then travel in cleanliness and comfort. Pithead baths would reduce the physical strain on the mother caused through lifting heavy tubs and boilers. A midwife of 23 years' experience in the same district in the Rhondda stated to me that the majority of cases she has had of premature births and extreme female ailments are due to the physical strain of lifting heavy tubs and boilers in their homes which they had to do under the present housing conditions.

I have been organising among the miners' wives for five years, and have during that period been in touch with thousands of miners' wives in South Wales, and at various meetings and conferences the women have very strongly expressed their desire for better conditions, and they have realised that pithead baths along with better houses would bring those desirable conditions about.

30 May, 1919.]

MRS. ELIZABETH ANDREWS.

[Continued.]

Various statements have been made at this Commission regarding the miners' wives of Wales. They are most indignant over these statements, and resent them strongly. On behalf of the miners' wives of South Wales I most emphatically repudiate the statements that the women of South Wales are against pithead baths, and that they acquiesce in bad housing."

(To the Witness.) Will you kindly tell me anything else that you wish to say to us in addition to what I have read?—I have a few more statements which I should like to add to my evidence, but before I make those statements I should like to remove one little technical error from my evidence. At the beginning my *précis* says: "I am the wife of a miner," and it ought to read "I am the wife of an ex-miner." My husband has been in the Army three years, and for a number of years prior to joining the Army he had to give up mining owing to ill-health. I want to rectify that to make it quite clear. But I am a daughter of a miner and one of 11 children and have lived my whole life amongst miners.

24,394. Thank you. Have you anything else to add?—I have also been acting in connection with the Labour Party and the Women's Co-operative Guild. I have served three years on the District Committee of the South Wales Co-operative Women's Guild. I have also been a member of the War Pensions Committee, and I have done a great deal in regard to social work. Therefore I have come in contact with the very poorest working-class women in South Wales. They have expressed to me, however poor they are, their desire for better conditions, but they have had to acquiesce in the poor houses they live in owing to the shortage, as I have stated in my evidence. I was glad to hear Mrs. Hart state what she did about women taking up the housing question. The women in Wales are taking it up. Deputations have attended some of our Councils, urging the Councils to appoint Housing Committees and get representatives of working women on those committees. These were deputations organised by the miners' wives in South Wales. I should also like to say that a number of the miners' wives in South Wales strongly resent the fact that they have to live in houses so close to the pitheads. May I take the Rhondda, for instance? I do not know whether any of you gentlemen know the Rhondda.

24,395. Yes; one does, anyhow?—If you pay a visit to the Rhondda, you will see what kind of a place it is. All these industries have ruined all its beauties and stripped the trees and made it a drab, sordid place for the workers of the Rhondda who spend their lives in it. The houses are built practically within a few yards of the pit tops. The result is that the women who live in those houses before they can think of washing clothes have to go out to find which way the wind is blowing, because if it blows in a certain way, it is no use hanging out the clothes, because the dust from the pit would be cast on the clothes. This is not parochial evidence I am going to give, but I have had experience in South Wales and have been a great deal in the mining areas. I happened to be in Seven Sisters a few weeks ago. Seven Sisters is practically a new industrial area, and there are rows of houses built within a few yards of the pit. There is just the width of the road between the houses and the trucks carrying the coal. It means that the women there have not only to contend with all the dirt, but have also the anxiety of their little ones being run over at any time of the day, because there is no fencing whatever between the trucks and the houses. In this area also there are a lot of miners' huts which were put up temporarily, but like a good many miners' huts in other parts of the country, they have come to stay owing to the shortage of houses. I strongly resent the statement that the women of South Wales acquiesce in bad houses, and I say that owing to my varied experience all through South Wales. As regards pithead baths, this question is the question of the day in the South Wales coalfield, not only amongst women but amongst men also. There was a huge conference which had been organised held

at Porth last night, where all the women's organisations of the Rhondda, the Co-operative Societies, trade unions and councils were sending their delegates, and the question was the question of pithead baths. Many deputations visited the Treharris pithead baths. I wrote to the manager there with regard to the matter. I have been on a deputation myself to the pithead baths, and the women in South Wales are organising and banding together and sending deputations to the Treharris pithead baths. They received four deputations of women and four deputations of men since January, and the women's deputations have not only been from one organisation but a number of organisations amalgamated together. There are also several other deputations visiting Treharris pit-head baths in Whit Week. Then, as regards the maternity question, which I touched upon, I may say here, too, that I am a member of the Maternity Committee of our Council, and have led this agitation for two years amongst the women. Therefore, I speak with experience when I say that the majority of the cases of female ailments are due to the physical strain and the conditions they have to live under. When it comes to various statements being made on the Commission, I should like to emphasise my view very strongly. I only wish the gentlemen who made these statements had happened to be at some of our meetings. I could promise them a very lively time indeed, especially when they said that the South Wales miners' wives were extravagant. I am sure the gentleman who made that statement must have made a mistake. He must have meant the mine owners' wives. Then it is said that miners' wives are not thrifty, I should like to say that a large number of the miners' wives in South Wales own their own houses, and if they had not been thrifty, indeed, they would not have been able to own their own houses. With regard to cleanliness, I am sure, if any of the gentlemen who made those statements came down to South Wales, they would marvel at the way in which the miners' wives keep their houses clean under the conditions under which they live.

24,396. Is there anything else you want to say? Just look through your notes and see if there is anything else you want to add?—I should like to add something on the various points that were raised at the meetings when the discussion on pit-head baths arose. These are the points that forced themselves upon the people present: The drudgery work of the women; the physical strain on the human mother, and the moral aspect, which is very important under the housing conditions; the health of the adults and the infants—we cannot expect to reduce the infantile mortality under such conditions until we get better conditions of pit-head baths, and the dirty clothes kept away from the house; and a higher standard of living for the worker all round in home life and in municipal life.

Chairman: I should have asked Mr. Hodges, who comes from South Wales, to ask you questions, but he is not here, and I am going to ask Mr. Smillie, who is President of the Miners' Federation, to ask you questions first, and then, on the other side, Mr. Evan Williams, who comes from South Wales, as you know.

24,397. Mr. Robert Smillie: I suppose it may be taken you agree generally with the statement made by Mrs. Hart as to the condition of miners' homes?—Oh yes, I do.

24,398. I think you have not so much double shifting at pits in South Wales as they have in the North of England and some other parts?—They work three shifts.

24,399. Have you any three shifts in the Rhondda?—They are 7 o'clock to 3, 3 o'clock to 11, and then the repairers go in at 11 until 7. It means for a woman who has two sons and a husband working that if they work on different shifts, her life is nothing but slavery. She gets neither rest nor leisure under those conditions.

24,400. It makes an enormous difference to the mother in the house if all the pit men in the house work in the same shift where there is double shift?—Yes.

24,401. Do you know that a witness at one time here compared French women with the English

30 May, 1919.]

MRS. ELIZABETH ANDREWS.

[Continued.]

miners' wives and Welsh miners' wives to the disadvantage of our home wives here?—Yes.

24,402. You are aware that that was done?—Yes, and I strongly resent that too. Being a member of the War Pensions Committee and a member of the Disablement Committee, I have come in contact with men who have served for years in France, and I should like to give you their opinion with regard to French women and Welsh women. They all say, "Give me Welsh women first before the French women because of their cleanliness."

24,403. Of course, you must remember you cannot depend on what men say. Men are deceivers ever. In France they might say something else. I suppose the whole of the Welsh miners' wives do not agree with the witness who compared them disadvantageously with the French wives?—No, and another thing I may say that there is that the miners resent it too, that their wives should be spoken about in that way.

24,404. You know, I suppose, the Powell Duffryn Collieries?—Yes.

24,405. You know where they are situated?—Yes.

24,406. Do you happen to know the houses owned by the Powell Duffryn Company?—Yes.

24,407. Are there many baths in the houses?—I happen to be at a district in Monmouthshire where most of these houses are owned by the Powell Duffryn Company, called Ceffyn Forest. I was speaking there some time ago and I stayed at one of these houses, and they blamed the women for not using the baths. I do not blame the women, because these baths are put in poky little sculleries where there is no room to turn, and some of the baths have not the proper water supply that is necessary. Therefore, it is far easier for the women, instead of bothering with the bath, to get the tub in front of the fire. The other statement is that some of the miners told me there that they have to endure various hardships or grievances in the works that they would not endure because they are afraid of being turned out of their houses. The Council in that area was taking the matter up, but I have not heard the result.

24,408. They are practically confined to that particular colliery because of the conditions under which they hold their houses?—Yes.

24,409. Now a statement has been made by Mr. Joseph Shaw that the chief use of the baths was to keep cocks and hens in them?—I can understand that where they are situated. We do not hear of any mention of a bath built in the scullery in a mansion. Why should the workers have a bathroom in the scullery which is the most inconvenient place in the house? If we are worthy of a bath—and I think we are—we are worthy of a decent bathroom.

24,410. But you agree with Mrs. Hart that miners and their wives desire to have a good house and a bathroom in the house?—Yes.

24,411. But they do not desire it to take the place of the bath at the pit. They do not wish the pit clothes and pit dirt to be brought to the home?—They require them both.

24,412. Have you visited any of the modern baths at collieries where there is washing and drying?—Yes, at Treharris, the only one we have in South Wales.

24,413. Is that spray baths?—Yes.

24,414. Is each private?—Yes, quite private. It is really an ideal thing. I was rather surprised that they could organise baths in the way they have organised them.

24,415. That has removed much of the opposition that the miners had. You are aware that, generally speaking, in Germany they bath in a great open room like the room we are in, with no privacy at all?—Yes.

24,416. But if baths were provided, such as you have seen, that would remove any difficulty of that kind?—It would.

24,417. I suppose you think that bathing at the pit should be general or as generally as it is possible to make it?—Yes.

24,418. That all those who were not exempted because of some difficulty ought to use the baths if they are provided?—Yes. I understand that two-thirds of

the miners at Treharris use the baths. The ones that do not use the baths are the older men and it is just like the old saying, "It is a job to teach an old dog new tricks." It is a job to teach old men new customs. They do not wish to use the baths because they have been so accustomed to going home to bath. The older men do not use them as they ought to do but the younger men do.

24,419. I suppose you are aware that the number using them is increasing gradually?—Yes.

24,420. I believe the feeling amongst the miners' wives and mothers is unanimous practically?—Yes, it is unanimous.

24,421. *Mr. Evan Williams*: I am very interested in what you say about pithead baths in South Wales. I suppose you would agree that the responsibility for the absence of baths rests as much upon the men as upon the owners in South Wales?—Yes, I agree.

24,422. A great deal of education has been necessary to bring the men to realise the importance of it?—Yes.

24,423. Are you aware that really it is only about a month ago since any application was made formally by the Miners' Federation to the owners to consider this matter?—But the letter was sent on many months before that, and it was referred to the Conciliation Board.

24,424. I mean it only came up at the meeting before last.

Mr. Herbert Smith: Do you mean the Welsh Conciliation Board?

Mr. Evan Williams: Yes.

24,425. Do you know what happened?—No, but I have seen correspondence in the various papers and I, personally, on behalf of the women, have asked the mineowners to move very rapidly in this question, because otherwise I am afraid the miners' wives will adopt unconstitutional methods by going on strike.

24,426. I am glad to hear that, because we have at once agreed to set up a joint committee between the owners and the men to consider this question and to take steps to ascertain the wishes, not only of the men, but of their wives?—I am glad to hear that.

24,427. And I think we can promise you we shall not let the grass grow under our feet in proceeding with it. With regard to the number of men at Treharris, I think the number is not quite actually so much as you say. Do you say the difficulty is with the older men?—Yes.

24,428. Do you know Mr. Jenkins of the Ocean Colliery?—Yes.

24,429. Mr. Jenkins last Monday told us there was more difficulty with the younger men than with the older men?—The women told us differently there.

24,430. They are rather more difficult to educate, too?—I do not know.

24,431. I think you will be relieved to know that so far as South Wales is concerned the owners are seriously taking the matter up and proceeding with it?—I am very glad to hear it.

24,432. Are there many houses owned by the colliery companies in the Rhondda valley?—I could not say in the Rhondda valley.

24,433. Not many?—No. The miners there to a great extent own their own houses.

24,434. And these houses built near the pits have been built by the miners themselves, have they not?—No, they were built by private owners.

24,435. Not by the colliery company?—The huts have been built by the colliery company.

24,436. I mean the houses close to the pits?—I could not say for Seven Sisters which has been mentioned, but I can say about the huts that the colliery company owned them.

24,437. In the Rhondda valley you speak of the houses being very near the pit top?—Yes.

24,438. They are not there because the owners put them there, are they?—I understand the Rhondda valley is a very congested area. It is not the miners themselves who built them, but the private landlords.

24,439. You agree, of course, that the Rhondda valley is a very difficult place to plant housing in?—It is not more difficult than many other places.

30 May, 1919.]

MRS. ELIZABETH ANDREWS.

[Continued.]

24,440. It is a narrow valley with steep sides?—Yes; but I think we could build more on the sides than we do. We are all in the hollow.

24,441. Would you favour building houses in the valley or having a housing scheme outside with trains running up the valley?—I would favour going outside the valley, because we are too congested altogether. There is a move on foot to extend the area and get these garden cities and conveniences to take the men to and from their work.

24,442. You speak of cellar dwellings, do you mean underground cellar dwellings?—Yes.

24,443. Are there many of those?—Yes, there are quite a number in my district—a very large number in my district—and they are owned by private landlords. It means that the top part of the house comes on the main road. The cellar is underneath. There are two bedrooms right in the earth with the only ventilation a grating and a small window. Then the kitchen in which they live is on the other side and they come out the back way.

24,444. They are generally houses built on a slope?—Yes.

24,445. So that the back of the house is a window and a door?—Yes, but the bedroom itself is really shocking. I happen to know of a case only last week where a woman with six children lived in a house with two bedrooms and they up against the earth, and the only room for her to be confined in was one of those rooms, which was hanging with mildew and dirt.

24,446. They are old houses?—Not very old.

24,447. You refer to various statements made at the Commission regarding miners' wives in Wales. I think there is rather a wrong impression there. I have no recollection of any statement except one.

Chairman: Yes, Sir Thomas Watson.

Mr. R. H. Tawney: We had one yesterday.

Mr. Evan Williams: Not in Wales.

Mr. R. H. Tawney: Yes, Mr. Joseph Shaw.

Mr. R. W. Cooper: Did he make a reflection with regard to miners' wives?

Mr. R. H. Tawney: Yes, about the bath rooms and that you find cocks and hens in them.

24,448. *Mr. Evan Williams (To the Witness.)* You were referring to Sir Thomas Watson, I think?—Yes.

24,449. I think that is one isolated reference to the miners' wives in South Wales and I do not agree with him at all. I think both the miners and their wives are as clean, if not cleaner than any other class in South Wales?—I agree, and I am glad to hear that statement; but there is a statement that the women acquiesced in bad housing and they did not want pit-head baths, and I repudiate that on behalf of the women.

Mr. Evan Williams: I do not think that statement was made with regard to South Wales.

Mr. R. H. Tawney: But you have the statement, "The bad tenant makes a bad house."

Sir Arthur Duckham: But you agreed with that statement.

Mr. R. H. Tawney: I agreed with nothing of the kind. I say the bad house makes a bad tenant. Do you suggest the bad tenant succeeds in reducing a four roomed house to a one roomed house?

Sir Arthur Duckham: No.

(The Witness withdrew.)

Mrs. AGNES BROWN, Sworn and Examined.

24,463. *Chairman:* I have not the pleasure of having a *précis* from you of your evidence. I know you have been very busy and have had to travel down from Scotland all last night?—Yes.

24,464. I am just going to have a talk with you on this matter, if I may, and you will tell me what your views are. First of all, where do you live?—I live at Bells Hill.

24,465. Are you a miner's wife?—Yes, I have been a miner's wife almost 14 years.

24,466. I think you have five children?—Four sons and a daughter.

Sir L. Chiozza Money: The whole tenor of Mr. Joseph Shaw's evidence was to reflect upon the miners of South Wales and their wives.

Mr. Evan Williams: I do not agree.

Sir L. Chiozza Money: Then read the evidence.

24,450. *Mr. Arthur Balfour: (To the Witness.)* I want to ask you whether if pithead baths were made general do you think it would be a good plan to have a joint committee of the workers and the employers to work and manage them?—Certainly I do. I really think that all committees which concern the workers should have representation of workers, or the workers should have representation on any Committee that concerns the welfare or their work.

24,451. And the fund that is collected for working the baths or washing the towels can be under the control of that committee?—Yes, it could be. I happened to be on a committee at Cardiff some time ago where this matter was discussed, and we thought that the suggestion made by the Chairman of this Commission some time ago, that a penny per ton off the coal should be put towards the housing problem, could be very well utilised for the building of pithead baths and maintaining them, and that the housing problem can be very well left to the people themselves, to Municipal Authorities, and to the State.

24,452. Do you think if you made the baths compulsory it would be better to have a joint committee to educate the workers?—Yes.

24,453. Rather than make it compulsory?—Yes, I think it would be far more effective, and if the women took an interest in this I am sure they would persuade their husbands very soon to use them.

24,454. With regard to the baths in the houses, I take it sometimes the bath-rooms are very cold in winter?—Could we not get our bath-rooms on similar lines to large houses?—They have their bath-rooms and they do not complain of them being cold.

24,455. Could not that be got over by having uncovered hot water pipe in the bathroom?—Yes—some central heating for every block of houses.

24,456. You said something about ash-pits in the street?—I did not make that statement.

24,457. But you heard the statement made?—Yes.

24,458. Would it not be a good thing until such time as better arrangements are made to have tins with a cover to be emptied every day?—Yes. The custom in our district is to put the refuse outside and the cart comes along. It is a very dirty habit, and it ought to be arranged much better than it is at the present time, because it means some of our streets are in a terrible condition up to mid-day. The sheep come along down from the mountains and it makes our streets in a deplorable state.

24,459. Are they not tins?—No, boxes or baskets.

24,460. If they were in proper tins with a cover would it not be a better system for the time being?—I think something could be arranged at the back of the garden where the carts could come along.

24,461. Could not the carts come early in the morning when no one is about?—No, it is all-day work with us.

24,462. But it could be done?—Yes. But it is very detrimental when the ash-carts and the milk cart are in the street at the same time.

Chairman: We are very much obliged to you for your evidence.

24,467. Probably that keeps you too busy to write an account of your evidence. Will you just tell me what your view first of all is of the housing question, and what you think about it?—My views, so far as I can see, are just the same views as those of my other two friends. I think housing is a very vital question. In Bells Hill there are a lot of old miners' houses, but I see one company there is beginning to repair the houses and to put sculleries and sanitation inside. But there are a lot of other houses which require a great deal of repairs. All of them are in a most dilapidated condition. I think Mr. Smillie ought to know it.

30 May, 1919.]

MRS. AGNES BROWN.

[Continued.]

24,468. Mr. Smillie probably knows all about it, and I will ask him to ask you some questions. Are there many of these one-roomed houses that you know of in your district?—Oh yes, there are quite a lot of one-roomed houses in our district.

24,469. What do you think about the one-roomed house? I do not say I agree with it, and in fact I disagree with it, but what is said about them is this: Some people say a one-roomed house is a very convenient thing for an old couple to live in, because they are only by themselves, or for some quite young newly married people to live in, because they are at present by themselves. Do you think a one-roomed house is at all satisfactory for anyone?—I think a one-roomed house is most unsuitable for an aged couple or a young couple. I think they just go into one-roomed houses because they cannot help themselves for the want of houses. In fact I knew a lot of young couples who cannot get a one-roomed house, and they are living in other people's rooms, and there are others who cannot marry because of the want of houses in Bellshill.

24,470. That is not at all satisfactory. Are most of the houses round about you owned by the colliery companies or by private individuals?—There are quite a lot of miners' houses, but there are quite a lot of private houses, too. In fact, the place I stay at is under private ownership, and it is an old, old building and very much in need of repair. It has been condemned since the war broke out.

24,471. You heard the last two witnesses, Mrs. Hart and Mrs. Andrews, speak with regard to the sanitary accommodation and the dust-bins. What is your experience with regard to them? Is it the same in your parts?—In the miners' rows they have no sanitation in any way. The ashbin is at the back. They have a square brick thing to which they carry out the ashes, and put them in. There is no sanitation in any way, and the children just run about there.

24,472. In your district are there many miners' houses that have baths in them? Have they baths in the private houses of your district?—I would say 1 per cent. in the Bellshill district.

24,473. I have asked you all the questions I wanted to ask you about houses. Now I want to come to a very important question, and that is about this question of pithead baths. What do you think about that?—I think it would be a very good idea to have the baths at the pits and baths in the houses, if you could get them. I have known of cases where there were children, and a baby lying in the cot at the fire, and three men's clothes being dried round the fire, and that baby lying ill with pneumonia, and it was detrimental to the baby's health to have that nuisance there.

24,474. Do you find in your parts there are different shifts with the men coming home at different times of the day?—Yes; there are three shifts in the day: 7 to 3, 3 to 11, and 11 to 7 in the morning.

24,475. And that makes the woman's work never over; she is at it all the time?—Yes.

24,476. The sort of thing we have been told here is this, that some time ago the miners did not take very kindly to the question of having pithead baths, but that now a change had come over their views and they were beginning to see the advantages of it, and desire to have them. What is your view as to that? Do you think there is that change coming over them?—Yes, I believe the workers mean to have better conditions than they have had in late years and better conditions still in the coming years, and do not mean to put up with the same conditions they had before.

24,477. Do you think it is the elder men who rather dislike the idea and the younger men welcome it? What do you think?—I think if the baths were there, they would begin to like it.

24,478. You have heard what Mrs. Andrews giving evidence said with regard to the maternity question: Women having to carry very heavy cans of water or tubs about. Do you agree with that yourself?—Yes, I corroborate Mrs. Andrews' statement, so far as that is concerned. I have come against a few cases like that myself.

24,479. Now I have asked you all the questions I want to ask you. Do you want to tell me anything

yourself? What I am going to do is to ask Mr. Smillie, who comes from your part, to ask you questions, and on the other side I am going to ask Sir Adam Nimmo, who also comes from your part, to ask you questions.

24,480. Mr. Robert Smillie: I think it may be taken you agree generally with the statements made by the two previous witnesses?—Yes; I agree in everything they said. I think it is just my own views, and I have nothing further to express apart from what they have stated.

24,481. Are you aware that the housing conditions in Lanarkshire are considerably worse than they are in South Wales or elsewhere?—I know the death rate in Bellshill is 150 a year per 1,000 for Bellshill district alone.

24,482. Bellshill is a typical mining district surrounded with collieries, is it not?—Yes.

24,483. But you have a knowledge of other parts of Lanarkshire, have you not?—I have lived my married life in Bellshill. I have been in Hamilton and a few other places, but not living there.

24,484. Round about Bellshill and the close vicinity of Bellshill there are a considerable number of colliers' houses, are there not?—Yes.

24,485. Small villages outside Bellshill altogether?—Yes.

24,486. A very large proportion of those houses are single-apartment houses?—Yes, quite a lot of houses are single-apartment houses.

24,487. Do you know Holytown very well?—Yes.

24,488. Do you know the square in Holytown?—Yes.

24,489. I think nearly all those houses are single-apartment houses?—Yes. I have never been in the houses, but from the look of them I think they are single-apartment houses.

24,490. Did you belong to a mining family before you were married?—No, I belonged to a farming family before I was married.

24,491. Your experience since you have been married is chiefly mining?—Yes.

24,492. You have been married 14 years?—Yes.

24,493. It has been suggested here that miners ought to have built their own houses. Has it been your experience during that 14 years that you and your husband were in a position to save money to build a house?—It has been my position in the last 14 years with six in family that if I am able to keep my family week to week, it is all I can do and pay my rent without saving to pay to build a house.

24,494. I have had the same experience, but some people think you ought to have built your own house.—According to the reports in the papers we should have been able all to have our own houses from the money the miners are making, but it is not so.

24,495. May I take it at the present time you have not much more than enough to keep yourself and children and your husband?—No; and we have not the comforts we ought to have.

24,496. May we take it from your own experience in your own house and of the miners and their wives round about, that it would be a very exceptional thing for a miner to be able, during 25 or 30 years, to save enough to build a house?—I think he must deny himself a great deal if he can save anything to build. He must go without the necessary comforts of life.

24,497. Do you know there has been for a good many years an agitation in Lanarkshire amongst miners for pithead baths?—Yes.

24,498. Do you think that that would make a wonderful difference to the home life of the miners' wives if the pit clothes were left outside at the pit?—Yes, it would be a great deal less work, and we would have much cleaner homes if we had not the pit clothes coming home.

24,499. In a single-apartment house, especially where there are children, the drying of the pit clothes is very bad for the children breathing the atmosphere. The pit clothes are dried at night where the pits are day shift?—Yes.

24,500. They are hung all round the fire and are drying all night?—Yes.

24,501. The pit clothes are usually wet, either with sweat or with natural wet from the mine—they are

30 May, 1919.]

MRS. AGNES BROWN.

[Continued.]

usually damp when they come in?—I know with my own husband's clothes you could almost imagine they had been washed each night he comes home.

24,502. All that drying has to take place in the house itself?—Yes, in the one room; there is no other means. In the summer time you can put them out, but in the winter time or on wet days you must dry them round the fire.

24,503. So far as you know, there would be very little objection amongst the men themselves and amongst the miners' wives to have baths at the pit?—So far as I am concerned, and I am interested in the Women's Labour Party in Bellshill, they are all in favour of pit baths. I know, so far as the women are concerned, they are all in favour of pit baths.

24,504. If we can get pit baths established, will you and the women undertake that you will never allow the men to go back to the old system?—We will do our very best.

24,505. *Sir Adam Nimmo*: We are all getting stirred up about this housing question, and I think we are anxious to do everything that is practicable to improve matters. But, dealing with the past, would you say that there had been as much interest in the question generally on the part of the whole community as there might have been?—I would not like to commit myself. I know the workers have not been content with the houses they had, only they have been promised better houses this last two or three years and they are beginning to get impatient about them now. They want more than promises saying they are going to get them, when there are no signs of them coming.

24,506. Your view is that we have all been more or less slow on the question?—Yes, I think it is time someone was getting stirred up.

24,507. Is it not the case that the local authorities that deal with the housing question have had power to deal with insanitary houses?—I think it is needing even more than local authorities to deal with it.

24,508. I agree with you, but I refer to the fact. I suppose you would agree they have had certain powers which they have not put into operation?—I am not quite sure on that point. I know they have not made use of the power they had, anyhow.

24,509. That is the point I want. I suppose you know that they have had power to build houses, if they desired to do so?—I only got to know that one night last week at the Trades Council Meeting, when it was read out that the Council had power to advance the workers' money if they could lay so much money down when they would help them with the rest. Why was it not made known to the workers previously to war time?

24,510. You will agree that they have not really put into force all the powers that they have had?—It is not the workers that have not put it into force, but the Council.

24,511. I am not suggesting it is the workers' fault. The miners' representatives have a lot of influence in the various districts, have they not?—The miners' representatives do all they can, but they cannot build houses for all the miners.

24,512. But, of course, they might have stirred up the local authorities a little more to try and secure better conditions in housing?—I think, so far as stirring up goes, they have not been asleep. The miners' leaders and the labour agents have been doing it, but I do not think they have been very anxious to be stirred up.

24,513. You do not think they have done all they might have done, and you do not think they were anxious to be stirred up?—I think it is want of sympathy with the workers. They do not sympathise with the workers, and think we really want a better condition of life.

24,514. We will hope for a better condition of things in that respect in the future. Are most of the houses in the Bellshill district room-and-kitchen houses?—The majority. There are not many other bigger houses. If they built houses like the Government houses that have been built lately, I do not see where they are going to benefit us greatly. The rooms are tiny rooms and the rents are some of them up to £29. How do you expect one miner and family to pay £29 rent?

24,515. I can see that that is a very serious problem. Taking the room-and-kitchen house in Scotland, have you not usually two big rooms? The kitchen is usually a pretty big room, is it not?—My kitchen is about 18 feet long and 8 feet wide, and the fireplace sits out on the floor. I can white-wash the roof without going on a stool.

24,516. It is a low roof?—Yes, so that I do not reckon that is a big room. The other room is a very small one, a tiny room with a stone floor, with a ceiling you can touch, and which would go inside the kitchen.

24,517. In most of the cases of room-and-kitchen, have they not a pretty good-sized kitchen?—In some of the more modern houses they are bigger, but not the old houses.

24,518. You are complaining that the houses proposed to be put up by the County Council have too small rooms?—The rooms are not very big, but when you compare the houses with the rent, they are not adequate for the money.

24,519. You think you are going to pay too much for what you are going to get?—Yes.

24,520. Do you think if larger houses were put up in these districts there would be a strong demand for them?—Yes, and the people would not stay in the houses that they stayed in now if they could get a better house.

24,521. Do you think they would be willing to pay a reasonable rent?—Yes, to pay a reasonable rent for a good house.

24,522. I think you mentioned that the houses which are occupied by miners in the district which you know do not all belong to the colliery companies?—There are a good many colliery houses round about me, but there are not sufficient miners' houses to house the miners, and they have to go into the other houses.

24,523. Would you say, in the district you know about, that the houses which are owned by the colliery owners are any worse than the other houses?—They are much on a parallel with the other houses. One company in the Bellshill district has started to repair the houses.

24,524. The company most concerned in the Bellshill district is Wilson & Clyde, is it not?—Yes.

24,525. Have not Wilson & Clyde a lot of very nice houses there?—They are passable houses.

24,526. As houses go in the district?—Yes. They have started to put sculleries and lavatories in, but the Douglas Park houses are very poor houses.

24,527. That is, they are older houses?—Yes.

24,528. I suppose you would agree with Mrs. Hart's reply to Mr. Herbert Smith when she said she looked upon this problem as a national problem. It is a big question?—Yes.

24,529. Requiring to be dealt with for the whole country?—I think, like everything else, it should be a national problem. Everything should be a national problem.

24,530. With regard to baths; I suppose you agree that they are desirable?—Yes, they are more than desirable.

24,531. And you would like to see them bath at the pit and in the home?—Yes. Another thing I should have mentioned is that there is no recreation ground for children. There are no play-grounds for the children and nothing for the children except the streets.

24,532. That may be an improvement that will come?—We have had one or two serious accidents just lately in Bellshill: two children have been killed with the cars in the main streets.

24,533. Talking about baths, would you say that before the war there was any real stirring up on this question at all? Would you say that there was a demand on the part of the miners generally for them?—I think there has been always the ambition of the miners to better themselves, but the housing problem has been more in view lately and I think they are getting more discontented with their condition.

24,534. Of course, they have had opportunities of approaching the employers, if they had been very anxious on the subject?—I suppose they have approached their employers, but they have not got the sympathy they should have from the employers.

30 May, 1919.]

MRS. AGNES BROWN.

[Continued.]

24,535. Speaking from the point of view of the minors' wives, you desire that this question should be taken up seriously and dealt with?—I think we should demand that it should be taken up seriously and dealt with as soon as possible.

24,536. And your view is that it will add accordingly to the comfort of our homes?—I do not

see why we should not have better homes and good homes.

24,537. Would you compel all the men to take baths if they were erected, or give them their choice?—I would erect the baths and let them take their choice. You cannot compel them to do anything.

(The Witness withdrew.)

EDGAR VINCENT, BARON D'ABERNON, SWORN and Examined.

24,538. *Chairman*: I think you are Chairman of the Central Control Board, Liquor Traffic?—Yes.

24,539. I will read your *précis*:—

"The object of my evidence is to draw attention to the importance of stability in the standard of value in relation to which wages and minor salaries are fixed, and the urgency of creating, in default of stability, some adjusting machinery designed to preserve between the parties the equity and the original intention of the contract.

My belief is that one of the main causes of industrial conflict in the past—not only in this country, but in all countries—has been either such a rise in prices as has rendered wages insufficient to maintain the previous standard of life, or such a fall in prices as has rendered necessary a reduction of wages, both proceeding frequently from an alteration in the value of money.

In the past adjustments of wages, whether upwards or downwards, have been reached only after prolonged conflict, involving both strikes and lock-outs and the generation of much discontent and unrest.

If the view is correct that a change in the value of money has been the main or most frequent cause both of rise and fall in the price of commodities and in the cost of living, and if it is further correct to say that these fluctuations—being left unadjusted—have been a cause of industrial trouble, it appears to follow that the constitution of some automatic machinery to avoid unadjusted fluctuation and to maintain effective remuneration or real wages at a stable level would eliminate one of the main sources of trouble. The object in view would be to maintain the spirit and intention of the original agreement rather than to observe the letter of the contract. In other words, the underlying idea is that a wise policy would consist in adherence, not to the precise number of counters (currency) stipulated in the original bargain, but to the value in means of livelihood which those counters were designed to represent.

It is clearly possible that the relative value of the counters (currency) may alter as compared with goods or commodities, while the value of the different commodities—one with the other—may remain relatively stable. This has occurred at the present time. While the price of most commodities measured in money is more than double compared with 1914, the value of one commodity compared with other commodities has remained singularly stable. Thus articles of the most various nature, articles dependent on annual production and independent of it, articles all of which are consumed within a year and articles of permanent duration, articles produced overseas and articles mainly dependent on home production, have risen, as compared with 1914, from 100 per cent. to 150 per cent., but are still exchangeable one with the other on practically the same basis as before the war; whereas, measured in currency, their value has enormously increased.

These facts suggest, if they do not prove, that the real factor which has changed in value is currency and not individual commodities.

The object of my proposal is not to give either party to the bargain any advantage over the other, but solely to remove a grave cause of preventable friction between classes. However wisely any Commission may fix the basis of wages to-day, the basis adopted will inevitably become inappropriate and inapplicable if a further large change takes place in the value of money, leading either to a large rise or a large fall in the value of the price of commodities and the cost of living.

It has been held by some critics that such a sliding scale as I propose would be unfavourable to a permanent rise of effective wages and to an enhancement of the real scale of wages of manual workers. This is a quite superficial view. For by suggesting the means to arrive at stability for the effective remuneration of labour, my suggestion would afford a basis for stable and permanent improvement, not exposed to the double risk which must threaten any inelastic decision.

For if stability is not attained in this or some other way, any temporary advantage gained by the workers is obviously exposed to two dangers:—

(a) A further substantial fall in the value of money, involving a further increase in the cost of living.

(b) A return to or towards the old level for value of money.

In both cases whatever fixed basis you may adopt will become unworkable. In case (a) wages allowed will be insufficient to maintain the standard of living; in case (b) all marginal profit may disappear, and lock-outs or closing down are probable if not certain.

It therefore appears that some system of automatic adjustment is indispensable in these times, because the value of money has fluctuated, is fluctuating, and will continue to fluctuate violently.

The more clearly it is recognised that a vast improvement is necessary in the standard and amenities of life among the industrial classes, the more necessary does it become to establish a firm foundation for such improvement. No firm foundation can be found unless means are devised to prevent the interference of the exterior cause—viz., an alteration of value in currency—or to nullify or correct its action. Otherwise, like the moving sands which disturb the floor of the Panama Canal, it will constantly break down and destroy the elaborate construction you are now engaged upon."

24,540. *Mr. R. H. Tawney*: I think your general thesis is that the cause, or one of the causes, of industrial unrest is changes in the purchasing power in wages?—That is so.

24,541. Due to changes in the general level of prices?—Yes.

24,542. And that those changes in the general price level are due to changes on the side of currency or credit or both?—Yes.

24,543. Would you say that that was borne out by past experience? For example, I think the fall in prices came to an end and the rise in prices began in 1896, did it not?—Yes.

24,544. And up to about 1903 money wages about kept pace with the rise in prices?—Yes. The fluctuations up to the beginning of the war were comparatively inconsiderable.

24,545. Is that quite so? My recollection is that there was a very large rise in prices about 1912 and 1913?—I cannot give you the figure, but it was inconsiderable compared with the rise which has taken place since the war.

24,546. I was not anxious to argue the point. I took that as an illustration?—Yes; I do not differ.

24,547. The actual real wages were in many cases lower in 1912 than they were in 1910 if you look at the Board of Trade tables?—I should be disposed to agree.

24,548. Your proposal for dealing with that I think is to fix a certain ratio between prices and wages: that is to say, supposing prices rise four points, then there shall be such and such a percentage advance in wages?—Yes. Perhaps four

30 May, 1919.]

EDGAR VINCENT, BARON D'ABERNON.

[Continued.]

points is rather small. I was going to deal with it in the case of the larger fluctuations.

24,549. Something like that proposal was put forward by the Ministry of Labour in dealing with the question of railwaymen's wages during the war?—I take that from you.

24,550. Has it occurred to you that that is only one cause of the difficulty? Your proposal provides machinery for keeping wages in relation to prices, but it assumes a certain basis, does it not? It assumes, that is to say, that the existing relationship, or the relationship which you take as your starting point, is satisfactory, does it not?—I do not think it assumes it is satisfactory. It assures the maintenance of the real value of the contract. I do not want to prejudge the question of the basis being satisfactory or unsatisfactory.

24,551. I only want to get at the point how far your proposal really is a remedy for this problem. Let us assume for the moment that prices do not change at all?—Quite.

24,552. Do you think in that case there would be no demand for a rise in wages?—I do not say that at all.

24,553. Is not that whole class of movement due to the demand for a larger share in the product?—I only

aim at eliminating one factor of dispute. I do not touch the broader issue.

24,554. This is not a proposal to meet the demand in change of distribution of wealth?—No.

24,555. It is a proposal to eliminate one factor?—Yes, one of the factors which I think is a great factor in past and future disputes.

24,556. *Sir Arthur Duckham*: Under present conditions would the profit be adjusted or be adjustable in the same way as the wages to meet the purchasing power of money?—I think that is a very difficult question indeed. Clearly this sliding scale would have to be adjusted, not to all contracts, but to certain contracts. Those contracts might be settled by law or by private agreement.

24,557. From your very considerable experience do you think there would be any advantage in dividing the recompense of the workmen into two portions? It follows somewhat on your scheme. If one portion represented a subsistence allowance and another portion was a wage, the subsistence allowance would automatically go up with the cost of living. Would that not meet the case?—I think that might be done. I am not at all prepared to say what proportion of the total wage is subsistence and what is not.

24,558. That could be ascertained?—Yes.

(*The Witness withdrew.*)

(*Adjourned for a short time.*)

THE HON. FRANCIS MARION BATES FISHER, Sworn and Examined.

24,559. *Chairman*: This is evidence with regard to the state of affairs in New Zealand. It is the *précis* of the evidence to be given by the Hon. F. M. B. Fisher. Mr. Fisher says:—

“ I was for three years, from 1912 to 1915, a member of the New Zealand Government. I was Minister in Charge of the State Fire Insurance Department, the State Life Insurance Department, the State Accident Insurance Department, the National Provident Fund, the Pensions Department, including Old Age Pensions, Widows' Pensions, Children's Pensions, Military Pensions, and Pensions for Miners. Apart from the experience gained in these various posts, I have been familiar all my life with the problems of nationalisation, and it is on the political aspect of these matters that my view may be of value.

I have read with considerable interest some, but not all, of the evidence which has been given before the Commission. I am not interested in the matter from a financial point of view, but follow these investigations with great keenness as a citizen of the Empire.”

Those are the qualifications of Mr. Fisher. I will ask Mr. Fisher to be good enough to read those parts of his evidence to which he particularly desires to direct our attention. I will ask Mr. Sidney Webb on the one side, and Mr. Balfour upon the other, to ask Mr. Fisher such questions as they think fit?—I am quite prepared to allow the statement to stand and proceed with the examination, if you wish.

24,560. *Chairman*: As the gentlemen of the Press have copies of this *précis*, I will ask you one formal question. The *précis* you have handed in represents the views you wish to give us?—Yes.

24,561. *Chairman*: I will give instructions to the shorthand writer to place the whole of this statement upon the permanent record of the Commission. I might say we have already read this statement with great interest.

“ New Zealand has either completely or partly nationalised a great many industries, included amongst them that of Coal. If I interpret the views of many of the members of the Coal Commission aright, I would say, speaking broadly, that those who represent Labour appear to be in favour of complete nationalisation, whilst those who represent the vested interests seem to be diametrically opposed to this view.

The lines upon which I propose to proceed, if permitted to tender evidence, will be that neither of

these views is necessarily final, but that the real solution of the difficulties with which the Commission is dealing is to be met by other methods which have survived practical tests. I hope to be able to demonstrate to the Commission, not as the result of a course of theorising, but as the result of practical experience and close observation extending over a period of a quarter of a century, that the solution of the complex difficulties with which the Commission is faced can best be arrived at by legislation which is now embodied in the statute books of other countries. Working conditions, including the number of hours, the “ Bank to Bank ” clause, arbitration and conciliation, housing conditions, safeguards against mechanical dangers, including haulage, proper facilities and accommodation for the workers, superannuation, strike settlements, provisions for all these can be, and already have been, secured for the workers, without complete nationalisation, whilst the rights of the consumer have been safeguarded.

I should be most happy to place what knowledge I possess at the services of the Commission if it is considered that the experiments which have been tried and tested for so long in the Dominion from which I come would be of value. I shall, in addition, be prepared to place before the Commission the available statutes dealing with all questions referred to in this memorandum, should this course be desired.

I was especially interested in the evidence given to the Commission by Mr. Webb, in the course of which, in reply to a question, he stated that he believed there would be fewer strikes under Government ownership than under private ownership. The Government would be more responsive to the needs of the men.

With the latter part of the statement I am inclined to agree, but I think that the evidence in my own country on the previous part of his answer, would prove that it was wrong. It is a fallacy to suppose that nationalisation in itself is necessarily a cure for the strike evil. During the national strike in New Zealand in 1913, the national coal miners and the sailors in our Government steamers did not hesitate to “ down tools ” and join the strikers. The loyalty of these men to one another will not in any sense be impaired by any scheme of nationalisation. A very interesting illustration of this is furnished by our great national strike in 1890, where, unlike the case of the coal mines, where only some of the mines were nationalised, and not all, we had the case of the railways, which were completely nationalised, going out on strike as a body.

30 May, 1919.]

THE HON. FRANCIS MARION BATES FISHER.

[Continued.]

There are many illustrations which can be furnished of the employees in nationalised industries resorting to the strike as a method of securing what they believed to be their rights, and I do not believe that nationalisation or legislation of any kind will ever take away from the worker the right or the desire to strike whenever he wants to. The truth is that the strike is sometimes the workers' last and only weapon, and the State, in my opinion, has no right to attempt to deprive a man of his legitimate right of exercising this weapon when he has no other means of redress.

From the very serious results which attended our national strikes, we have endeavoured to profit by experience and devised legislation which would remove the evils which have led to industrial disturbances, and in this, I could safely claim, we have been largely successful. This result has been achieved by placing upon the Statute Book a number of Acts which have been specially designed for the purpose of improving the relations between the State, the worker, and the employer, and the chief of these Acts is the Industrial Conciliation and Arbitration Act, with its various amendments, the Labour Disputes Investigation Act, the various Superannuation Acts, and a great many Machinery Acts which have been devised for the purpose of safeguarding the lives of employees whilst engaged in the course of their duty. I will give a short resumé of the objects of these Acts which might be of interest to the Commission.

Under the Industrial Arbitration and Conciliation Act a Court is set up consisting of a Judge of the Supreme Court as President, and one representative each from the employers and the Trades Unions. The members of the Court are paid by the State. This Court fixes wages, hours, holidays, etc., after exhaustive examination into the needs of each trade, and its decisions are embodied in an industrial agreement which is binding in law.

The Labour Disputes Investigation Act was passed in 1913, and was regarded as the "missing link" in our industrial legislation. It set out the preliminary steps which were necessary to be taken antecedent to a proposed strike. Where the employees have resolved to strike, or the employers have decided to lock-out, the party contemplating action must notify the Minister for Labour of its intention. Upon receipt of this notification, the Minister for Labour convenes a meeting of representatives of employers and employed, and appoints a Chairman to preside over their proceedings. The purpose of this conference is not to attempt to settle the strike or lock-out, but to agree upon a plain and simple statement of the grounds upon which the proposed strike or lock-out is to take place. This statement, which embodies the views of both parties, is then transmitted to the Minister for Labour, and he, in due course, advertises the report of the Conference, thus enabling public opinion to form a clear and comprehensive view of the difference between the parties. This does away with the unhappy method under which strikes have taken place with the real cause wrapped in obscurity, and the general public completely in the dark as to origin.

After the report of the Conference on the reasons for and against has been duly advertised for 14 days, the party initiating the proceedings is then obliged to hold a secret ballot of its members, conducted by public officials, upon the issue of strike or no strike. This does away with all allegations founded upon intimidation and terrorism. If a strike or lock-out is decided upon, then it is a lawful strike or lock-out. If at any time pending the decision by ballot, a strike or lock-out takes place, such act is unlawful and punishable. The machinery, roughly outlined, provides a cooling process that is invaluable and prevents those impetuous temperaments, which often precipitate unreasonable and hasty action from exercising their evil and malign influence.

The Superannuation Acts also have a beneficial and steadying influence, but unfortunately it has been the case that no such scheme has been applied to groups of workers who were not either in Government, municipal employ, or in the employment of very large firms. In order to make adequate pro-

vision for those who did not enjoy the benefits of these large schemes, New Zealand passed the National Provident Act. Under this proposal, the single employee of a private employer can participate in all the benefits of large schemes such as that for police or civil service.

The individual makes a small contribution, the State makes a small contribution, and the employer does his part. The employee secures maternity benefits where they can be claimed, sickness benefits and a pension for his old age. Such a scheme would probably have the effect in the long run of enormously decreasing the annual charges for old age pensions. The scheme is steadily growing in popular favour, and will ultimately confer a great boon on a large section of the people for whom, hitherto, no such provision has been available.

There can be no question that the steadying influence of these humane and beneficent measures has had an excellent effect upon industrial conditions, and has provided the means of amicable settlement where otherwise a costly and injurious strike would not only have done great harm to employers, employees and the State, but would have engendered feeling which it were much better not to arouse.

I believe it is quite true that in the past the workers had not the facilities nor the money to put up a fight, however much in the wrong their opponents may have been. Give them a fair field and a fair tribunal and a great change in their attitude of mind will be observed. That there will always be a rebellious and discordant element, I do not doubt, but my belief is that the controlling judgment of labour is content with fair and reasonable conditions, and proper facilities should be accorded to Labour of exercising its deliberate judgment without the inflammatory intervention of those who do such harm in their endeavours to lead Labour against its own true leaders. From this evil every country has suffered in the past.

May I now refer to a statement made by Mr. Webb in his evidence with which I venture to express myself as being in total disagreement. Mr. Webb stated in reply to Mr. Cooper—I am quoting now from the report of the Commission published in the "Times" of April 30th—that he believed that the majority of people in these days are very largely influenced by a sense of duty in doing their job well, and that stimulus becomes more potent when people work strictly under public service.

It seems to me an amazing statement to have made in view of the fact that it is common knowledge in almost every country that the precisely opposite result is attained under State employment. The reasons for this are not hard to discover. It would be well, perhaps, to review briefly the position so far as the public service in Great Britain is concerned, upon this point.

I preface my remarks by stating that I know that in the Civil Service are many very able and very intelligent men, and I do not wish to be understood to have any desire to do any injustice to private individuals in my criticism of the Service.

To begin with, the public service could never be efficient so long as it is under political control, for, by this means, personal and family influences are brought to bear, and men without any knowledge or capacity for the positions which they occupy are thrust into them by influence, which it is quite needless to discuss. Once established in their positions, and providing that their conduct is not criminal, they are practically assured of employment for life, however efficient or inefficient they may be. We have to take into consideration, however, that where the public service fails very largely is in the automatic placement of its servants. In private employ, a man is much more likely to find his atmosphere, if I may use the expression, and thus perform more useful service.

An additional cause for inefficient results, however, is that the departmental regulations rob a man of practically all power of initiative. The principle in Government departments, so far as I have been able to ascertain, is that if you give a man power to make a decision he may make a mistake; therefore, in order to avoid mistakes, avoid decisions. Thus we have these interminable and intolerable delays which

30 May, 1919.]

THE HON. FRANCIS MARION BATES FISHER.

[Continued.]

do so much harm. See how marked a contrast there is between these conditions and those of the ordinary business man, who has to be alert and quick-witted, who could never prosper if he were hampered by the red tape that entangles the Civil Servant.

The trader, in order to be successful, must be rapid in decision, and very often courageous in enterprise. These qualities are rarely, if ever, found in the Government official. I believe that the Civil Servant would do the right thing the right way, and at the right time, if only the system under which he works would let him, but the system has so far failed to grant this power. The private business man has to pay for his own blunders. The Civil Servant's blunders are paid by the taxpayers. He is thus shorn of that responsibility which does so much to make the business man efficient.

It is, of course, difficult to devise a system by which the officials in Government Departments can be given a free hand to exercise their judgment with the freedom of the ordinary business man, and I doubt if this ideal could ever be attained. Even if it could, the incentive, which makes the business man efficient, would still be taken away from the Civil Servant. The business man is always on his job; he does not spare himself because he knows he will secure the reward of his industry. The Civil Servant has no such stimulus. He knows that whether he works fast, or whether he works slow, his promotion and his pay are not likely to be varied; indeed, he has more prospect of being promoted because of his relationship to someone in high position than because of the business capacity which he displays.

The question at the moment is, can the present system be bettered? I think it can, and I knew of no better lines than those which have been adopted in my native land. There we have destroyed political influence so far as appointments to the public service are concerned. It is a penal offence for a Member of Parliament or a Minister of the Crown to use his influence with the object of obtaining employment for any person. The whole of the public service is placed under the control of the Commissioners, who are given the status of Supreme Court Judges, and they stand like a granite wall between the Ministers of the day and the public service. The power, of course, remains for the Executive to increase or reduce the total of the vote for the public service, but not one individual item can be altered by a single penny piece so far as the Ministers of the Crown or the head of the Department is concerned.

I am inclined to believe that if such a policy were adopted in this country, it would do a great deal towards raising the efficiency of the public service, because under this system men are given the opportunity of being promoted by merit, and not because of their family connections, or any personal influences which might be brought to bear. Posts in our public service are advertised in the Press, and there is equality of opportunity for all.

Mr. Webb states that Nationalisation was called for—

- (1) as the only means of adequately improving the position of the miners with regard to housing, accidents and special disease;
- (2) as the only means of dealing economically and efficiently with the nation's coal resources;
- (3) as the only means of ensuring that the coal is supplied to the consumer with regularity, and at the lowest cost.

I do not know that any of these suggestions can be supported by practical experience. The Government can, if it wishes, within two or three months, pass legislation which would provide for the adequate housing of the miners, which would make complete provision so far as it was humanly possible against accidents, which would deal with a system of compensation or pensions in these cases where special diseases were rife, and could deal also with the question of infantile mortality. If Nationalisation is regarded as a remedy for infantile mortality, would not better and more immediate results be obtained by nationalising all hospitals and homes where children are treated, instead of starting on coal mines?

With regard to preposal No. 2, the suggestion that the State provides the only efficient means of dealing economically with the nation's resources is a statement that could be rebutted with overwhelming evidence. The State is not now, never has been, and never will, be economical. The whole experience of the past, and the experience of the present day, proves beyond all shadow of doubt that State Departments are neither efficient nor economical. It might be argued, as an illustration, that the Munitions Department during the War has been able to accomplish what private enterprise could never have accomplished. There is some degree of truth in this statement but it has to be borne in mind that, in order to achieve its end, the Munitions Department was able to utilise all private organisations in the country, it was supplied with limitless funds, and it produced its requirements without any regard to cost.

It must be borne in mind that these conditions do not apply to any branch of industry. If the system adopted by the Munitions Department were applied to an industry which had to subsist upon the competitive sale of the articles which it produced, the Ministry of Munitions would have been a bankrupt concern long ago.

I fail to see how we can unceasingly shorten hours, increase pay, and limit output and still compete with the manufactured products of countries where these conditions do not apply.

As to proposal No. 3 dealing with the regularity of supplies at the lowest cost, I venture to observe that no means of control shows a greater lack of regular action than a State Department. This is true enough where the State Department is merely acting as a competitor with private concerns, but it becomes infinitely more true when the State is placed in the position of the monopolist, for when it is the one and only supplier it is in the position to dictate its own terms, and to take its own time, and even to punish people who complain of inefficiency and insist upon business-like conditions.

It is only with the final statement made by Mr. Webb that I find myself able to agree, that by elimination of unreasonable profits the State could sell its productions at a reasonable cost, although, of course, it has to be borne in mind that this depends very largely on the nature of the mining conditions under which the coal is produced. These conditions, I have not the slightest doubt, vary as greatly in Great Britain as they do in other parts of the world, and with the varying conditions come also the variety of qualities of coal which again may affect the price and the demand very materially.

There is one overwhelming objection, however, to nationalisation with which Mr. Webb has not dealt.

I am in agreement with him that the State should always exercise its power to break down combines and rings which are enforcing unfair conditions upon all or any section of the people, but, on the other hand, I put forward this fundamental objection to Nationalisation, that it creates a monopoly—and I venture to think that Mr. Webb will agree with me that all monopolies are bad.

I hold the view that a State monopoly is even a worse evil than a private monopoly. The latter must be efficient in order to resist private competition on the one hand, and prevent the demand for State intervention on the other.

The State has no such grounds for efficiency. The State, as a monopolist, has no fear of either of these checks. It has unlimited funds, unlimited credit, no danger of competition, and parliamentary control. It is thus immune. The most colossal financial blundering would, at the worst, only result in some sort of enquiry or commission, with a belated report, followed in all probability by a speedy promotion of those who had blundered.

In the meantime, the public would suffer, the taxpayer would foot the bill, and the monopoly would lumber on.

An additional danger of State monopoly must not be disregarded, for it is all-important.

It is intensely difficult for the State to initiate industrial or commercial developments. Let it be

30 May, 1919.]

THE HON. FRANCIS MARION BATES FISHER.

[Continued.]

supposed that the State owns all the railways. It has a line running from A to B. The line is insufficient to carry the traffic. The Minister for Transport is asked to build another line from A to B. It is his business to make his railway pay. If he builds a new line, he depreciates the value of the existing line. He becomes his own competitor. A mere suggestion from him that he is going to build a new line leads to a flood of demands from all over the kingdom for similar treatment. There is a general political scramble all over the country for a share of the expenditure of the public purse.

The political tendency is gradually to start a great many public works in a great many places, and build them slowly at a great cost. This pacifies the local people, who are prepared at any time to re-cast their political views entirely according to the amount spent upon their particular railway.

In the event of a bye-election, when the Government is likely to be hard-pressed, the tendency is always to convert the constituency by the promise of large expenditure from the taxpayers' purse. When you have the Ways and Communications Bill in operation, the Minister in charge will become probably the greatest bribery expert in the world. A bye-election at Liverpool—the Government must promise them a new dock. A bye-election at Manchester—the Government must promise them a larger dock than was given Liverpool. A bye-election in Hampshire, promise the people better roads, renewed bridges, and so forth, if they support the Government. Members of Parliament appearing before their constituents will be asked: "How much have you secured out of the public purse for us?" The candidate, in dire distress during the election, will wire to the Prime Minister or the Minister for Transport and say: "Situation precarious, seat in grave danger. Must have new railway station and new bridge across the river." And the Minister will reply: "I am sorry the question of erection of new railway station and bridge across river have been overlooked owing to great pressure. Will you please inform the public and the Press that I have favourably considered your request." And that telegram will evoke tremendous enthusiasm, the seat will be saved for the Government, and the local member will have an everlasting claim on the people on the grounds that "he was the man who secured the railway station and the bridge across river."

That is one of the iniquitous features of nationalisation as it occurs to us. Then we have another equally unfortunate phase of national expenditure. The Government decides to carry out what might be regarded as a national work. It may be the construction of a road or bridge or a great railway station or a post office. It may so happen that the work is conveniently started in an electorate where the Government is not politically in strength. The work will be started, perhaps, twelve months before the election. Thousands of men will be employed, they will receive most favourable treatment from the Government, and they will understand that in the event of the Government candidate losing the election it is quite possible that the work may have to be stopped. This serves as a great inducement to these men to discreetly consider the direction in which they are going to cast their vote.

That is where the practice of nationalisation of roads, railways, bridges and harbours is going to land you, and that is where the same policy landed us. Parliamentary parties will be able to buy constituencies with public moneys instead of party funds, and a more harmful and vicious change I cannot imagine. That is why I regard it as so essential that these great development schemes should not be retarded or polluted by political control. Private control may have some disadvantages, but it does not pervert your political control as nationalisation most surely will.

Private capital will always be found to finance a scheme which it can be shown will pay interest, but development will be arrested enormously if the future of development rests with the State. To begin with, the State will not pay for brains. It prefers mediocrity at half the price. It gets mediocre results

accordingly. But it is embarrassed by a hundred and one other difficulties which make the exercise of normal business functions impossible.

How, for instance, can a Department be successfully run which has a Free Trade cotton-spinner at its head for one year and a High Protection boot-maker for another. There is not that consistent driving power with a fixed object in view which holds private interest steadily on its course.

Let me observe here that these remarks are entirely directed against State monopoly, and not against State competition, which is on an entirely different basis.

May I add also that I regard those contemplated changes with such apprehension that I believe the Government would be well advised to have the Commission visit every part of the Empire to study every experiment which has been made.

Although this Commission has been set up primarily to deal with the question of coal mines in Great Britain, may I be permitted to draw the attention of its members to an aspect which arises in connection with this matter, which it would be fatal to overlook.

Great Britain is not a self-contained country. She is dependent upon the markets of the world for her prosperity. To escape the evils of long hours, low wages, unemployment and hunger, it is necessary that Great Britain should manufacture millions of pounds' worth of goods which must be sold in the open markets of the world in competition with the products of other nations. In the manufacture of these goods the various industries concerned would be dependent very largely upon the output and cost of coal in Great Britain. Any unreasonable—and I emphasise the word unreasonable—increase in the cost of coal might have a seriously detrimental effect upon the whole trade of the country, and bring about these very evils which we are anxious to avoid.

It might be quite unnecessary for me to do so, but I feel it necessary to attract the attention of the Commission to this very important point, because of its influence upon the prosperity or otherwise of every industry within the realm.

It must not be lost sight of also that decisions arrived at here might be of very far-reaching consequence, because the overseas Dominions which supply you with a large proportion of your foodstuffs are, to a considerable extent, dependent upon you for the manufactured goods which you send in exchange, and, if the cost of these should become unreasonable, the Dominions will find it necessary to transfer their trade to other markets, the loss of which could not be contemplated by Great Britain without the greatest anxiety."

24,562. *Mr. Sidney Webb*: Our time is now very short, so you will excuse me if I do not enter into some of the controversial matters. It is not that I do not appreciate your criticisms. Perhaps you will tell the Commission something about your experience of New Zealand. You suggest a number of statutory reforms which you think will go far to meet the claims and difficulties which have given rise to unrest?—Yes.

24,563. To turn to the question of nationalisation. New Zealand has had a good deal of experience in nationalisation?—Yes.

24,564. You yourself have been in charge as Minister of a number of these departments?—Yes.

24,565. Especially the nationalisation of insurance?—Yes.

24,566. New Zealand has had a State Insurance Department for a good many years; altogether more than 20 years?—I think nearer 40 years.

24,567. That, of course, is important with regard to life insurance, because until you have been running a certain time you probably do not know quite where you are?—Yes.

24,568. As far as I know, the financial experience of the New Zealand State Insurance Department has been very successful?—Yes.

24,569. Could you give us any idea of the proportion of the life insurance business it does in competition with other companies?—I cannot give you the exact figures. The most powerful company we

30 May, 1919.]

THE HON. FRANCIS MARION BATES FISHER.

[Continued.]

have in Australasia is the Australasian Mutual Provident Society in New Zealand, because that ranks first, and the New Zealand State Government Insurance ranks second. Roughly speaking, its proportion of the total business is about one-sixth.

24,570. From the New Zealand Year Book I see that the total amount insured in New Zealand is £42,000,000, and the State Insurance Department has insured altogether nearly £12,800,000?—It is larger than I supposed.

24,571. It is more than one-quarter and nearly one-third?—Yes.

24,572. Has that worked smoothly?—That has worked quite smoothly.

24,573. Its rates must compare fairly with other companies or it could not do business?—I think perhaps it might help you in your enquiries in regard to these institutions if I point out that we have drawn a wide distinction in the term nationalisation between State monopoly and State competition. We are really State competitors. In State Fire, in State Life, in State Accident Insurance we compete with most companies.

24,574. That makes it all the more interesting. You are tested therefore by competition?—Yes.

24,575. What has been the experience of New Zealand in these departments?—In State competition it has been fairly satisfactory.

24,576. The State Department, as we know, increases steadily in life insurance?—Without displacing private companies or capital.

24,577. It has been doing a progressive amount of business?—Yes.

24,578. What has been the financial result? I do not say anything about the security, which, of course, is good. It has not been any charge on the taxes?—No, I do not think it has; certainly not in my time.

24,579. The balance sheet shows a considerable balance of assets?—Yes.

24,580. With regard to accident insurance, New Zealand has been doing that for nearly 20 years?—Yes.

24,581. There you do accident insurance in competition with the Accident Insurance Companies?—Quite so.

24,582. Have you any idea what proportion of the total New Zealand business has fallen to the State Department?—No; but it is very small.

24,583. Is it not very large?—That is very small.

24,584. You had a special object in establishing it?—The object of all these things in truth was with both the State Life, State Fire and Accident to prevent any ring or combination inflating prices. That is why the general principle with us has been adopted of State competition rather than monopoly.

24,585. You have wished the State to go into the business in order to prevent the capitalist companies forming a combination against the consumer?—Quite so.

24,586. According to reputation the effect of that State competition has been, as it has been put to us, to reduce the premiums charged?—I think it has in a great many cases.

24,587. You have a New Zealand Government Fire Insurance Office?—Yes.

24,588. Which is also acting in competition?—Yes.

24,589. There you get a substantial part of the business?—Very small. It is a very small proportion of the total business, but it has effected its purpose.

24,590. It is a steadily increasing business?—Yes, it is steadily increasing.

24,591. It has reduced the rates that were being charged?—Yes.

24,592. Similarly the experience in State coal mines?—That is not so satisfactory.

24,593. How about the effect on prices?—It has stabilised the price to some extent.

24,594. When you say stabilised, that means it has prevented a combination of capitalist coal companies from raising the price?—To a certain extent it has done it, not on a strictly competitive line. The State Coal Mines Department is not run on ordinary business lines, therefore it does not bear a quite fair comparison with the normal private business.

24,595. That may be your experience, but how about the fact? It is said it caused the price of coal to the consumer to fall?—It did, there is no doubt about that.

24,596. Therefore the people of New Zealand think they have a great advantage that is not to be measured by the profit the State makes?—No. The people of New Zealand, curiously enough, have never asked for an extension of that State Coal Mine purchase. We are satisfied in all these things to set up as competitors, so, as I have said, to prevent a ring or combination, but not to monopolise.

24,597. I do not want to push it in any further than you are stating it to us. Accepting that view of the New Zealand Government which the New Zealand people have expressed at repeated elections, it does mean the setting up as State Departments, even State Mines, has been financially beneficial to New Zealand?—Yes, financially beneficial to the consumer.

24,598. Is there anybody else in New Zealand?—There is the State itself. They are not set up as merely profitable ventures for the State.

24,599. Therefore they are not to be tested by the amount of profit they make every year. The advantage lies in the reduction in price they cause?—A great deal of the advantage.

24,600. As a matter of fact, the New Zealand State Mine Department does not make a loss?—In some of the mines.

24,601. We know that of English mines. The balance sheet is the test?—It is an open question as to whether the balance sheet is the test; that is if the balance sheet is rigged on the same lines as the private concerns. That is the whole point.

24,602. I would not suggest the State Government did rig its balance sheets on the lines of private concerns?—There is no reason to suggest it; the fact is it is done.

24,603. It is run on the same lines as private concerns?—I say it is not. A private concern pays Income Tax rates and harbour dues.

24,604. Private concerns do not charge Income Tax as part of their expenses?—Surely it charges Income Tax against its expenses?

24,605. No. Income Tax does not form part of the expenses of carrying on the concern?—You suggest the company pays Income Tax out of its private funds and does not enter that up as against the business.

24,606. We say the shareholders pay the Income Tax. Income Tax is not part of the expenses of the business. It is not levied or assessed until you work out what the profit is?—It has to be paid out of the profit of the business. The point in dispute is this: In a private concern you would have to pay Income Tax, which is a considerable item, and in a State concern you do not.

24,607. When you state what the profit of a concern is you do not first deduct the Income Tax. You cannot assess the Income Tax until you arrive at what the profit is. Keep your mind on the profit. It is not a question whether the State Coal Mines Department makes as much profit as a capitalist colliery, but the question is whether the State Coal Mines Department is any charge on the taxes?—No.

24,608. The State Coal Mines Department forgoes some of the profits it might make in its effort to keep the coal prices down?—That is so.

24,609. There are other enterprises in New Zealand, but not in the nature of commercial ventures. I say nothing about the pension system, and military pensions and old age pensions, as that does not come into this scheme. You have not found it difficult, apparently, in New Zealand to carry on this concern, even with the drawback that is often urged against the Civil Service. You have taken steps, have you not, to protect the Civil Service from political influence?—Yes.

24,610. You have done that pretty successfully?—Yes, I think so.

24,611. Apparently with regard to your State enterprise whatever may be the capacity of your Civil Servants, tested by the result they seem to do pretty well?—As competitors, yes.

24,612. That is testing them pretty highly?—I think it is quite a fair test.

30 May, 1919.]

THE HON. FRANCIS MARION BATES FISHER.

[Continued.]

24,613. Is there any suggestion that State enterprise in New Zealand should be given up? Is there any party in the State that proposes, having taken over certain coal mines and certain insurance operations, that these State enterprises should be abandoned?—No. There has been a strong feeling that they should be run on strictly business lines, which is not being entirely done.

24,614. Do you mean it is suggested the Coal Mines Department should make as much profit as it can and charge the consumers unnecessarily high prices?—No.

24,615. Would not that be commercial lines?—No; we suggest with a concern of that nature the proper method of continuing its business is to levy upon itself the same charge that private enterprise has to do before you can get a comparison.

24,616. Does it not do that?—No.

24,617. Will you give us some instances?—Take the State coal business which is set up; it pays no rates.

24,618. It pays no local rates?—It pays no local rates and it pays no harbour dues.

24,619. As a matter of fact, the local rates are very low in New Zealand?—No, they are not; on the contrary, they are very high.

24,620. All things are relative?—If they are low from a competitive point of view it does not seem fair to levy that charge on one business and not on another because it belongs to the State.

24,621. What does it amount to in money?—I do not know.

24,622. In price per ton?—I could not say; it would be a very considerable item.

24,623. You say very considerable. Do you mean absolutely considerable? Would it add 6d. a ton to the price?—I cannot tell you that.

24,624. I suggest it is only a question of pence?—I do not agree with your suggestion; I am unaware of the figure.

24,625. The other question is the income tax, but we will not go into that?—Take a private insurance company setting up in business. It has to deposit £50,000 in cash with the Government.

24,626. Surely, not in cash; it is allowed to get the interest from that?—It does not.

24,627. It actually forgoes that amount?—Yes.

24,628. That is certainly a distinction. That means to say the State Insurance Company might have for fairness to add £2,500 a year to its expenses?—That is so.

24,629. Even allowing for £2,500 a year, that would still leave the State Insurance department very profitable?—Yes.

24,630. Now, about inspection of the mines. Could you tell the Commission anything in your recollection as to the state of mining inspection in New Zealand?—I do not know much about the details of mining inspection. There is a Mines Department and there are inspectors in every part of the country. There are elaborate enquiries into every kind and form of accident that takes place. Then reports are made to Parliament, and I think I might say with truth we have a Mines Amendment Bill almost every year; so you see we are making things better and better every year.

24,631. You take a great deal of care to prevent accidents in New Zealand?—Yes.

24,632. You think your system of mine inspection is fairly successful?—I think it is very good.

24,633. Your total production is not very large?—It is insignificant.

24,634. Your accidents are very few, indeed?—Very few.

24,635. I am told in some years you do not have a single fatality?—That is quite likely; they are very careful, indeed.

24,636. You have a system of miners' pensions?—Yes.

24,637. Do you happen to remember anything about that that is of interest to us?—The system arises out of my own personal visit to the mines. I visited them; I went down them, and I spent some days underground, and I came to the conclusion it was necessary to make provision for miner's phthisis. In consequences of which I made provision that a man who at a comparatively early stage in life became

afflicted with that disease is provided for by the State.

24,638. That does not apply to the coal miners, but only miners suffering from miners' disease in the gold mines?—No, coal mines very largely.

24,639. Coal miners disabled in this particular cause are to have a right to a pension from the State?—Yes.

24,640. That is done out of State funds?—Yes.

24,641. Not a charge upon the industry?—Yes.

24,642. How much is that?—I cannot tell you what the amount is.

24,643. You have a Coalminers' Relief Fund?—Yes.

24,644. That is a provision for the miners who suffer from accidents and their dependents?—Yes.

24,645. Is it right to say that is not provided out of State funds, but by a special charge on the coal?—I think that is entirely collected from coal.

24,646. It is a halfpenny a ton or something of that sort?—Yes, entirely on the coal.

24,647. Out of that fund which is a charge on the industry you have elaborate provisions in addition with regard to workmen's compensation?—Yes.

24,648. For the relief of the families of those who suffer from accidents?—Yes.

24,649. *Mr. Arthur Balfour*: You have no industry nationalised in New Zealand?—Yes, we have a monopoly of railways.

24,650. Taking any other productive industry outside transport, do you think if totally nationalised it would be possible to keep State ownership separate from political control?—No, I do not think it would be possible.

24,651. Look at your proof with regard to the résumé you have given of the New Zealand Acts. I see the main principle is the publicity?—Yes.

24,652. To make public in a strike the views of both sides so as to influence public opinion?—That was done following the strike in 1913, when was passed an Act called the Industrial Disputes and Investigation Act, which is outlined in this précis of evidence. There you see a strike is illegal unless the steps set out to be taken in the Act are complied with.

24,653. In the year 1917 what was the total output of coal for New Zealand?—I could not say.

24,654. It was 2,000,000 tons?—Yes. Then these figures have been knocked to pieces by war conditions.

24,655. This is 1917?—Yes.

24,656. What proportion of that was the output of the State mines?—Very, very small. The proportion of State production was very, very small indeed.

24,657. 260,000 tons?—Very small.

24,658. I have the manager's report in front of me?—It was very small, I know, and there was no desire to make them larger.

24,659. There are only two collieries, the Point Elizabeth and the Liverpool Mines?—Yes.

24,660. Do you know the number of days lost on account of strikes at the Point Elizabeth Colliery?—I could not tell you the figure. I can say this, that if there should be any idea in the minds of the members of this Commission that nationalisation or State ownership is going to prevent strikes, I feel perfectly convinced it is not so.

24,661. I have the manager's report, and it says that out of 260 possible days 48 days were lost by strikes.

Mr. Sidney Webb: How does that compare with other mines?

24,662. *Mr. Arthur Balfour*: Some was for want of shipping. How does that compare with the other collieries? Did they have strikes on a similar scale?—When they start the strike they naturally enough all go the same way.

24,663. Were the strikes owing to grievances at a particular colliery or sympathetic strikes?—The big strike was entirely a sympathetic strike.

24,664. Take the Liverpool Colliery. I see they lost 72½ days out of 270?—Yes.

24,665. Nationalisation is not going to prevent strikes or stoppages?—No, I should not think so;

30 May, 1919.]

THE HON. FRANCIS MARION BATES FISHER.

[Continued.]

we have not found it so. I was Minister of Marine in 1913 when the big strike took place, and in the Marine Department itself, which was well equipped, the men were very well paid and looked after; but they were, I think, almost the first to come out.

24,666. Did it originate in a State ship or private ship?—It did not originate on a ship at all. It originated by some carpenters going on strike, and these followed.

24,667. *Sir L. Chiozza Money*: Private?—Yes.

24,668. *Mr. Arthur Balfour*: Then they came out in sympathy?—They followed a series of sympathetic strikes.

24,669. *Sir L. Chiozza Money*: And it was very proper?—Sir Leo has interjected the remark "And it was very proper."

24,670. *Mr. Arthur Balfour*: I am examining you, so you need not take any notice of Sir Leo's remarks. The fact that workmen work for the State does not cause the spirit of uplifting in them which has been mentioned to us at this Commission?—No, I think experience is against that entirely—entirely against it. If I may point it out, we find one of the difficulties about Government monopoly is this—the Government in our country has taken over the monopoly of the waterways; that is, the water power of the country—that political differences come in and you can never get the Government to start a movement that would be started by private capital, if it had the capital, because the Government is so afraid of raising political differences that it does not know where to start. One year they take a vote to start in one place and the next year they take a vote to start in another place.

24,671. You cannot divorce political influence?—To my mind it stifles enterprise and initiative altogether.

24,672. Have you attempted to nationalise land in New Zealand?—Yes; there was the late Coleridge scheme.

24,673. What was the result of that?—The result to nationalise land was a failure and broke down.

24,674. How did it break down?—It broke down because the holders of land which the State had an interest in were so bothered and pestered by frequent inspections and the usual inspections to inspect the inspectors that they came to the conclusion they would be better working under a freehold system than under leaseholds from the Crown. That led to a movement which in 1912 practically swept the country and put the present Ministry in New Zealand into power.

24,675. That has ended the question of nationalisation of land?—That has ended the question of nationalisation of land.

24,676. Have they attempted to nationalise banks in New Zealand?—Not to nationalise. We have taken an interest in the Bank of New Zealand, and the State provides about half the capital and nominates the Chairman of the Bank and a number of the shareholders, but the Bank is run entirely as a private concern, and the rights of the shareholders in the Bank are preserved. That is the only attempt we have made.

24,677. Have you any knowledge of Queensland?—I have not any personal knowledge of Queensland.

24,678. In comparison with New Zealand?—I have followed their movements with some considerable interest. It has not gone far enough to form an opinion upon it.

24,679. Do you know any Colony or Dominion that has attempted to export anything made in nationalised factories?—No, none. I think if we had to compete in the markets of the world under this system of State ownership we never should have made so much headway. That is my impression.

24,680. With regard to income, the fact does remain if you nationalise important industries, a certain sum of money has to be collected for taxation?—Yes.

24,681. As that portion of the industry does not contribute to taxation, some other portion has to a greater extent?—Yes.

24,682. Or the people have?—Yes.

24,683. *Sir Leo Chiozza Money*: Was the Lord Coleridge Power Scheme a success?—It has been in operation for two years. It is rather difficult to say whether it is a success or not.

24,684. The Government claims it is a success?—I have heard many gentlemen claim it, but it has never been admitted.

24,685. Are you opposed to the system of the Government?—Yes, I am.

24,686. Do you think what the Government says is true?—That I cannot tell. It is a little bit early, and what you have to recognise is the fact that we have had the monopoly of these water rights in New Zealand in the hands of the Government for the past 20 years, and it has taken all that time to get one scheme that has only been in operation for two years.

24,687. Will you tell me whether you think you represent the views of the New Zealand Government as now established?—I think I do. I was a member of it for three years.

24,688. Yet you differ from what they say themselves?—I say it is early to say with regard to a large scheme that has not been in operation for two years. I do not call that a great success after 20 years' monopolised water rights of the country.

24,689. Do you think the railways are successful?—I do not.

24,690. You think that the claims made that they are successful are entirely wrong?—I do.

24,691. Why?—I do not think the nationalisation we have in New Zealand is by any means satisfactory, and I am perfectly certain that if anybody goes to that country and travels on the railways they will not want to travel upon them again.

24,692. Are their fares higher than the fares here?—Much.

24,693. How much?—Considerably higher.

24,694. What do you charge on your suburban lines in Christchurch, say?—Do you want me to compare it with your 50 per cent. rate?

24,695. Whichever you please?—It is abnormal. I am not going to compare our rates there with a 50 per cent. war rate here.

24,696. Take the penny parliamentary fare forced upon the railways by Act of Parliament?—I do not know what the penny parliamentary fare or rate is.

24,697. Penny a mile forced upon the railway by an Act of Parliament?—Ours would work out at 1d. or 2d. a mile.

Chairman: We are much obliged to you, Mr. Fisher.

(The Witness withdrew.)

Mr. JOSEPH HAVELOCK WILSON, C.B.E., M.P., Sworn and Examined.

24,698. *Chairman*: Mr. Havelock Wilson speaks with regard to the seamen and firemen. He says:

"(1) I am founder and President of the National Sailors' and Fireman's Union of Great Britain and Ireland.

(2) The present Seaman's Union was founded in 1887. Previous to that I had been a member of local seamen's organisations.

(3) I have had experience of Trades Unions in the United States of America, Australia, New Zealand,

France, Belgium, Holland, Germany, Denmark, Sweden, and Norway—that is to say that I have devoted considerable time to the organising of Trades Unions in the countries mentioned.

(4) I attend to-day to give evidence against the nationalisation of mines or the nationalisation of any industry as I believe it would mean a great injury to the best interests of the workmen and the interests of the country generally.

(5) I have had many opportunities of judging the effect of State Control and I have formed the opinion

30 May, 1919.]

MR. JOSEPH HAVELOCK WILSON, C.B.E., M.P.

[Continued.]

that such State Control has not been to the benefit of the workers.

(6) State Control would result in:—

- (a) Employment of large numbers of high officials on petty duties.
- (b) Continual change of officials from one department to another.
- (c) Restriction on freedom of action.
- (d) Protracted discussion of matters which could be settled in a few hours.
- (e) Control on top of control.
- (f) No incentive to initiative.
- (g) Political wire pulling to influence appointments on the management and directorial staffs.

(7) *Foreign Trade*.—Nationalisation would cripple export of coal because in buying and selling coal quick decisions have to be made. It would be impossible for a Government Department to deal with these matters in the same way as they would be dealt with by private individuals.

(8) Loss of our foreign trade in coal would have a very serious effect on our shipping trade especially in the face of the keen competition which may be expected from America in the near future.

(9) The State could not be expected to keep unprofitable collieries going especially where the output could only be used for exporting abroad. Many thousands would thus be thrown on the unemployment list.

(10) The elimination of private incentive to maintain our position in the world's trade and open up new markets abroad would inevitably lead to serious unemployment and broken time at many collieries with the result that the weekly earnings of the workers would be lowered to the starvation point, while others would be on unemployed donation.

(11) Joint Control (as advocated under Mr. Straker's scheme) would result in chaos.

(12) The high cost of production inevitable under such a scheme of nationalisation as proposed would make it impossible to retain a share of the world's trade for iron and steel, shipbuilding and reconstruction work generally.

(13) The State services such as the post office, telegraphs, telephones, have not been a financial success. It means low wages to many workers employed and in the case of the telephone substantial reductions of wages were made from those employed.

(14) The cost of installation of the telephone has increased, longer periods elapse before the work can be completed and the service is inferior to what it was in the old Telephone Company's days.

(15) Labour Exchanges have been a costly failure and no real benefit to the workers. I am pleased to state that I was the only member of Parliament who opposed their establishment. They are now cost-

ing over £1,000,000 a year. The same system of Labour Exchanges was established for seamen over 60 years ago. The inevitable result was that the only place where a seaman could not obtain employment was at the Labour Exchanges established by the Government for the seamen's benefit.

(16) State interference with the liberty and action of the seaman has been a failure and brought him within measurable distance of slavery. But for his determination to combine he would have been a slave to-day.

(17) At the present time there are State officials who have in mind schemes, which if they dared to bring them before Parliament would inevitably end in the slavery of the seaman. For this and other reasons I am a determined opponent of the nationalisation of industries or with the undue interference of State officials in matters relating to employers and employees."

Do you wish to add anything to that?—Not one word.

Chairman: We shall pay great attention to what you say. Is there any gentleman on my right who desires to ask any question? (No reply.) Is there any gentleman on my left?

24,699. *Sir L. Chiozza Money*: I have one or two questions. I notice you say in the case of the Stato Telephone system a substantial reduction in wages was made?—That is true.

24,700. Are you aware that the annual increase given to the National Telephone Company's servants in pay and pensions is £410,500 a year?—I am not talking of pensions, I am talking of wages.

24,701. Are you aware the increase of wages is £158,000 a year?—It did not go to the actual workman I know. I will give you a case in point. I know telephone men who were getting £4 10s. and £5 a week under the old company who are only getting £3 10s. a week to-day including the war bonus.

24,702. Are you aware it is true, taking the National Telephone Company's servants as a whole, they are getting £158,000 a year more?—That does not concern me a bit. I am more particularly concerned about the actual workman. I do know and I state the officials do manage somehow or other to wriggle a good increase in wages, but I am talking of the actual workers.

24,703. You deny this thing which is stated to be a fact?—I do not deny that. I do not know anything about that. I tell you what is my actual knowledge—what I know myself.

24,704. You do not contradict this fact?—I know nothing about it; I cannot contradict it.

24,705. Then I will not ask you any more questions, you know nothing about what you have put in your paper.

(The Witness withdrew.)

Mr. WILLIAM CASH, Sworn and Examined.

24,706. *Chairman*: I will ask Mr. Sidney Webb on my left, and Sir Arthur Duckham on my right, to be good enough to ask any questions which they may deem to be appropriate. Mr. William Cash speaks as to various undertakings; Gas Companies; Water Companies; the Metropolitan Water Board; the Port of London Authority, and he places before the Commission his views as to nationalisation. Mr. Cash says:

"Qualification.

I am a Fellow of the Institute of Chartered Accountants and a Member of the Council of the Institute of Chartered Accountants and senior partner in the firm of Cash, Stone & Co., carrying on business at 90, Cannon Street, London, E.C.

I have had a general experience of accountancy extending over 30 years, but in particular I have had experience in connection with gas and water undertakings in several and various capacities.

I am very familiar with the statute law governing the supply of gas, water, and have some knowledge of electric light and tramways legislation, and the practice of Parliament generally in Private Bill legislation.

I am a member of the Executive of the National Gas Council and a representative of employers on the Gas Industrial Council just recently formed.

From my close connection with the gas industry I am deeply concerned in the problems now being considered by the Coal Industry Commission, particularly as the decisions of the Commission may affect the supply of coal on which the gas industry depends.

Regulated Monopolies.

I am not, however, commissioned by the gas industry to speak on their behalf, nor am I expressing the views of any other organised body of persons.

30 May, 1919.]

MR. WILLIAM CASH.

[Continued.]

I have considered the question of nationalisation of the coal industry and I venture to put forward such information as I possess in the hope that it may be worthy of consideration by the Committee as a solution of the problem of what conditions should be applied to the conduct of the industry in future in the interest of the community, the miners, and the coalowners.

I am of opinion that a parallel case exists between the supply of water, gas and electricity and the supply of coal. Each of these deals with a necessity of modern life produced within the United Kingdom.

The Legislature has already recognised this so far as the three first are concerned and has provided that they shall be dealt with on the lines of a regulated monopoly.

The supply of all three commodities is in the hands of both companies and local authorities, but many of the undertakings now conducted by the latter were commenced by private undertakers and have been subsequently transferred to the local authorities by purchase on terms sanctioned by Parliament.

I should propose to furnish greater detail with regard to gas because I venture to think the conditions existing with regard to gas will be the most helpful if the Commission should be of opinion that similar conditions might be applied to the coal industry."

I do not think it is necessary for this Commission to read some parts of your proof which is simply an analysis of Acts of Parliament and which, I expect, some members of the Commission have been familiar with for a large number of years. You review the Companies Clauses Consolidation Act; the Water Works Clauses Act, 1847; and you deal with the Gas Acts. Then you deal with the appropriation of profits under the Gas Works Clauses Act, 1847, which I will read:

"Appropriation of Profits.

Under the provisions of the Gas Works Clauses Act, 1847, the profit to be divided among the shareholders was limited to 10 per cent. on the paid-up capital, with power to make up any deficiency of dividend out of future profits, and with the obligation to accumulate as a reserve fund any surplus profits to an amount not exceeding one-tenth of the nominal capital.

This reserve fund is available to meet any extraordinary claim or demand, and to make up any deficiency in the prescribed dividend.

After the reserve fund is full the undertakers must apply any surplus profits in the reduction of the price of gas.

Powers for loan capital or borrowings on mortgage have been given for many years to the extent of one-fourth, or in later cases one-third, of the paid-up capital.

Combined with a maximum dividend to the shareholder, each special Act contains a maximum price to be charged for the gas supplied.

Sliding Scale.

Companies constituted with the foregoing provisions are generally known and described as maximum dividend companies. In 1875 a system of sliding scale in the price of gas and dividend was first introduced in London, and since then has been very widely adopted. The basis of the principle is that a reduction or increase in the price of gas is followed by an increase or reduction in the dividend payable. The consumer and the shareholder become in a sense partners in the business, and an inducement is thereby offered to the company to conduct their business on the most approved and up-to-date lines to ensure the best working results."

Then you deal with Auction Clauses; Standard Price; Reserve Fund; Special Purposes Fund; Limitation of "Carry Forward"; and Conversion of Loan Capital. Then you say:

"The Consumer as a Partner.

To sum up the financial provisions. These proceed, as I have endeavoured to show, on the lines that the consumer is to have the commodity at the cheapest

price possible, but he is to be treated as a partner, sharing surplus profits and bearing his proportion of additional cost due to adverse circumstances, such as a rise in the price of coal or wages, the shareholder being allowed to accumulate reasonable reserves for the protection of his dividends or interest.

Co-Partnership.

I now desire to draw your attention to a most important extension of the principle of partnership that has been brought into operation in recent years, whereby the workpeople and staff of many of the larger companies have been given a share in the prosperity of the undertakings.

The plan was first introduced in gas companies by the late Sir George Livesey in 1890 among the employees of the South Metropolitan Company. The terms vary in different companies, but the broad basis is identical. The employees receive a bonus calculated by way of percentage on the individual wages paid, and rising or falling by, say, $\frac{1}{2}$ or $\frac{1}{4}$ per cent. for each decrease or increase of one penny in the price of gas ruling during the twelve months current. This bonus is placed to the credit of the employee, and is used in whole or part for the acquisition of stock or shares in the undertaking. Co-partners are admitted after a period of probation, and sign an agreement of service.

The results have been seriously affected by the war. In 1913, 33 companies divided £140,107, the lowest percentage being 4 per cent., and the highest 8 per cent."

Then you tell us of the educational work that is done in the Gas Companies and the Industrial Committees. Then we come to the coal industry as a regulated monopoly. Will you read that, Mr. Cash?

Witness:

"Coal Industry as a Regulated Monopoly.

With the above outline before me, it seems to me that similar arrangement could be applied to the coal industry. Coal is a national and universal necessity. It is like gas, in a sense, similarly qualified, a monopoly.

I venture with some diffidence to suggest in outline the principles that might be applied, but I ought to say that I have no extensive or intimate knowledge in detail of the coal trade.

A general Act of Parliament might provide that no person or body of persons should engage in coal mining for the sale of coal without the authority of an order to be granted in the manner hereinafter described. This principal Act would also contain certain provisions governing procedure generally.

It would not be possible for Parliament under the present methods of Private Bill Legislation to institute the necessary enquiries to settle the conditions applicable to each colliery undertaking. I should accordingly suggest the setting up of coal commissioners, who would settle the terms of the order to be granted to each undertaking."

Then I refer to the Williamson Report. These notes were written before the introduction into Parliament of the Electric Lighting Bill.

24,707. *Chairman:* You may assume the Commission has heard of that.

Witness: I thought I might pass over that paragraph.

"Based on these two standards, every reduction in the price realised for the coal would entitle the undertaking to distribute to the proprietors and the workpeople out of profits or reserve so far as available a relatively increased dividend.

Conversely every increase in the price realised above the standard would involve a relative reduction in the dividend and bonus. I am unable to suggest the amount of the relative slide without fuller knowledge of the conditions ruling in the trade. I do suggest, however, that the basis should be framed so as to provide a real inducement to reduce prices.

Further regulations would fix the limits of the reserves, for (a) equalisation of dividends, (b) acci-

30 May, 1919.]

MR. WILLIAM CASH.

[Continued.]

dents, (c) special renewals, and (d) amortisation, of leaseholds or property of a wasting character.

I further suggest that a proportion of the profits also dependant on the price of coal realised should be allocated as a bonus on co-partnership lines to the workpeople and officials payable as a percentage on wages and salaries paid. All this would tend to unite the management and the workpeople in a common object, to reduce costs, to reduce the selling price, and increase the profits. There would thus be created a true co-partnership between the proprietors, the workpeople and the public.

Accounts in a standardised form would be obligatory, and should contain statistical information relating to the quantity of coal raised, wagons owned, and any other information necessary. As a guide for principles involved, I might mention the forms prescribed for gas companies, electric light companies, and the most recent form of railway accounts, as laid down under the Railway Companies (Accounts and Returns) Act, 1911.

The main heads would *inter alia* state the amount of wages paid, the cost of materials used, cost of repairs and upkeep, administration rents, and repairs of cottage properties, and royalties.

Coal statistics should show tons of coal raised and coal applied for colliery use and supplied free to workpeople or others. The coal industry having a simple and convenient unit of tons lends itself admirably to statistical record in the matter of costs and easy comparison of working results.

These accounts should be filed with the Coal Commissioners and should also be available for inspection by all persons interested.

Royalties.

It occurs to me that the Commissioners might be given plenary powers to fix all future royalties in respect of coal not at present the subject of development."

That was written before the last Report of Mr. Leslie Scott's Commission, of which you are conversant. Then "Re-incorporation of Undertakings."

24,708. *Chairman*: We need not trouble about that. You can go to nationalisation.

Witness:

"Nationalisation.

My personal opinion would not be in favour of nationalisation, but procedure on the above lines would materially assist subsequent action for nationalisation if that were decided on hereafter. The accounts suggested above would be of great assistance, as they would afford all the necessary information as to profits, costs, etc., and the regulation of the industry would limit the expansion of profits to an undue extent.

Moreover, in my opinion, the formation of works committees, the sharing in profits, the acquisition of shares in the undertaking, and the knowledge of working results would, I should hope and believe, go a long way to meet the present suspicion and dissatisfaction felt by the workpeople.

In the case of a few gas companies Parliament has sanctioned the creation of benefit funds for workpeople, limiting the amount so expended to a sum calculated on the sale of gas. Special provisions have also been made in certain Private Acts simplifying the transfer and transmission, on death, of workmen's share holdings, and in a Bill now before Parliament leave is asked to expend money in housing schemes.

A few companies have provisions for working men directors where profit-sharing schemes are in operation. Issue of capital direct to workpeople has also been recognised."

24,709. *Chairman*: We need not trouble about the next. "Future Capital." Go to the next page, "Municipalisation compared with Nationalisation."

Witness:

"Municipalisation compared with Nationalisation.

I have had a very considerable experience of public utility undertaking conducted by municipal authorities. Speaking quite generally, I do not think they

are so efficiently conducted as privately-owned concerns. Some local authorities provide notable exceptions. There is not the same opportunity of obtaining special recognition of exceptional services. These remarks do not apply wholly to nationalisation, but they would do in part. In Government Departments, for example, it is always difficult to get at the head or the man in a position to settle anything finally, and there is a tendency in my experience to avoid responsibility for fear of making a mistake or incurring censure.

I am sure that the shareholders' meeting and the rate of dividend is a spur to the higher and responsible officials in private undertakings of all kinds. There can be no similar review of operations under a Government or bureaucratic control.

Then, under national control all competition would be eliminated and this, in my judgment, would be most disastrous.

Coal Distribution in Retail.

It is obvious that the scheme of control I have indicated could not easily be applied to the distributing section of the coal trade.

Unprofitable Coalfields.

If on grounds of national importance it is deemed necessary to develop and work certain coalfields which would not be paying propositions on a commercial basis, it appears to me that this would have to be done by the State, but under the direction of the Coal Commissioners on terms under an order settled by them. It appears to me that it might be possible to raise a Development Fund by a levy at a rate per ton on coal raised within defined areas for expenditure on development."

24,710. *Chairman*: What do you mean by development there?—Development of coal which on account of its expensive character or difficulty of development would not be in the ordinary course developed by private enterprise.

24,711. A sort of rate in aid?—A sort of rate in aid. To take a parallel case there is a rate in aid levied not for development but for subsidence as in the Brno Subsidence Act, where there is a levy up to 3d. a thousand gallons of brine pumped.

24,712. Then you set out your experience of transfer of undertakings and the Metropolitan Water Board?—That was a considerable transfer in 1902 which affected the eight Metropolitan Companies and involved a large sum of money amounting to £47,000,000, and included in that £47,000,000 was a very large sum for compensation to directors; expense of arbitration and costs generally the particulars of which I can give if they are of any interest to the Commission.

24,713. Then you deal with the Port of London Authority.

"Port of London Authority.

The other case to which I allude is that of the Port of London Authority which took over the London Docks under the Port of London Act of 1908.

In this case terms of purchase were agreed and inserted in the Act, the total sums payable being £22,350,000.

The terms included compensation to the directors of the three dock companies amounting to a sum of £127,600, payable in A Port Stock, and also compensation to officers under certain circumstances and conditions."

24,714. *Sir Arthur Duckham*: You state here that you are of opinion that a parallel case exists between the supply of water, gas, electricity and the supply of coal. Do you think that the fact that the supply of water, gas and electricity is more or less kept in one area affects the position?—That is to say, there is an area defined for each undertaking?

24,715. Yes—a monopoly area?—I do not see why that is essential to any scheme for regulation or control.

30 May, 1919.]

MR. WILLIAM CASH.

[Continued.]

24,716. The question of price would enter there?—No. My suggestion would be that in fixing a standard price for each coal undertaking, of course regard would be had by the authority settling the terms of the Order to the circumstances in connection with each undertaking on its past history, just as is done in fact, and has been done for many years, when a gas company has come to Parliament for incorporation.

24,717. Would there be any trouble with a colliery producing five or six different classes of coal?—I think regard would have to be had to that, and probably you would go on the average.

24,718. You might take the average cost of the colliery?—Yes. I suggest the standard should be based on the price realised.

24,719. To carry that further, you do get varying conditions in a colliery. You may get part of a colliery which is working and giving you cheap production; then you may come to a fault, and the price may have to go up. That would mean the standard price?—Personally, I should be very sorry to see a standard price which is subject to continual variations, because I think that would destroy a great deal of the incentive.

24,720. I believe you have had considerable trouble during the war from the price of gas being fixed at a standard, and then circumstances coming along which altered the equity of the standard price?—The basis in the past, of course, has been that all ordinary every day ups and downs—even such a thing as a coal strike, putting a strain on a Gas Company—have been cheerfully borne by the gas companies, and have affected the price, that is, the consumer, have affected the shareholder, that is to say, the dividend, and have affected the workman where there has been co-partnership. There have now been cases where entirely abnormal circumstances have arisen, due to the war, which were never contemplated when the standard was fixed; but I do not think that has destroyed the basis of the scheme, which I claim has undoubtedly worked well in the past.

24,721. You might wish to change the basis?—Under exceptional or entirely abnormal circumstances, but not otherwise.

24,722. The ideal that you put before us is that the capitalist on the financial side and the workpeople and the consumer are all partners?—Yes. I might say this, that I wrote these notes before the coal-owners' scheme was laid before this Commission, and the essential difference between that scheme which is somewhat on these lines and the scheme here is that I bring in a third party, namely, the consumers. In other words, the commercial result of the operations carried on by the individual undertaking brings in all three as partners.

24,723. Do you think it is essential to bring in all three?—Personally, I have been concerned in gas companies, who are large buyers of coal, and I am more concerned in the consumers' position than in the colliery owners'.

24,724. Putting it on the worst basis, it is a good thing to bring them all in?—In my view, yes, because what the consumer wants is cheap coal and plenty of it.

24,725. With regard to the bonus, you do not wish to make any special statement as to coal. It would want some special working out. I refer to the percentage of bonus. You have not thought that question out?—No. Of course, I could give you illustrations as to the proportion in the gas industry—it varies considerably in different companies—as to the amount that goes to the shareholder and the amount that goes to the owner. Of course, the relative proportion between wages and capital would have to be borne in mind.

24,726. What is your opinion where the workmen have a direct interest in the profits of a concern as to making the working man a director?—It has been done in two or three cases in the gas world. The South Metropolitan Company, who started the co-partnership, have two working men directors sitting on their Board, and the South Suburban Company

also, who followed them shortly afterwards, and they speak very highly indeed of it as being a great advantage. They also work very closely with their Co-partnership Committee, which meets fortnightly, and with their directors; and although at the present moment the bonus has been seriously depleted owing to the rise in cost they are very enthusiastic as to the advantages which they gain from co-operation and from consultation with their men. I am in two companies, of which I have the honour to be a director, where we have co-partnership schemes, and our experiences are the same.

24,727. If it were possible, would you welcome a workman on the Board?—Yes. If the workpeople become substantial shareholders in an undertaking they are entitled to representation on the Board.

24,728. If the workmen are profit-sharers they are interested in the finances of the Company. Does not that entitle them to become directors?—That is what I intended to indicate.

24,729. Not necessarily as shareholders but as profit-sharers?—I think they ought to have a voice in consultation with the management on general questions of the conduct of the business.

24,730. With regard to this question you put at the end, speaking of the Port of London Authority and the Metropolitan Water Board—and I do not want you to answer this question if you do not wish to—if there was an amalgamation of these coal companies or any unification in any way, would you say that there should be general compensation to the directors?—The practice of Parliament has been where they have allowed transfer to Local Authorities of gas and water undertakings, that compensation has been given almost invariably to the directors.

24,731. They have recognised the vested interest of the director?—Yes.

24,732. *Mr. Sidney Webb:* You put coal to some extent on a parallel with water, gas and electricity?—Yes.

24,733. May I take it from that, without going too deeply into it, that you suggest that it is reasonable and desirable that coal should no longer remain uncontrolled?—I say I think there is a case for control as distinguished from nationalisation, on the ground that it is a monopoly, or practically a monopoly, and a necessity.

24,734. That is to say, that free competition does not avail in normal times to protect the consumer sufficiently. That must be the inference, must it not?—I am in favour of competition as between one undertaking and another, and I am perfectly prepared, provided the consumer gets his fair share of the profits that are made, to allow competition to continue, and would do all I could to increase it.

24,735. But not free competition?—Free competition between one undertaking and another.

24,736. You mean competition being subject to a standard price?—I should like to see a standard price which would give an inducement to everybody concerned to reduce prices.

24,737. That is hardly freedom?—It is not complete freedom.

24,738. Assuming that we could apply the Gas Clauses or some such system to coal—I do not want to discuss the Gas Clauses, because I agree with you that they have been very successful—but let us consider how we could apply them to coal. First of all, the standard price—we have had it given in evidence that collieries produce such a number of different qualities of coal and each colliery produces its own set of qualities—would there be a difficulty in that?—I see no greater difficulty there than in fixing the standard price for gas companies. The standard price for gas companies varies in almost every undertaking throughout the Kingdom. The particular circumstances of every gas undertaking, whether they are supplied by rail-borne coal or sea-borne coal, or whether they are close to a coalfield or otherwise, would give rise to just the same difficulty.

24,739. At any rate, there is one price for each concern?—Yes.

30 May, 1919.]

MR. WILLIAM CASH.

[Continued.]

24,740. Apparently there would have to be a number of different prices for the different qualities of coal?—Certainly—just as Parliament has to go into the question every time it fixes the standard.

24,741. Is it quite the same question? Apparently there is only one price for each gas concern?—Yes.

24,742. You would not suggest that there should be one price for each colliery concern?—Yes, a standard price for each concern.

24,743. Do you mean if we take a particular colliery? Take the Ashington Colliery in Northumberland, would there be one price or six prices?—One price for the Ashington Colliery.

24,744. Are you sure about that? because the kind of coal which the colliery produces varies from something which is only worth a few shillings to something that is worth a pound or two?—Just as in a gas company you may have a quantity of gas sold in large quantities and some in small, some for heating, some for lighting. I agree it is all one particular quality of gas and that the position is not quite parallel, but I do not see any difficulty in taking the various prices of the Ashington Colliery Company and fixing a standard price for that colliery.

24,745. That is to say, having arrived at the average, which we will consider is 15s. a ton, you would say that that particular colliery would be allowed to charge as a standard price 15s. for every ton that is sold—good, bad or indifferent?—Yes.

24,746. How would that be uniform in a particular coalfield?—The colliery next door might have gone to a far greater capital expenditure, for example, in sinking its shaft; it might be selling a different class of coal or the same class of coal; and what might be a fair standard price for one colliery might not be a fair price for the one next to it.

24,747. You suggest that each concern should have a standard price worked out upon its output on some sort of average?—Yes.

24,748. You lay great stress on the share of the consumer?—Yes.

24,749. Otherwise it might be a partnership against the community: but is it not really a difficult matter, because, in the case of gas, practically all the gas is delivered direct to the consumer for the consumer's use industrially or domestically; but in the case of coal, as to a large part of the coal the colliery owner does not know where it goes: it passes through half a dozen hands. Who in that case would get the consumer's share?—The colliery would be selling its coal either through agents or direct to somebody, and they would be getting a certain price which would be the realised price at that colliery.

24,750. My point is that when you come to make up the accounts at the end of the year, the consumer would get some of the benefit, if the colliery wished to declare a larger dividend, by a reduction for the ensuing year of the standard price?—The consumer of that particular coal, then, would get the advantage, and the tendency over the whole industry would be to reduce the price all round. They would be selling in competition, and each would be trying to reduce the price as far as he could, certainly to his own consumers.

24,751. The consumers who got their supply from that particular colliery which had reduced its price below the standard would get the benefit, whether

they themselves were actual consumers or whether they were only middlemen?—Supposing they were middlemen, they would be in a position to buy cheaper to pass on to the consumer.

24,752. They would be in a position to pass it on?—Yes.

24,753. They would receive something for the benefit of the consumer, and you say they would be in a position to pass it on by lower prices?—Yes.

24,754. Have you any assurance that they would pass it on?—I think if I go, for one of my gas companies, to buy 50,000 tons of coal, and they say to me, "I am preparing to supply you from so-and-so colliery; my price from that colliery is so much," he would pass it on to me, adding his middleman's profit.

24,755. Supposing you were going for 5 cwt. would you have the same assurance that you would get terms of an equivalent advantage?—I think so, because, although the colliery is not selling in terms of 5 cwt., not all the 5 cwt. would add up.

24,756. After all, the majority of the consumers of coal do not buy 50,000 tons. Carry your mind to the labourer's wife at Plumstead who buys from the hawk: could you indicate to the Commission what sort of certainty there would be that that consumer—I mean the labourer's wife at Plumstead—would get the advantage which the colliery owner handed over to one or other of these middlemen?—If you want to carry that right through to the logical conclusion, you would have to control the retailer and the distributor as well as the collieries themselves.

24,757. We should have to convince Parliament that this benefit was going to the consumer, meaning the labourer's wife at Plumstead? It is bound to go to the consumer, unless the middleman is not passing on the reduction in price which would undoubtedly be effected.

24,758. Do you suggest to the Commission that we may rely on the middleman passing on that reduction of price?—Personally, I should be rather in favour of some regulations with regard to the retail trade whereby the retailer should be bound to state how his price is made up.

24,759. *Chairman:* Need we consider the retail trader?—Not in detail.

24,760. *Mr. Sidney Webb:* I see your system of control would not be applicable to the distributor?—No.

24,761. With regard to the control of the price at the colliery, it involves, does it not, that the colliery owner would not be free to obtain his capital, as he now does, when he likes: he would have to obtain his capital distinctly, as the gas companies do, under the auction clauses or something like that?—I do not think that is essential to the scheme.

24,762. That is what I am very anxious to know. If the price is to be reduced in proportion to the dividends paid, it would probably suit the colliery owner not to pay a dividend: as one big colliery owner explained to us, the dividend declared was only 1 per cent. for many years, but the whole of a large part of the profit was put into development. Would you not have to stop that hole if you were going to consider the consumer?—I do not think so, any more than a gas company, who rather than distribute the whole of the dividend to which it was entitled, might put part of it to reserve.

(The Witness withdrew.)

(Adjourned to Tuesday next at half-past 10.)

3 June, 1919.]

MR. HAROLD COX.

[Continued.]

SECOND STAGE—TWENTY-THIRD DAY.

TUESDAY, 3RD JUNE, 1919.

PRESENT :

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. R. W. COOPER.

MR. ROBERT SMILLIE.

SIR ARTHUR DUCKHAM.

MR. HERBERT SMITH.

MR. FRANK HODGES.

MR. R. H. TAWNEY.

SIR LEO CHIOZZA MONEY.

MR. SIDNEY WEBB.

SIR ADAM NIMMO.

MR. EVAN WILLIAMS.

SIR ARTHUR LOWES DICKINSON, }
 SIR RICHARD A. S. REDMAYNE, } (*Assessors*).

MR. ARNOLD D. McNAIR (*Secretary*).MR. GILBERT STONE (*Assistant Secretary*).

Chairman: Gentlemen, I am very sorry to say that our colleague, Mr. Balfour, will not be present to-day. I had a letter from him yesterday in which he said: "My horse fell with me on Saturday night. I got rather badly damaged about the head and face. I was quite hoping to come to the Commission to-morrow, but the doctor seeing me this morning,

after some persuasion, has promised I may come up on Wednesday at the earliest." I hope we shall have the pleasure of seeing him in his usual health to-morrow.

Mr. Harold Cox, who gave us the advantage of his views some weeks ago, desires to make a further statement upon something that Sir Leo Money said.

MR. HAROLD COX, Recalled.

Chairman: This is what Mr. Harold Cox desires to say: "On May 27th Sir Leo Chiozza Money stated before the Commission that I had misrepresented his views in a pamphlet on the coal question written by me." That pamphlet is a pamphlet called "The Coal Industry: The Dangers of Nationalisation." I have already received several copies of it from several sources. I have read one copy carefully and marked it. "He had previously written to me on the matter and I had given him my reply. But as he has publicly accused me in my absence of unfairness I ask leave briefly to state the facts. After giving evidence before this Commission I wrote a pamphlet mainly based on my evidence, which has been published by Messrs. Longmans, Green and Co." That is the pamphlet I have just spoken of. "In that pamphlet I quoted the actual words of the Report of the Public Retrenchment Committee, which Sir Leo and I both signed. It is true, as he states, that the Report was in the nature of a compromise. It contained many passages which I would rather have omitted, or have expressed otherwise. But I do not propose to repudiate my signature. The passage which I quoted was a simple statement of indisputable fact—namely, that 'of the numerous services managed by the Post Office hardly one shows any profit except the Letter Post.' This statement was prefaced in the Report with the words: 'We have, however, been impressed by the fact that.' These words I also quoted. Apparently therein lies my whole offence. Frankly, it did not occur to me that Sir Leo Chiozza Money would regard it as unfair of me to remind him that once in his life he had been impressed with facts inconsistent with his theories. For this unintended offence I willingly apologise." Sir Leo, do you desire to ask any questions?

Sir L. Chiozza Money: I should like to ask Mr. Cox whether he wishes us to understand that he repeats the terms of that letter.

24,763. *Chairman*: (*To the Witness*.) Do you repeat the terms of the letter which I have read?—Yes.

24,764. *Sir L. Chiozza Money*: (*To the Witness*.) The one which has just been read?—Yes, I adhere to that.

24,765. May I ask you whether it is the fact that not only myself but Mr. J. H. Thomas, Mr. Acland, and, I think, some other members of the Committee in question, namely, the Committee on Retrenchment, not only differed from the Report in many particulars but differed from it on some points fundamentally?—I should imagine in that case they would not have signed it.

24,766. Forgive me! Do you not remember that a special appeal was made to us by the Chairman, because it was time of war, to sign the Report, because there were so many things in it which we thought ought to be done by His Majesty's Government at once to secure retrenchment, and therefore to put aside even our strong objections, and to sign the Report? Is that not so?—Quite so. I signed it on those terms myself, and I do not propose to repudiate my signature. Apparently you propose to repudiate yours.

24,767. Forgive me! You are avoiding the point. Is it not further the fact that not only did we come to that amiable agreement, which was a wise agreement in view of the fact that we were at war, but we put in the report these words, so that each of us was protected from the suggestion that we had unanimously signed it: "We have decided, after discussion, to adopt the procedure of Select Committees, and not to publish any Minority Reports or individual reservations"?—Quite so.

24,768. Those words are in the Report?—Yes.

24,769. Do you not think therefore that it would be very unfair of anyone, in view of that published repudiation of unanimity, to represent that any one of us, either yourself or myself, or any other member of the Committee, signed that Report unanimously?—No, I do not. I think when a statement of fact is quoted above my signature I should adhere to that statement, and I expect other people to do the same.

3 June, 1919.]

MR. HAROLD COX.

[Continued.]

24,770. Really you do not do yourself justice if you contend that. I will read the words to you again?—I have them in my head.

24,771. Let me read them again—you do not seem to like them. “We have decided, after discussion, to adopt the procedure of Select Committees, and not to publish any Minority Reports or individual reservations.” Does not that prove that there were minority reports or individual reservations?—Yes.

24,772. Do you not know that your attack on education, for example, on that Committee, and which you repeated before this Commission was strongly repudiated by Mr. Aeland, Mr. J. H. Thomas and myself and other members of the Committee? Do you not know that?—Yes, I know all that.

24,773. Is it not very unfair to suggest that the Committee as a whole came to a unanimous conclusion?—No, I think not.

24,774. Although the Committee has said it was not unanimous, you think it is fair to represent that it was unanimous?—It was unanimous on the main issues.

24,775. I will put it again: Although the Committee not only privately but publicly said it was not unanimous, and that the Report was only signed because it was in time of war, and we wanted to get on with the war and do certain things, you think it fair to represent that that Committee was unanimous. Will you give me a plain answer to that?—Yes. The whole of the Committee signed a unanimous Report. It is unanimously signed and I cannot get beyond that.

24,776. Even although there is a reservation in it showing it was not unanimous?—I am subject to exactly the same reservation as you. There were lots of things in the Report I did not like.

24,777. I grant you were entitled to say that in the Report, but you do not say it. You say: “In 1916 the Committee on Public Retrenchment, of which Sir Leo Chiozza Money and Mr. J. H. Thomas were members, reported unanimously with regard to the Post Office as follows?”—Yes.

24,778. I suggest to you it was your duty as a fair-minded man to put in the fact that the Committee did not come to any unanimous recommendation on the point, and that they only signed it with a reservation showing it was not unanimous?—No, I do not think so. I disagree with you.

24,779. You do not think it would have been fair to tell your readers that?—I disagree with you. I think it is an accurate statement of fact.

24,780. I suggest to you that you yourself have admitted it is inaccurate?—I signed the Report knowing that there were things I did not like, but I am willing to stand by my signature.

24,781. You are entitled to speak for yourself. I asked you whether in reflecting upon another member of that Committee you are entitled to hide in the pamphlet which you have published the fact that the Committee itself stated that it was not unanimous?—Will you tell me what you object to in the statement I made?

24,782. The statement is inaccurate in the first place?—Which part of it?

24,783. You are trying to draw a red herring across the trail of the point at issue, which is whether you were entitled to say the Report was unanimous?—No. You have selected a particular passage in my pamphlet for criticism, and I want to know what the objection to that particular passage is.

24,784. The objection is that you said it was unanimous when it was not unanimous?—What is the objection to that particular passage which I quoted?

24,785. Excuse me! You come here to justify your letter. I suggest you are not justifying it, but sitting there in that seat and facing me, and within a yard of me you are unable to justify the suggestion that it was unanimous?—No; I adhere to it entirely.

24,786. Do you suggest it was unanimous?—The Report was unanimously signed.

24,787. Was there or was there not a reservation?—Many of us had reservations.

24,788. Was there or was there not a reservation?—We probably all had reservations.

24,789. Was there or was there not a reservation?—I have answered you several times. I am not going to answer you again on the same point.

24,790. You will not say whether there was or was not a reservation?—We all had reservations.

24,791. It was a published reservation in the report. Why wriggle with the question?—You have just read it.

24,792. You do not want to say yes, because you know the next question condemns you?—I can never anticipate your questions.

24,793. I suggest you have admitted you have done a thing which you ought not to have done?—I do not admit it in the least.

24,794. Having got you so far, I will take you on the point in fact. You say, “Hardly one shows any profit, except the Letter Post.” That was untrue. The Telephone Service showed a profit—a large commercial profit?—I said “hardly one.”

24,795. There were only three main services: the Post, the Telegraphs, and the Telephones?—No, there is the Parcel Post.

24,796. No, by “Post” I include Parcel Post. There are three great branches of the Post Office, the Postal Service?—No.

24,797. The Postal Service, the Telegraph Service, and the Telephone Service?—I will wait until you have finished.

24,798. It is your duty to wait until I have finished. If you like to divide the post into letter post and parcel post, that makes four?—But there are a lot of other things: There are money order distributions and so on.

24,799. Do you suggest that is run at a loss?—It was.

24,800. Do you know that it is now?—The Retrenchment Committee put up the prices.

24,801. We put them up for war purposes?—Because it was run at a loss.

24,802. I suggest to you with regard to the three main branches of the Post Office, Post, Telegraph and Telephone, two were run at a profit?—I divide the Post Office much more numerously.

24,803. If we take the Postal Service, it is not run at a profit?—No.

24,804. At the time you speak of, was it not run at a profit?—At the time, and the report says, “Except the Letter Post.”

24,805. Were not the Telephones run at a profit?—At a profit just covering cost.

24,806. They were run at 4 per cent. profit after allowing interest?—Just covering cost.

24,807. No; they had raised wages and pensions by £400,000 a year, and yet were showing a profit?—My recollection is that at the time they were just covering cost.

24,808. I suggest to you that the figures which have been submitted by the Post Office itself show that after raising pensions and wages to the National Telephone Company's staff by £400,000 a year they showed a profit?—I adhere to my statement. That was the statement of the Committee which we had signed—“hardly one shows a profit except the Letter Post.”

24,809. Are you aware that during the war they have not raised the telephone charges except for the trifles recommended by the Retrenchment Committee itself. Are you aware of that, and that in spite of that the accounts practically balance? They have not raised the charges. They are not receiving any more for the telephones?—Many subscribers are being charged more.

24,810. Are you aware the charges are so small and chiefly those recommended by our Committee, that they hardly affect the question of revenue?—What I

3 June, 1919.]

MR. HAROLD COX.

[Continued.]

say is, that the total Post Office is now run at a loss of three millions estimated.

24,811. You prefer to answer another question to that which I ask you. I asked about the telephones, and you talk about the Post Office. We are on the telephones?—Go ahead.

24,812. I suggest in spite of the fact that the telephone charges were hardly raised, yet the accounts practically square?—I have not looked into this year's estimate.

24,813. Can you name any commercial concern of which that is true, namely, that where the charges have not been raised the accounts almost square?—I do not see that that is relevant.

24,814. Does it not show the extraordinary economy of the Telephone Service, seeing that commercial concerns have raised their prices as a rule about 100 per cent., and the Telephone Department has not?—I have not checked your figures up to date, so that I cannot answer.

24,815. I suggest to you that your pamphlet requires a great deal of revision?—Will you suggest any other passages I could revise?

24,816. Yes; I suggested to you many passages in my former cross-examination. I am dealing with the Post Office. I will now ask you one other question. May I ask who publishes this pamphlet?—Messrs. Longmans, Green & Co.

24,817. Are you acquainted with the law relating to the reprinting of evidence given before Royal Commissions?—No, I do not know anything about the law.

24,818. You have a right to reprint evidence, but do you think it right to reprint evidence and put in interpolations not stated to be such in the pamphlet?—I stated exactly what the pamphlet is: "The following pages are based upon the evidence given by me before the Coal Commission, with further material added and necessary corrections."

24,819. Do you not think you ought to show to your readers what is the further matter which is added?—Why? I say it is "based upon the evidence."

24,820. Why do you use the name of a Commissioner and suggest he said something which he did not say?—Where is that?

24,821. The passage which we have been talking about, in which you mention my name and suggest the report was signed unanimously when it was not unanimous?—It was signed unanimously.

24,822. No, it was signed with a reservation which showed that the signatures were only put there because it was time of war?—I have not been in the habit of signing my name with a mental reservation. I do not understand people who do that.

24,823. But you have said that in that chair, that you signed it with a mental reservation?—Yes, but I adhere to my signature. When I sign anything I hold myself bound.

24,824. That is not the same statement which you just made. I suggest to you that you know very well, after discussion of this very point we are discussing now, that we agreed that, as it was time of war, and only for that reason, we should put our signatures to the report, although we did not all of us agree to it, in order to get on with the war. Is that not a fair and proper and true statement of what occurred?—You have already said that, and I have made my answer.

24,825. And you have to agree that what I say is true?—No.

Chairman: (To the Witness.) Is there anything else you want to say?

Witness: Sir Leo has challenged me about other alterations. I should like to point out that I have altered this pamphlet in one or two respects, and especially in regard to the Fabian Society's pamphlet.

When I gave my evidence I was under the impression that that pamphlet was issued in 1916, and I criticised it on that basis, and Mr. Sidney Webb cross-examined me on that assumption, frequently quoting the year 1916. Subsequently, on going to a Socialist bookshop, this pamphlet was pushed into my hands as a thing just out. I have now ascertained that it was re-issued in 1919 and the statements it contains—

Mr. Sidney Webb: But it is not true.

Witness: The pamphlet was re-issued in 1919.

24,826. *Mr. R. W. Cooper:* Is that the fact?—Yes, that is the fact. The statements it contains are absolutely inconsistent with the reports to which Mr. Sidney Webb has put his name, and therefore I altered my pamphlet, making it appear clearly that I thought his conduct in the matter was not strictly honest.

Sir L. Chiozza Money: With regard to the evidence given before this Commission, may I appeal to you, sir, as to whether it is competent for a member of the public, Mr. Harold Cox or anyone else, to print the evidence given before this Commission, save in the form in which it was given before this Commission *verbatim*, word for word? Of course, he is entitled in an addendum, or even in footnotes, to say this, that or the other by way of additions, but I suggest the evidence given before this Commission, if it is reprinted and purports to be that evidence, ought to be printed as it was given here, and that it is not fair to introduce statements attributed to members of the Commission themselves.

Chairman: I think you are right. I have no doubt it is most important that the evidence, if it is printed at all, should be accurately printed. I am sure no one desires to print inaccurate evidence.

Mr. R. H. Tawney: Is Mr. Harold Cox giving evidence over again? I should like to know. He has made a highly controversial statement just now under the guise of a personal explanation. Is he giving a personal explanation or fresh evidence?

Chairman: He is not going to do either.

Mr. R. H. Tawney: We are very much obliged for that.

Chairman: (To the Witness.) We are very much obliged. I think you and Sir Leo have settled your difficulties.

Sir L. Chiozza Money: Yes, very satisfactorily.

Mr. Sidney Webb: As a matter of fact that particular pamphlet which was referred to was not written by me but issued under my editorship. It is not under my control. So far as I am aware, it has not been re-issued in a new edition, but I assume what has happened is that copies sufficient to supply the demand have gone on being printed from the plates. I think Mr. Harold Cox knows sufficient of the printing trade to understand that that is not a re-issue. As a matter of fact, so far as I know, there is nothing in that pamphlet inconsistent with any report that I have signed, except only of course all the figures given are necessarily out of date and they must be out of date, but it remains, so far as I know, consistent with anything I have signed. At any rate, I am the guardian of my own honour.

Chairman: It is quite safe in your hands.

Witness: May I just point out—

Chairman: No. I think we must finish now. It is just as well to be accurate even on questions which are, in my opinion, entirely irrelevant and immaterial to any question which this Commission has to decide.

Witness: With regard to your ruling about the evidence, may I say this? Sir Leo implied that I was presenting this as a reprint of my evidence. It is not so.

Chairman: Thank you very much.

(The Witness withdrew.)

3 June, 1919.]

MR. GEORGE ROSE.

[Continued.]

Mr. GEORGE ROSE, Sworn and Examined.

24,827. *Chairman*: I believe you are the Chairman of the National Council of Coal Traders and the Railborne Coal Factors and Wholesale Merchants' Association?—Yes.

24,828. I think you speak as to the distribution part of our enquiry?—Yes.

24,829. Will you now be good enough to read your *résumé*?—Yes.

“ NATIONALISATION OF COAL MINES.

Nationalisation or Government control of any kind destroys individual effort and initiative, creates a feeling of irresponsibility, and tends to the dilatory conduct of affairs, no one being willing to accept the responsibility for a prompt and definite decision so imperative to the efficient working of such an important industry, or, in fact, any industry.

Government or bureaucratic control means that influence or seniority and not ability are too often the reasons for appointment or the basis of promotion; consequently the incentive to the capable man is lacking, and the average official develops into a machine with a running capacity of so many revolutions per day; a desire to postpone or shelve any unpleasant matter which may arise requiring a prompt decision or effective handling, and an enormous appetite for returns and statements of little, if any, practical value.

In the course of two years the Controller of Coal Mines has issued nearly 100 instructions, orders and forms, and many more would have been issued but for the fact that the late Sir Guy Calthrop, Bart., agreed to consult the National Council of Coal Traders before issuing further forms or orders, many of those issued having proved impracticable or impossible, others having to be materially altered. The cost incurred and the labour involved has been out of proportion to the results obtained, and while possibly necessary during a period of war are undesirable and unnecessary under normal conditions.

Government departmental procedure is too cumbersome for the conduct of a commercial enterprise. In a case of interest to the coal trade, in which three Government departments considered their interests involved, it took four months and about 20 committee meetings (involving one to two days' loss to 15 or 20 men at each meeting) to settle a matter which two business men would have agreed upon in half-an-hour.

This has been a general experience. I cite only one instance.

It is submitted that the duplication of work, the mass of returns and Statements required, and the great delays which occur in settling the basis of procedure on comparatively simple matters have proved a great cost to the community.

It is agreed that the control of coal prices served a useful purpose in preventing any attempt to profiteer on the part of a small minority and in calming public opinion during the period of war (when anyone who sold anything was accused of being a profiteer); but the same is not necessary or desirable in peace times, when competition and the natural desire to develop business will again bring about the most efficient and economical working of the entire industry more quickly than any system of Government supervision, which, in my opinion, tends to hamper the individual effort. At the same time I agree that until such time as the supply is equal to the demand some moderate system of control in respect of prices and profits should be continued.

I contend that the most powerful incentive to 99 per cent. of the human race is the possibility and desire to improve their condition, make money and to progress. Healthy competition provides a most efficient check and at the same time stimulates effort to the benefit of all.

No trade has in the past worked under more severely competitive conditions, and I know of no trade which

shows so small a return on the outlay, as the coal distributing trade.

The factor or wholesale merchant incurs, on an average, an outlay of over 30s. (with the natural consequent risks) to earn a net 4d., or about 1 per cent.

It is estimated that the distributive services rendered by factors, including their profit (if charged at the maximum rate), results in a charge of about 2d. per ton on the whole of the household coal consumed in Great Britain. The maximum rates are not charged in all cases.

The cost of the Government Department in supervising this distribution is estimated to be three times the amount above named, notwithstanding the fact that most of the high officers and many of the staff have given their services free of cost to the control.

- (a) The Controller, most of the Heads of Departments and many of the staff at Holborn Viaduct;
- (b) The District Coal and Coke Supplies Committees in each of the producing areas;
- (c) The Local Fuel Committees in each Town, Urban, or Rural Council;
- (d) The Supervisors and Overseers in each locality;

are, I believe, unpaid.”

I desire to make a small amendment in relation to (d). Supervisors and overseers are, I understand, allowed in one case out of pocket expenses, and in the other case the Borough Overseers, who are generally the engineers, or some officer of the Borough Council, have, I believe, a small honorarium.

“ If these Committees and Officials were permanent, and paid a reasonable remuneration, the expenses would, of course, be enormously increased, and I submit no Official Department (lacking the incentive the trader has) could do anything else but considerably increase the cost to the consumer. Someone must pay the cost, and generally the “someone” is the consumer.

A prominent part of the factors' or wholesale merchants' business is the supplying of industrial concerns throughout the country with their requirements of steam coal and slack, and the supplying of gas, electricity and other public utility works. This has been done efficiently and at a very low cost as a natural result of the keen competition for this class of trade, and the expert knowledge of the factor has at all times been placed at the disposal of the consumer.

No method of Government control or centralised distribution could possibly be more economical, and to suggest that the consumer has not obtained in pre-war days the coal most suitable to his requirements at the lowest possible cost is only casting a slur upon his intelligence.

For the last two years it is admitted that the consumer has suffered severely by being compelled to use coal of an unsuitable character, frequently at increased prices.

It is agreed that while the demand from foreign markets is excessive, and export prices are much higher than those for the home markets, some system of restricting exports and retaining in this country sufficient coal to meet all requirements is perhaps necessary. This should be quite a simple matter. But as soon as the output of coal is equal to the demand, if freedom of distribution and the right to bargain take the place of the existing or any other control, the competition which will follow will bring about a speedy return to conditions under which the consumer will be able to secure his supplies at a minimum distributing cost.

The securing of a slightly lower price by State control is considered by some to be possible. If the cost of the control is taken into consideration this will prove to be fallacious.

3 June, 1919.]

MR. GEORGE ROSE.

[Continued.]

Others claim centralisation to be the solution. I contend that any apparent small saving effected by means of centralisation or amalgamation (both of which methods tend to the creation of monopolies or trusts) will be more than lost by the lack of competition, and the consumer will consequently suffer.

It is fair to assume that the consumer of coal—more especially the user of large tonnages—obtained in pre-war days the class of fuel most suitable and economical for his purpose.

The working of the Transport Order, 1917, caused great confusion and dislocation, and even admitting that some saving in train mileage may have resulted from its operations, it is claimed that the loss to the manufacturer and consumer much outweighed the saving in transport. Manufacturers, gas companies, &c., &c., are anxiously awaiting for, and will welcome the time when they can again secure the fuel which they have by experience found best for their uses.

DISTRIBUTION.

The operations of a factor cheapen the cost to the consumer.

There are, it is estimated, 27,000 to 28,000 retail distributors of coal in the United Kingdom. Of these less than 2,000 have railway tolls accounts, and some 25,000 are, therefore, not able to buy their requirements direct from the colliery companies.

If these traders were compelled to attend markets to buy their small requirements, the waste of time and energy would be enormous. Approximately, 25,000 retailers are mainly dependent on factors for their supplies, and as these men often work personally in a business they have built up, and have very small over-head charges, they profit by paying the small additional cost due to factors' charges, and make a reasonable living even in competition with the large retail traders.

It should be understood that in country districts many of the coal merchants are, primarily, millers, corn and cake merchants, or farmers, and that they utilise men and horses in their spare time to deliver coal. Their coal trade forms a subsidiary business which is worked at a minimum cost to the consumer. The factor is responsible for practically all supplies of coal to this class of retail distributor, and in the past has kept the trader regularly supplied with suitable qualities for his small but varied trade.

The factor, with 100 to 200 qualities of coal on his sales list and a representative covering each area, by selling all the requirements of the traders in that area at one cost of travelling, &c., must save both colliery companies and retail traders a very large sum, otherwise the system must have died a natural death long since, whereas the fact is that this method of distributing coal up to 1914 was certainly on the increase.

The collieries (both small and large and certainly the most progressive and best-paying) have found that by placing a large percentage of their output in the hands of factors for distribution they have saved trouble and expense, and they are to-day in favour of a continuance of the present system.

In slack seasons the smaller traders are frequently financed by the factors until the winter season's consumption permits them to be fully employed and to recoup their summer losses. This is not a procedure which would appeal to the colliery proprietors or to a Government Department.

The method of distributing coal through the medium of a factor has been in existence for over 50 years, and for more than 20 years has developed on sound, progressive and competitive lines.

In practice, a factor or wholesale merchant purchases from the producer (the colliery company) a large tonnage of the various qualities raised by the company from one or more of its pits over a period of 6, 12, 18, or 24 months, ensuring thereby to a great extent the continuity of working without regard to the prevailing state of the markets.

The factor has been of material assistance to collieries in providing rolling stock for the conveyance of a large proportion of the output.

The existence of the factor has frequently prevented a colliery from the necessity of dumping large stocks, or incurring, as alternatives, the cost of placing coal on the pit banks or stopping the pit.

The elimination of the middle man is frequently urged, but is impracticable. In all large industries he has proved his use by long practice—meat, corn, produce of all kinds, clothing and coal.

The coal factor performs as necessary a function as—

The wholesale co-operative societies;

The wholesale miller;

The meat salesman;

The potato merchant;

or any other wholesale distributors.

The wholesale co-operative societies have, since they entered the coal trade, adopted our methods, and buy and distribute to the retail societies upon practically the same margin as the ordinary coal factors, and presumably find this to be the best and most economical method. They run no risk of bad debts (supplying only their own retail societies); give no extended credit or financial help; run no risk of market fluctuations, and therefore should show a favourable comparison. In actual practice, however, their figures do not show any substantial difference from those of the coal factor, although no contribution is made by them to the revenue by means of income tax, &c.)

24,830. *Mr. Sidney Webb: (To the Witness.)* I think you lay great stress, do you not, upon the expense of the Government control at present?—At present, yes.

24,831. Is that not rather in the nature of control of private enterprise? You have two sets of officers?—That is true.

24,832. Of course, you would not suggest if your business, for instance, were taken over by the State that the State would require officers to look after your business?—I think as a matter of actual practice that is generally the procedure which the State adopts.

24,833. You suggest, first of all, that the control of private enterprise by the State is expensive, and if the State superseded that control by doing the business, it would be equally expensive?—I should think it would be much more expensive.

23,834. Is the control worth the money? Do you suggest we should do better without the control?—I have never suggested that the control should be done away with altogether. I believe that there is a good deal of use in the control of prices and profits, and I think that some control should still be exercised over the export trade, at any rate while prices for export are so much above the present prices for home consumption.

24,835. You say some control should continue to be exercised over the export trade. I was thinking more particularly of the home trade. Do you suggest we could do away with the control over the home trade?—I suggest in relation to that that half a dozen competent men could keep a watchful eye upon prices and profits, and that that would be a benefit not only to the trade but to the general public.

24,836. But if they kept a watchful eye, do you mean to say that they should be able to control prices?—Yes.

24,837. It would not be merely a watchful eye, but genuine control?—They should have power to control prices until such time as there is a sufficiency of coal.

24,838. You point out that the factor is extremely useful in distribution, but chiefly, is it not, because there are so many retail distributors? You point out that these 25,000 retail distributors are dependent upon the factors. Does that not rather mean that the factor is necessary because there are so many small retail distributors?—Yes, in a way, but not entirely. I agree that is so to an extent.

24,839. If it were possible to diminish the number of retail distributors, the factor would become less necessary, would he not?—Yes, but at the same time I think it would be infinitely worse for the consumer,

3 June, 1919.]

MR. GEORGE ROSE.

[Continued.]

because the competition of these retail distributors is the one thing which keeps the price down to the general public.

24,840. There is another thing, is there not, and that is the co-operative society which also keeps the price down?—I have never known the co-operative society sell under the price of the ordinary merchant.

24,841. I am glad to have that testimony. They do not undercut?—They claim to charge the same prices as the ordinary dealer.

24,842. They do?—Yes.

24,843. And you point out that they actually proceed on the same basis and the same margin as the ordinary factor in their wholesale work?—Yes, practically.

24,844. But you know, do you not, that we have had it in evidence that they are able to give back to the purchaser something varying between 2s. and 5s. per ton in the price of coal?—I know it has been given in evidence, and I have gone to great pains to try and get that evidence supported, but it is not supported from their own balance sheets.

24,845. But surely it is supported from their balance sheets to the effect that they actually do pay it on the total purchases of the customer but not on coal.

24,846. But they do actually pay it on coal?—May I substantiate my statement by putting in a few figures?

24,847. If you please?—I did not intend to put in these figures at all, but the average distribution of the co-operative societies in the Metropolitan area is 11d. in the pound.

24,848. Do you mean the cost of distribution?—No, the average return.

24,849. The dividend?—Yes, dividend. It is 11d. in the pound.

24,850. How much would that be on a ton of coal?—Approximately 2s. Their average profits on drapery, boots and clothing—all uncontrolled—are in the neighbourhood of 15 per cent. or slightly over.

24,851. *Mr. R. H. Tawney*: Is that dividend again?—No, that is their net profit; they do not distribute their dividends separately.

24,852. *Mr. Sidney Webb*: Would you give us the net profit on food which is much the most important part of their sales?—They show a loss on their bread, some of them.

24,853. That is a loss?—Yes. I am going to try and draw a comparison. On coal, which is the only thing I am here to talk about, their net profit is under 4½ per cent., so that I think I am right in saying that the distribution or dividend of the co-operative societies is not made out of coal.

24,854. You pointed out that the average dividend is 11d. in the pound?—Yes.

24,855. That is under 5 per cent?—Yes.

24,856. And you state that the profit that they make on coal is over 4 per cent?—Yes.

24,857. I am not accepting those figures as accurate, but at any rate the difference is not very great?—The difference is very great when you take into consideration the fact that on their three largest departments, drapery, boots and clothing, they are making over 15 per cent.

24,858. Do you suggest that those are the three largest departments?—They are the three largest departments shown in the co-operative figures I have here.

24,859. Surely food is much larger than those?—No, not in money turnover, which I am speaking of.

24,860. Not to go into unnecessary details, do you tell the Commission that your researches have demonstrated that in London the co-operative societies are making a profit on their coal business of 4½ per cent.?—That is an approximate figure which is quite near enough for discussion.

24,861. That of course represents, does it not, practically 2s. a ton?—There or thereabouts.

24,862. Therefore apparently the co-operative societies, on your own figures which I am accepting for the moment, are able to do their distributor's

business, so far as the consumer is concerned, at 2s. per ton cheaper than the London retail trade?—Yes, but I should like to modify that statement to some extent, if I may, because I find some of the London co-operative societies actually lose money on the distribution of coal, although they sell at the same price as the ordinary merchant. Edmonton is a case in point where they lose 6d. a ton on the whole of the year's turnover.

24,863. If we take an average of all the societies, we cannot then go back to individual societies. It must follow some have made more?—Yes, it must follow some have made more.

24,864. Taking it altogether, your evidence, without taking it too far, is that the co-operative system of distribution in respect of the work which they actually do—which is not all London and not all kinds of coal—represents, so far as we can get it, a saving of something like 2s. a ton?—It means that the co-operative societies are making 4 per cent. on their coal and the trader is making somewhere about the same.

24,865. Not quite somewhere about the same?—It is not excessive at any rate.

24,866. Supposing we could improve on the co-operative societies and get a unified distribution by using the factors and the present people in the trade, do you see any chance of reducing the price of distribution?—Candidly I do not see a chance of reducing the cost of distribution, except by one of two means: one is the elimination of the present small profit of traders handling the coal; and the other is by cutting down the wages and salaries paid to the men who do the work, and that I do not agree with.

24,867. Is there not another possible source that has been given in evidence? The cost of establishment charges, apart from labour and profit, is something like ¾d. per ton on the entire London tonnage?—You are discussing the retail side of the trade. I am not particularly conversant with it.

24,868. *Mr. Evan Williams*: You said to Mr. Webb something with regard to who should be eliminated from the trade at present to effect a reduction in cost?—I do not consider anybody could be eliminated. I consider the present cost of transport, which has grown up and in which there has been the keenest competition for years, has brought about the low cost of distribution that obtains to-day.

24,869. Are you speaking of the distribution of the coal from the colliery to the merchants?—To the smaller retail merchants.

24,870. You do not consider that under any other form of control a less staff or less material or less capital would be employed than at present?—My opinion is if we eliminated the present keen competition that exists and put it into the hands of one body or group of committees the overlapping of work would increase the cost and not reduce it.

24,871. You say there would be more people employed under centralised control than at present?—Yes, I think so.

24,872. We have had it said the experience of the Ministry of Munitions and other Departments during the war is very encouraging in the direction of instituting a State control after the war in other directions?—The case I mention here is a case where the Ministry of Munitions was one body interested with the Railway Executive and the Coal Controller, and it took them four months to do a thing that you and I or any business man would settle in one afternoon. That does not tend to economy in work. Of course, we shall have the other Government Departments working in opposition if they consider their interests are involved.

24,873. Do you do business in anthracite coal?—No, very little. As Chairman of the Committee I had a good deal of trouble with the District Committee in South Wales after the introduction of the Transport Order.

24,874. Are you aware for a time the anthracite collieries were losing time and were working three or four days a week and the Coal Controller refused to release anthracite coal from the Rationing Order?—That is so.

3 June, 1919.]

MR. GEORGE ROSE.

[Continued.]

- 24,875. In spite of great pressure from the colliery owners and everybody concerned?—I believe eventually, owing to the pressure put upon him, he did release it.
- 24,876. He released it from small areas in the anthracite district?—Yes, it took a long time to bring it about.
- 24,877. You say the securing of a slightly lower price by State control is considered to be possible. I think if there is any lower price to be got from the consumer it will have to be paid by the taxpayer?—I do not consider it is possible to do it. I know it is considered by some people that State control will reduce it. I certainly do not consider that.
- 24,878. If you say there is no unnecessary expense at present, the lower price must be paid by the taxpayer?—Undoubtedly. I point out to you that the firms in the trade for the last 20 years have been trying by every means in their power to reduce the cost of distributing the coal, for the simple reason that if I can show an additional halfpenny saving in my cost I am making many hundreds a year extra profit, and that is what we were all struggling for up to the time when this control was put upon us.
- 24,879. What was the gross addition to the colliery price the middleman was estimated to work upon before the war?—Taking the whole business on an average?
- 24,880. Yes?—It varied according to the class of business. If I gave an average figure, I should say 10d. to 1s. 1d.
- 24,881. That is the total addition from the colliery price to the price at which the factor sold to the retail merchant?—Yes, that includes all his expenses in travelling about the country and all his office expenses, overhead charges, and everything else. The actual cost of that distribution was in the nature of 5½d. a ton average. The net profit was in the neighbourhood of 5d.
- 24,882. That is a clear profit?—A clear profit of 5d. per ton.
- 24,883. In comparison with the Co-operative Society the factor paid income tax?—Yes.
- 24,884. The Co-operative Society pays none?—The Co-operative Society pays no income tax. Their figures are very much the same as our own if you take the London area, but are lower in the North and at Manchester. The amount charged by the Co-operative Societies in the years 1916, 1917 and 1918 were rather in excess of the 11d. I have already mentioned.
- 24,885. I do not know if it has ever been done, but have you any idea of the difference it would make to the return which the Co-operative Societies make to their members if they paid income tax?—Upon the present basis if we make 4d. a ton net, our 4d. is 2¼d. The Co-operative 4d. is 4d.
- 24,886. There would be a very material difference to the return to the consumers?—If we paid no income tax we could afford to reduce our selling price by 1½d. a ton.
- 24,887. *Chairman*: There are two or three questions I desire to ask you. With regard to the figure you have got on the second page under distribution, you have estimated there are 27,000 or 28,000 distributors of coal in the United Kingdom. How do you form the estimate; are there any tables?—The estimate was arrived at by figures prepared by the Coal Merchants' Associations in the various areas of the country where it was thought advisable to get in touch with all the retail distributors. It includes quite small traders.
- 24,888. Does that include every retail distributor who takes part from the time it is delivered at the railway siding; that is, after the railway has done its part, down to the man who goes round the streets of London selling 1 cwt. at a time?—It would not include the dealers, as we term them. Dealers are men who go round the streets with cwt. on a trolley.
- 24,889. How many of these are there?—There must be a good many of them.
- 24,890. That is not an answer to my question. Is it 10, 20 or 10,000 or 20,000?—It would be many; I would not commit myself to a figure there.
- 24,891. Would it be as many as 27,000?—No; I should not think it would be more than 5,000 or 6,000. I should not like to commit myself.
- 24,892. I do not want you to commit yourself. I want to know the people who handle the coal?—I think 5,000 or 6,000 would be a reasonable estimate.
- 24,893. Tell me, if you can, the hands through which, say, 1 cwt. of coal passes before it is delivered to the consumer in some small street in Stepney. I suppose you know Stepney?—I do.
- 24,894. You have often seen the carts going about with a bell and people coming out of their houses and buying quite a small quantity. Will you put yourself into the position of a man, say, in Oxford Street, Stepney, or one of those streets there buying 1 cwt., and he gets 1 cwt. delivered into his cellar from the cart. How many hands has that 1 cwt. gone through from the time it has left the railway siding?—By the number of hands it has passed through do I understand the number of profits or the number of people who have made a profit out of it?
- 24,895. The number of people who have made a profit out of it?—In the great majority of cases, only two.
- 24,896. Who are they?—The factor and the small merchant at the station. Of course, he has to pay his men for the delivery of the coal a certain fixed wage; but, as a rule, the coal comes from the colliery—
- 24,897. Just indicate the process?—As a rule the coal comes from the colliery to the factor; then to George Rayner, a small merchant at Bethnal Green Station, who probably goes out with his trolley himself and probably has two boys working another two. Those are the only profits on that transaction. Another class of procedure is where it goes from the colliery to the larger merchant at that depot; that larger merchant will sell to a small dealer who has no accommodation on the railway; he loads it into the dealer's van and the dealer's van goes round the streets.
- 24,898. That makes three profits?—It only makes two; from the colliery to the merchant and from the merchant on to the dealer's trolley; then from the dealer's trolley into the cellar.
- 24,899. Why is there no factor in that case?—Most of the larger merchants obtain their supplies direct from the collieries. Of course, there is a percentage where there is another change of hands. A certain percentage would come from the factor to the merchant and from the merchant to the dealer, so we get three changes.
- 24,900. I understand you as a distributor say there is no saving to be made on the distribution end?—I have been trying for the last 20 years to effect economies in the working of my business, and I believe a good many other people have been trying to do the same.
- 24,901. Everybody seems to think the economy can be effected on somebody else's part.
- Mr. R. A. Tawney*: Would you mind asking him how many factors there are?
- 24,902. *Chairman*: How many factors are there?—It is very difficult to say how many factors there are, because 90 per cent. of the factors have also retail businesses. I do not suppose there are more than 200 factors in the country who are factors pure and simple.
- 24,903. *Mr. R. H. Tawney*: How do you reconcile the statement that factors have also retail businesses with the other statement that factors are necessary in order to distribute coal to the retail merchants?—They are necessary to the small retail merchants.
- 24,904. Is it only the factor that acts as the intermediary?—No; there are considerably over 1,000 members of my Association all doing factoring business; but, in addition to being factors, they are retail distributors.
- 24,905. Can you give us the total number of factors of whatever kind?—In round figures, 1,500.
- 24,906. Do those include both the factors pure and simple and merchants?—They include factors who have merchanting businesses or merchants who have factors' businesses. They include also factors who have a shipping business and factors who do a large bunker trade at the various ports.

3 June, 1919.]

MR. GEORGE ROSE.

[Continued.]

24,907. What is the relation of these 1,500 factors to the retail distribution of coal. The reason I ask you this is that I understand from your *précis* one of the functions of the factor is to keep the retail distributor supplied?—Yes.

24,908. I understand from what you say now that a large proportion of these factors are themselves retail distributors?—That is quite right.

24,909. If the factor is himself a retail distributor how can it be one of his principal functions to keep the retail distributor going?—You see there are factors who are merchants and there are factors who are not merchants. The factors who are merchants buy largely on their own account for their own depots. They also buy a considerable tonnage which is free for distribution to other smaller traders. Take a case in point. A firm having five or six depots of its own will buy considerably more coal than is required for those few depots, and by means of travellers covering a considerable area of the country, they will sell the balance at a reasonable profit to the smaller dealers in neighbouring towns or down the line.

24,910. There seems to be two systems, in fact I think there are more. There is one system under which the colliery supplies the factor, and the factor is himself a distributor who distributes it to the consumer?—In many cases.

24,911. That is the normal case, I gather?—That is quite a normal case.

24,912. Then there is the case of a factor buying from the colliery who does not distribute to the consumer but to a merchant who distributes it to the consumer?—Yes, or dealer.

24,913. In one case you have a link more in the chain than in the other?—Yes.

24,914. What is the reason for that?—It is a basis upon which the business has grown up for many years and it has proved on the whole very satisfactory. Take a man who wants 50 tons a week. It does not pay him to go to five collieries and buy a truck of coal from five different collieries. For the purpose of carrying on his business he wants one truck of Steam, one truck of Brights, one truck of something else and one truck of Nuts.

24,915. Under the one system of conducting the business you seem to get rid of the retailer; you provide the consumer yourself?—The wholesale man and the retail man combined.

24,916. When you do that is it quite reasonable to come to us and express great solicitude for the small distributor and say you are necessary because you keep the small distributor in existence?—I believe in the competition of the small distributor.

24,917. You tell us in a great many cases you do not deal with him?—I believe in the competition of the small distributor who has nothing like the expense of the large distributor who works a little business of his own and works it well at the lowest possible cost. It is the small distributor rather than the large distributor who has kept the low price of coal ruling in this country.

24,918. Would it be possible to apply universally the system you apply to a large part of your trade; that is to say, have only one link in the chain instead of two?—It might be possible, but I do not think it would be desirable.

24,919. *Chairman*: Tell me something about how the poor people in London will get their coal next winter. Do you say the present system is the best in the world and cannot be improved?—There is only one way the people in the country will get their coal—

24,920. Never mind about the country. I want to know about the poor people in London who went without coal last winter, and who shivered last winter?—The present methods of distribution are sufficient to handle the whole of the coal which the controller, or the miners, or the mine owners can let us have.

24,921. At what price?—I do not think there has been any question with regard to increased price unless it starts at the pit head.

24,922. Give me a sort of idea of what is going to happen. There are millions of people interested in this question. If you will forgive my saying so, and quite rightly from your point of view, you are giving us good evidence, but you are a practical man, and you can give us some idea of what is going to happen next winter?—If the output of coal increases as it is hoped by 10 per cent. or 12 per cent., I do not think there should be any difficulty in letting every person in the east end of London or the south end of London, or in any other poor district of London, have all the coal they want.

24,923. They want to know about the question of price?—The price is fixed to-day, and as far as I am aware there is no suggestion that that price should be advanced. I have heard no suggestion put forward from the trade side as to an increased price being paid for coal. We are working practically on the same margin of profit (both sides of the distributing, from the wholesale and retail) as in pre-war times. I do not think there is any desire or attempt on the part of the merchants or distributors to make any more profit.

24,924. Do you think the distribution could be better effected if the districts were in one sort of central hand?—I do not.

24,925. Why not?—I am not in favour of centralisation. It does away with competition which is the best basis of business that I know of, and it leads to looseness and lack of control.

24,926. What does "looseness" mean?—You do not get the same personal supervision in the conduct of a great combination of business.

24,927. We want to get coal. We do not care about personal supervision?—Is not personal supervision a matter of great importance?

24,928. I dare say it is, but I want coal?—I am sure we all do.

24,929. Did any London borough distribute coal last year?—I believe certain London boroughs held small reserves of coal.

24,930. You surely know?—I do not know. The retail part of the business is not a thing I am prepared to discuss in very great detail. You are coming to the retail distribution of coal, and I understand you will be having evidence on that point from the retailers.

24,931. How long have you been in the trade?—Some 32 years.

24,932. Do not you know anything about the retail part of it?—Yes; I am not sufficiently acquainted with the detailed actions that exist in certain boroughs to discuss this.

24,933. The public want to know how much coal they are going to get and what price it will be. Can you help us?—The figures which have evidently been put recently before the Controller seem to convey to my mind the reduction in hours will suggest a reduction in the output of coal.

24,934. What does it convey to your mind?—It conveys to my mind, if the output is reduced there must be reduced consumption. That is why I suggest the control should still remain operative with regard to the export coal.

24,935. You think the control of coal is an excellent thing?—In certain respects, in relation to the profit, price and export trade, the control is necessary to-day.

24,936. With regard to the price, profit and export trade, you think there ought to be control?—Yes.

24,937. Altogether, or only for a period?—When the demand is met by an increased output, the necessity would automatically cease.

24,938. With regard to the inland trade, is there any difference between the inland trade and the export trade as far as control is concerned?—In relation to prices?

24,939. In relation to the three things you mentioned?—In relation to price and profits, the control has been in operation since 1917.

24,940. You think it ought to continue?—For the time being, I think so.

3 June, 1919.]

MR. GEORGE ROSE.

[Continued.]

24,941. What does "for the time being" mean? Suppose you had to advise, would you advise control being continued for three years?—No, I should not.

24,942. What period?—I should advise it being continued over next winter, because there is one fear in the minds of many of us that the output will fall in July of this year, and if the output falls, you cannot avoid a certain minority of traders from trying to take advantage of the reduction of supplies and putting prices higher. I am very anxious that prices should not be put higher and it is for that reason I suggest the control of prices should continue for the ensuing winter.

24,943. *Sir Adam Nimmo*: There is one question I should like to ask about the storage of coal. Do you know it has been suggested that large quantities of coal might be stored in convenient centres in order to provide continuity of employment at the collieries? Do you consider that a feasible question?—I do not consider it feasible, and it must add enormously to the cost of handling the coal, because storing is a most expensive procedure.

24,944. What is your experience of the cost of laying down and lifting coal?—Do you mean in increased cost?

24,945. Yes, in increased cost?—I should consider it varies according to the quality and condition of the coal, that is to say, whether hard or soft coal, and it would vary from 3s. 3d. to 5s. 6d. or 6s. to 5s. 6d., certainly.

24,946. Would there not be a very considerable loss in the breakage of the coal by storage?—The storage of house coal, which is soft coal, would involve a loss of 15 per cent. to 18 per cent. in slack alone. If soft coals are put on the ground and left for a period of six months the weathering of the coal and the breakage in handling it represents some 17 per cent.

24,947. You do not consider the storage of coal in such quantities as is suggested would be a practical success at all?—In large quantities, no.

Chairman: We are much obliged to you for the evidence you have given.

(*The Witness withdrew.*)

MR. EDWARD SAMUEL WILLIAMS, Sworn and Examined.

Chairman: This witness and the next witness speak on behalf of the colliery managers. It is in the recollection of the Commission and the Press that we had one witness, Mr. Gibson from Scotland, last week. Now we are calling a similar witness from Wales and Mr. Muschamp from England. May I remind the gentlemen of the Commission we have a very great body of evidence still to call, and, although no doubt we shall read with great attention, and consider most carefully, the view that these witnesses are going to place before us, I doubt if there are many witnesses to whom you will desire to put questions. This is the *précis* of Mr. Edward Samuel Williams:—

"Draft *précis* of the evidence of E. S. Williams, of Hendrederwen, Abertridwr, Glamorgan, who states that he is general manager of the Windsor Collieries, Abertridwr, President of the National Association of Colliery Managers 1918-19, has had 39 years' experience of coal mining and was selected by the National Association of Colliery Managers to give evidence on its behalf.

The N.A.C.M. has about 1,600 members and branches in every coalfield.

It has been the recognised channel for presenting the corporate views of colliery managers for over 30 years before the following:—

Home Office.

H.M. Inspectors of Mines.

Mining Association or the Local Coal Owners' Association.

Royal Commissions and Departmental Committees.

Industrial Congress.

Coal Controller.

The National Association of Colliery Managers has not considered any complete scheme of nationalisation or joint control, and I have been instructed not to express on their behalf any opinion regarding the same until definite proposals regarding details in which we are specially interested have been fully discussed. It appears, however, that in certain quarters it is seriously suggested that representatives of the Miners' Federation should take an active part in the technical management of the mine."

As you are not going to express any opinion we need not trouble you with very much more of your proof. Then you say:—

"At present, even the owner of a mine required to be under the control of a manager cannot take part in the technical management of a mine unless he is qualified to be a manager himself consequently it cannot be correct for a committee or any body of persons to assume such powers unless they are all similarly qualified and also take responsibility jointly with the manager.

May we here ask what further use there would be for the Home Office Examination for certificates of competency for managers or undermanagers under these conditions.

In the interests of safety and efficiency, discipline is absolutely essential in the working of coal mines, it is therefore imperative that one man should have sole charge and direction of the work, and the possibility of appealing to a Joint Committee would undermine all sense of responsibility and destroy discipline.

Our experience is that Pit Committees in the past have often asserted the right of preventing men from carrying out urgent and necessary work and as a result working places have had to be stopped in order to make them safe later."

24,948. Have you ever worked at a colliery where there has been a Pit Committee?—What I understand here by Pit Committee is a Committee that would be at every colliery.

24,949. You say: "Our experience is that Pit Committees in the past," and so on. The question is, have you ever worked at a colliery where there has been a Pit Committee?—Yes.

24,950. Which colliery was that?—There is what I understand as a Pit Committee at every colliery—a workmen's committee.

24,951. Is there one at Windsor?—Yes.

24,952. How long has it been there?—From the start of the colliery.

24,953. How often does it meet?—Weekly.

24,954. How is it elected?—Annually.

24,955. Who elects it?—The workmen employed.

24,956. How many members are there upon it?—Twelve.

24,957. Do they meet the manager every week?—No, only when they have a grievance.

24,958. That is your idea of a Pit Committee?—That is my idea of a Pit Committee.

24,959. You think of it in a different sense to which I do?—I anticipated that.

24,960. You go on:—

"At present colliery managers are responsible to the State for the safety of the mine and carrying out the various requirements of the Coal Mines Act and regulations which has always received premier consideration by them, and their responsibility to their owners has been primarily for efficiency and economy. Any interference in his statutory duties by the owners would not be tolerated by the colliery managers, who would be supported by the Association.

Further, such an introduction of the principle of joint or dual control would violate the provision of the Coal Mines Act as already referred to. For the same reason as we now resent it, we shall still object under any new system that may be introduced.

Any dual control of this kind would in our opinion be unworkable, and would be analogous to a suggestion

3 June, 1919.]

MR. EDWARD SAMUEL WILLIAMS.

[Continued.]

that a ship at sea would be navigated under the joint control of a committee of the crew, with representatives of the owners.

We are disposed to think that sufficient importance has not been attached to the technical training, knowledge, experience and duties of the colliery managers.

Our experience has been that workmen are not disposed to take any part in assisting the management in any matter except when the object is some personal gain."

24,961. Do you ever get hints from workmen that are valuable?—Yes, I have received very valuable suggestions from old workmen.

24,962. Do you think they are the object of personal gain?—I do not get official suggestions—not any useful suggestions from men collectively.

24,963. "Even if the system was workable and workmen were so disposed, the number of suitable men who have studied the scientific and technical side of their calling is practically negligible, and our experience therefore negatives the finding of the Commission on the point.

If these Committees were set up they would no doubt be composed of biased men with extreme political views but without any technical knowledge of the art of mining."

I think some gentlemen who expressed political views knew a lot about mining, but I follow what you mean:—

"I have been especially instructed to make one point clear, namely, that if it is seriously proposed to introduce joint management the Association has passed a unanimous resolution to the effect that in their opinion a Colliery Manager's position would become intolerable and that it would also become absolutely impossible to carry out their obligations, and further, they think it useless to attempt it.

On any Committees, Boards of Control or Councils that may be set up as the result of this enquiry, we shall insist that Colliery Managers must be adequately represented.

Colliery Managers have been harassed very considerably during the last few years by threats of stoppages for the most trivial matters that we beg to suggest that the Government should insist that no stoppage should take place until every means of conciliation had been exhausted, and then only after a proper ballot of the workmen on the lines of the Ballot Act has been taken. We are inclined to favour compulsory arbitration: what is right in principle in international matters should also be right in the industrial world. Our experience has been that most of those troubles owe their origin to an organised minority, who attend all the meetings which are generally very badly attended by the rank and file.

From an intimate acquaintance with the workmen generally we think they are more often misrepresented than represented.

We feel at the same time that any scheme would have much to commend it which would eliminate the bitter hostility displayed at labour meetings or remove the determination existing in some places to

make colliery undertakings unremunerative or less productive or to remove prejudice against labour-saving appliances, provided the authority of the Colliery Manager is unimpaired."

24,964. Do you want to add anything to your *précis*?—Only this, the point you laid special emphasis upon that I have been instructed not to express any opinion regarding nationalisation. The word that should be emphasised, if I may say so, is "to express on their behalf." That does not preclude me.

24,965. That does not shut you out?—No.

24,966. What is your view?—My view is that it will not be an improvement on present conditions.

24,967. Why do you say that?—I do not think, speaking first of all from the position of the colliery manager, that his status would be improved under nationalisation.

24,968. You say it will not be improved. Do you think it will be weakened?—I think so. May I say why?

24,969. Yes, certainly?—Because our experience of the recent control has been that we have not been sufficiently recognised. When we have pleaded for an appointment, thinking at any rate we were sufficiently important, we have on one or two occasions been refused.

24,970. Did you ask the owners to assist you to get that?—Subsequently.

24,971. What happened?—We were also refused subsequently, and were told that it was presumed that we had nothing to add to what the owners had already stated.

24,972. What did the owners think about that; did they agree to that?—I think so. I think they thought that although there were points which we might put forward on our behalf they thought that at any rate we were sufficiently important to have recognition.

24,973. You did get recognition?—Yes.

24,974. Are you going on to tell us your own views about nationalisation? Would you like me to help you?—Thank you.

24,975. What do you think about nationalisation of minerals? Are you in favour of that or against it?—Before expressing an opinion I should like to be more fully conversant with all the arguments for and against which are not in my possession at the moment, but on paper there would be much to commend it.

24,976. We have finished with nationalisation of minerals. Now with regard to increase of industry. Is there much unrest in the coalfield in South Wales?—Yes, there is much unrest.

24,977. What is your remedy for that?—I do not think nationalisation would be the remedy.

24,978. I did not ask you what was not the remedy, but what was the remedy?—That is a very, very difficult question to answer.

Chairman: Then I will not ask you to answer it: I want to help you because you have no one here Mr. Williams has put his views before you very clearly. They are very controversial, but he is perfectly entitled to his opinions. Does anybody want to ask him any questions? (*No reply.*) We are much obliged to you for the assistance you have given us.

(*The Witness withdrew.*)

MR. PERCIVAL MUSCHAMP, Sworn and Examined.

Chairman: This is Mr. Percival Muschamp, who speaks on behalf of the colliery managers of England. We have had Mr. Gibson from Scotland and Mr. Williams from Wales. Mr. Muschamp says he has been engaged as a mining agent of the New Hucknall Colliery Co., Ltd.

"I have been engaged 36 years in mining—as student, surveyor, deputy, under-manager, manager, agent and general manager—am the President-elect of the National Association of Colliery Managers for the year 1919–1920, and have been chosen to give evidence before you on their behalf."

24,979. Then you say, as Mr. Williams was good enough to tell us: "The Association covers the whole of the United Kingdom and has a membership of 1,525 colliery managers." Does this Association include the Scottish mine managers?—No.

24,980. The first part of your *précis* is headed—

"*Objection to the Commission as Constituted.*"

We maintain that a subject of such vital importance as the nationalisation of coal mines, which, once embarked on, would make it almost impossible to revert to private ownership, should have been investigated

3 June, 1919.]

MR. PERCIVAL MUSCHAMP.

[Continued.]

by a Commission constituted of impartial men not connected with the coal trade. For example, a Bench of Judges would have come to the Commission with open minds, and made their report on the merits of the case from the evidence put before them for final approval by Parliament.

The N.A.C.M. feel that the members of the Commission nominated by the Miners' Federation and some other members had all made up their minds in favour of nationalisation before any evidence was heard.

On the owners' side the members are prejudiced against nationalisation.

The N.A.C.M. judge from Clause 9 in the Interim Report that certain other members appointed by the Government are also to some extent prejudiced.

Although it was clearly laid down that the Interim Report to be presented by March 20th should deal only with the questions of wages and hours, two reports out of the three presented express opinions with regard to nationalisation.

Under these circumstances the managers maintain that this Commission is not a fit and proper one to deal with a matter of such great moment to the nation."

You are quite entitled to your opinion. I am not sure how far all the members will accept that. You put forward your views and the reasons for them. Then you deal with the Chairman's report and ask quite a lot of questions about that. I am not saying they are not very material and proper questions, but I am afraid I am not here to answer them. Then at the bottom you say:—

"We welcome the assistance of the men in so far as this is provided for by the Whitley Report. But dual control, as we understand it, goes much further than this, and includes interference with managerial responsibility under the Act.

The men who are competent to assist in the management, and who have qualified by securing undermanagers' or deputies' certificates, are already doing so. In no industry is the opportunity more readily given than to the working miner who qualifies to take an active part in the mine management."

Then you have a lot of observations on the next page. I am not at all saying they are not most valuable, and in one paragraph you agree with Mr. Williams as to the position of a manager of a mine being analogous to that of a captain of a ship.

"Practically every colliery worker has the facilities (but few take advantage of them) for being educated and trained to manage a mine, and can if he passes the necessary examination become a manager, and so become the "great national asset" mentioned. It is as much open for the son of a collier to obtain a colliery manager's certificate as it is for the son of an owner.

We fail to see therefore that there is any great 'national asset' here at present, and the remark is evidently made by those who have very little experience of the coal trade.

It is the universal feeling amongst colliery managers that they would be unable to undertake the great responsibilities placed upon them by the Coal Mines Acts if they are to be subject to pressure or influence of any kind either by the owners or workmen whilst discharging their duties.

Any such control by the workmen might endanger the safety of the men in the mine and also the mine if conditions which the manager considered necessary to enforce were by reason of any joint control disregarded.

The position of a manager of a mine is analogous to that of a captain of a ship, and a committee of workmen having a voice in the control of the mine would resemble a committee of the crew partly controlling the navigation of the ship.

Any such control or interference with the manager would absolutely destroy the general discipline of the mine, which discipline is essential for the safe working of the mine and for obtaining a proper output.

It is frequently necessary for a manager to provide at once certain equipment, or to take certain measures involving expense in order to provide for the safety of the men working in the pit, and any delay in making this provision which might be caused by submitting the proposal to any Board of Control might have serious results.

The essence of good management is frequently prompt decision and settlements as regards inside management.

It is impossible to manage a colliery on the lines of a Government office, because the conditions in each district vary so much that centralisation is impossible. The manager knows better than anyone else what is particularly necessary in his pit.

There is, as things are at present, every inducement for a colliery manager to continue his studies in matters of colliery science in order that he may obtain promotion in his profession, and it is certainly in the interest of good management that a manager should have the stimulus afforded by promotion to a better-paid and more important appointment as a reward of his good management. Any system of promotion by seniority or length of service, or rule, would result frequently in the least-efficient managers filling the most important positions.

Para. 15.—We should wish to know what is meant by this. If it is intended to interfere in any way with the manager's statutory duties and responsibilities under the Coal Mines Act, we should definitely decline to work under such conditions. There can only be one manager of a mine, the same as there can only be one captain of a ship. Even the owner or agent of a mine, required to be under the control of a manager, cannot take any part in the technical management unless he is qualified to be a manager himself, consequently it is not at present legal for a committee to assume such powers unless they are all qualified to become managers and take the responsibility jointly with the manager.

A great deal has been said that the output could be increased by the introduction of more machinery. Much has been done, and many British collieries are, so far as lay-out, plant, and management are concerned, models of efficiency having regard to the conditions of seams, roofs, &c., and more could be done with machinery if the men received it in a more friendly way."

Then you make a lot of observations on the evidence given before the Commission and you criticise Mr. Sidney Webb, Mr. Mottram, Mr. Frank Hodges and Sir Richard Redmayne. You say with regard to Sir Richard Redmayne: "We do agree with Sir Richard Redmayne where he said in his evidence that the function of a manager was to manage, and that he would not do anything to lessen the responsibility of management because he thought danger lay in that direction and that 'too many cooks spoil the broth.'" I am going to read the whole of your remarks upon nationalisation because we want to see what you say about nationalisation, and we need not very much trouble about what you say with regard to the individual members of the Committee:—

"Remarks on Nationalisation.

Colliery managers view with grave concern managing mines under the control of the State. The State has never yet proved its capability of managing a business successfully.

The management by Government Departments is always very much of the 'penny wise and pound foolish' method. Incentive and ambition are killed by the soul-destroying methods of Government management."

What do you mean by "Killed by the soul-destroying methods of Government management"?—The individuality.

24,981. "The stupendous waste and mismanagement by the big spending departments during the war would tend to prove that a great industry like the coal trade would be absolutely ruined if it came under Government control.

3 June, 1919.]

MR. PERCIVAL MUSCHAMP.

[Continued.]

The position of the colliery manager between the Government on the one side and the Miners' Federation on the other would be a most invidious one. They are determined by every means in their power to make their position an absolutely unassailable one, so that they may carry out their duties under the Mines Act without fear or favour from one side or the other. As a body they have quietly gone about their duties in the past, satisfied for the most part with the position between their employers and themselves; but in view of the circumstances which have now arisen at the dictation of the Miners' Federation, who would appear to be determined to try and control the coal trade, the managers are equally determined that they will not be controlled by the Miners' Federation, and in any changes proposed by the Government or the Miners' Federation it will be necessary to carry the managers, as represented by the National Association of Colliery Managers, with them. We wish to make this perfectly clear.

Our attitude is purely one of defence against being brought under the domination of the labour movement, as described by Mr. Frank Hodges in a speech at Mansfield on the 4th May, 1919, when he said:—

'The purpose of the labour movement was to dominate the whole world and every institution in the world, and to capture all institutions of power. If Parliament were the strongest institution in the country—which it was not—then labour ought to possess that institution.'

Mr. Smillie has rather suggested to the managers that they will be better off under nationalisation than they are at present. The managers wish to assure Mr. Smillie that they are quite capable of looking after their own affairs, and will neither look for nor require any assistance from him with regard to their financial interests.

Whoever may be the future employers, we shall serve faithfully and loyally, and do our best in the interests of the country to make the mines pay, even against the avowed wishes of Mr. Sidney Webb, provided our position is a tenable one, i.e., our status and interests must be safeguarded in such a way that our Statutory duties can be performed free from outside influence without fear or favour, which would be impossible under any system of dual or joint control as we understand the meaning of the term.

In the scheme of nationalisation produced by Mr. William Straker, Secretary of the Northumberland Miners' Association, the joint control of the mines is part of the scheme. We maintain that joint control is impossible under the Mines Acts, and altogether impracticable for the reasons already stated.

It might be asked what we would suggest in place of nationalisation. Our reply would be that we would prefer the evils we know of sooner than fly to those unknown.'

What are the evils you know of?—That is an expression; it is a quotation.

24,982. I think I have heard of it: "Under the difficult conditions always attached to mining, nationalisation cannot be other than a great liability to the nation. Also, we do not believe that the general body of miners want nationalisation. They appear to know little or nothing about it, or what it means." Why do you believe that the general body of miners do not want nationalisation?—Because we have had ample opportunity of discussing the matter with the miners. This is gathered from the managers of England, not only my own views.

24,983. I know that. I wanted to know the grounds for saying that. You have talked with certain men and you have found they are against it?—Yes.

24,984. "Those who favour it probably think that the Government would be more 'squeezeable' with regard to wages than private owners.

The National Association of Colliery Managers are of opinion that the mines would be much less

efficiently managed under State control than they are as at present controlled.

Although we consider that nationalisation would be against the interests of the whole country, we do not say that we should not work under it, provided there were no joint control, and that we had every facility for protecting our interests.

Attitude of the National Association of Colliery Managers.

The position of the managers in this enquiry seems to have been quite lost sight of. It is not our intention, however, that this shall continue to be the case. On the contrary, we intend to press our claims in as strong a way as the Miners' Federation have pressed theirs, and while we have no intention whatever of attempting to hold the whole community up, as the Miners' Federation has done, at the same time we shall use every legitimate means at our disposal to defend our interests and status, which we consider are in great jeopardy.

The National Association of Colliery Managers would object to any change in the relationship between H.M. Inspectors of Mines and the managers, that is to say, they would strongly oppose any proposal which placed them under the control of the inspectors, who cannot have the same intimate knowledge of local conditions as the manager.

If Parliament does decide to take over the coal mines, then the National Association of Colliery Managers will insist upon adequate representation upon all committees or councils that may be formed for the purpose of controlling the industry."

What does "adequate" mean?—Fair representation in their position.

24,985. Supposing for the sake of example, and I only take it for the sake of example, there was a Council of 10, as put out in Mr. Straker's scheme. How many colliery managers would you say should be on that?—There would be two representations, I take it, the Government on the one side and the men on the other.

24,986. That is what is suggested?—We should make a third. We claim we should have one-third of the representation.

24,987. That is to say, if there were 15 there would be 5 appointed by the Miners' Federation, 5 colliery managers, and 5 appointed by the Government?—Yes.

24,988. That is what you mean by "adequate"?—Yes.

24,989. "They will require an opportunity of discussing financial proposals as to their salaries and position, and also of securing that adequate compensation shall be paid to any who lose their positions through re-arrangement or who might be moved to lower grades of responsibility or whose positions would be seriously affected by any re-arrangement of management, and they will require that control shall be vested in the hands of thoroughly practical mining men, apart from H.M. Inspectors of Mines.

Proposed Scheme of Provident Fund.

I wish to make a personal suggestion that a general scheme of a provident fund might be considered, whereby all workers would benefit alike on the basis of earnings, and particularly so when they were no longer able to work. The scheme I have in mind is one in which the miners would contribute on their earnings, say 2 per cent. (with possibly increased contributions for present workers over the age of say 30-35 years), to which could be added a similar contribution from the colliery. This money could be handed over to the Government at the end of each year, and interest on the combined contributions at the rate of 5 per cent. per annum allowed. Members to contribute up to the age of 60 years, at which they could be allowed to deal with the whole of the accumulated money but still continue working if their physical condition allowed of it. The accumulated money would also be available for their next-of-kin in the case of death by illness or accident prior to that age, and also in the cases of men leaving the industry for other means of employ-

3 June, 1919.]

MR. PERCIVAL MUSCHAMP.

[Continued.]

ment through ill-health or accident, or in case they wished to retire sooner than at the age specified."

I think there are Provident Funds working in some parts of the coalfield?—Yes, there are, but not on such an extensive scale as this one.

24,990. I have gone through your scheme with great interest, but I am not sure whether you mean to make it compulsory or not?—I had not considered that. I think probably it would be better to start it in a voluntary way. The advantage of it would be so obvious that I think the men would naturally come into it.

24,991. I quite understand. I gather your present fund is for not only old age but ill-health as well?—No, only for a lump sum to be paid at the age when the age is reached. I might mention here that there is a blank for a figure in the next paragraph. It should be £1,626 6s. 1d.

24,992. "I have worked out the figures of a scheme of this description, and find that commencing at the age of 13 at the rate of 2 per cent. contribution from workman and employer and allowing an average £100 per annum at the age of 17, and £250 per annum above that age, this would amount to £1,626 6s. 1d.

The cost to the colliery would only amount, roughly, at 1 per cent., to about 1½d. per ton, and at 2 per cent. about 3d. per ton.

There is no question of actuarial soundness or unsoundness about a scheme of this description, as the employers' contribution would be chargeable against working cost, the same as wages are, and the benefits are individual and not collective.

A scheme of this description would be a great boon to all employees, with something for them to fall back on in their later years, and relieve them and their associations of their old age pension schemes."

Then follows your schedule:—

"Schedule at 2 per cent."

Age.	£	s.	d.	£	s.	d.	£	s.	d.
13	0	2	0	4	2	0	4	2	0
14	0	4	1	4	4	1	8	6	1
15	0	10	2	4	10	2	12	16	3
16	0	14	10	4	14	10	17	11	1
17	0	19	7	4	19	7	22	10	8
18	1	7	6	11	7	6	33	18	2
19	1	18	11	11	18	11	45	17	1
20	2	10	10	12	10	10	58	7	11
21	3	3	5	13	3	5	71	11	4
22	3	16	6	13	16	6	85	7	10
23	4	10	5	14	10	5	99	18	3
24	5	4	11	15	4	11	115	3	2
25	6	0	2	16	0	2	131	3	4
26	6	16	2	16	16	2	147	19	6
27	7	12	11	17	12	11	165	12	5
28	8	10	7	18	10	7	184	3	0
29	9	9	2	19	9	2	203	12	2
30	10	8	7	20	8	7	224	0	9
31	11	9	0	21	9	0	245	9	9
32	12	10	6	22	10	6	268	0	3
33	13	13	0	23	13	0	291	13	3
34	14	16	8	24	16	8	316	9	11
35	16	1	6	26	1	6	342	11	5
36	17	7	7	27	7	7	369	19	0
37	18	14	11	28	14	11	398	13	11
38	20	3	8	30	3	8	428	17	7
39	21	13	10	31	13	10	460	11	5
40	23	5	7	33	5	7	493	17	0
41	24	18	10	34	18	10	528	15	10
42	26	13	9	36	13	9	565	9	7
43	28	10	6	38	10	6	594	0	1
44	29	19	0	39	19	0	633	19	1
45	31	18	11	41	18	11	675	18	0
46	34	0	10	44	0	10	719	18	10
47	36	4	11	46	4	11	766	3	9
48	38	11	2	48	11	2	814	14	11
49	40	19	9	50	19	9	865	14	8
50	43	10	9	53	10	9	919	5	5
51	46	4	3	56	4	3	975	9	8
52	49	0	6	59	0	6	1,034	10	2
53	51	19	6	61	19	6	1,096	9	8
54	55	1	6	65	1	6	1,161	11	2
55	58	6	6	68	6	6	1,229	17	8
56	61	14	10	71	14	10	1,301	12	6
57	65	6	7	75	6	7	1,376	19	1
58	69	1	11	79	1	11	1,456	1	0
59	73	1	0	83	1	0	1,539	2	0
60	77	4	1	87	4	1	1,626	6	1"

Assume, for the sake of argument, that after a man has got to the age of 40 and then he determines to give up the coal mining and to go to some other industry or some other occupation, what provision do you make, if any, with regard to his share of the provident fund? Does he by relinquishing the industry lose all his benefits?—No, he could draw what was on his card.

24,993. Pro rata?—Yes, whatever stood on his card at the age of 40.

24,994. You would allow anybody to withdraw at any time?—The idea of the scheme would be to keep men as free agents as possible right through and not to confine them to one colliery; to have cards, say,

on an insurance system, so that the men could move about.

24,995. *Sir L. Chiozza Money*: Would you prefer that system to a definite pension such as given to the National Telephone engineers?—This is a scheme in which the man contributes a definite amount. I am not thoroughly acquainted with the one Sir Leo mentions.

24,996. You do not know about the Government pension scheme?—No.

24,997. Do you contemplate handing over the £1,626 at the age of 60?—That is detail that could be settled under conditions. I have not attempted to elaborate it at all.

3 June, 1919.]

MR. PERCIVAL MUSCHAMP.

[Continued.]

24,998. It is simply a skeleton of the scheme?—Yes.

24,999. *Chairman*: I rather gather you speak not only for the Association, but you agree with the view you express there yourself?—Yes.

25,000. You have strong views; you are perfectly entitled to have them.

25,001. *Mr. Robert Smilie*: I think you say in the beginning of your *précis* that you are speaking for the whole of the United Kingdom?—Yes, we have a membership of 1,525. I take it you are referring to Scotland. There is a small branch in Scotland that we are not speaking for.

25,002. What do you call the United Kingdom?—England, Scotland and Wales.

25,003. You are speaking for England, Scotland and Wales?—Yes.

25,004. I understood you to say in answer to the *Chairman* that you were not speaking for the Scottish Mine Managers?—We have some members in Scotland, apart from the mine managers, and we are speaking for them.

25,005. Do you represent the under-managers?—No.

25,006. You do not put in any claim on behalf of the under-managers for representation in any joint committee in the event of any nationalisation?—No, we have not any under-managers at present members of our Association.

25,007. But there are under-managers in the country and in practically every mine?—Certainly.

25,008. Men who hold certificates?—Yes, both first and second class.

25,009. You do not propose that those men should have any representation on any committee in the event of the mines being nationalised?—We are not proposing one way or the other. I am only representing the National Association of Colliery Managers, and it is for the Under-Managers' Association to represent their own interests.

25,010. You make a claim that you should have one-third on a national committee?—Yes.

25,011. It is obvious, if the under-managers or the colliery deputies or the engine winders or any other distinct organisation is to get any representation, then the Miners' Federation, representing nearly one million mine workers, would have less representation than the colliery managers?—I think the colliery under-managers and deputies can be quite well represented by the managers in that respect, because the manager is the responsible party.

25,012. You are of opinion that you can speak for the under-managers?—I am not speaking for them.

25,013. You say they would be well represented by the managers?—Yes.

25,014. Let me put this to you: would you believe me if I told you that I have had a very large number of letters from the Secretary of the Scottish Under-Managers' Association, which practically represents the management of every colliery in Scotland, asking my assistance and the assistance of the Miners' Federation to get them advances in wages?—If you told me so I should not doubt it.

25,015. Would you believe that we had to threaten a strike of the miners at two collieries in Scotland before we secured to the under-managers the bonus?—If you told me so, I have no reason to doubt what you say.

25,016. Do you know the Secretary of the Scottish Colliery Under-Managers' Association?—No, I do not.

25,017. Are you sure that you are speaking for the whole of the managers when you say they do not want any assistance from anybody, and that they can do their own business perfectly well?—For the members of our Association.

25,018. Would you be surprised to know that I and the miners are on the very best and friendly terms, not only with the managers but with the general managers in the Scottish coalfield?—No, I should not be surprised to hear that.

25,019. I am not going to be so impertinent with you as you and your members have been with me. I might have told you that in dealing with your pension scheme, you might leave the miners to mind

their own business and that they did not want your assistance, but I am not going to say that?—This is a personal matter brought forward. It was not brought forward on behalf of the Association.

25,020. I thought you were speaking on behalf of the Association?—If you would read the last paragraph carefully again, you would see that it is not on behalf of the Association.

25,021. You say, I would advise the miners that it would be a wise thing if there were a pension scheme?—This includes managers.

25,022. I would like on behalf of the miners to thank you or the colliery managers for any suggestion you make rather than tell you to mind your own business?—I did not mean it in that way and I am sorry if you have taken it in the wrong way.

25,023. That is how the Press would take it and that is how the public would take it, that it is a case of telling me and the organisation to mind our own business. I am glad to know that you are able to look after your business, but I think that many of your members must know that on many occasions I have endeavoured to assist the colliery managers, certified managers, second and first class managers, in this country, to place them in a position in which they have been absolutely free from influence on either side to carry on their very difficult duties. Would you believe me when I say that I have endeavoured to secure for them the full rights of carrying out their difficult duties in the best way they could?—I have no reason to doubt it, but you are also suggesting dual control, are you not?

25,024. Yes, certainly: if the mines are to be nationalised we are suggesting dual control, but I have never suggested, and do not intend to suggest, that the manager, who is responsible for the safety of the mine, should have the control of the mine taken out of his hands?—I am very glad to hear that, and thank you for it.

25,025. I say that under the law he is responsible. You have no right to hold a man responsible for the management of a mine unless he is entitled to carry it out, but under certain conditions we are desirous that we should be allowed to advise the manager of many things. I want to put it to you that at the present time there are many things taking place in mines in Great Britain every day which the manager does not know of, and if he did know of them would endeavour to put them right?—That is quite possible.

25,026. Has it been your experience or the experience of your members that your manager, who is really responsible for the management of the mine, is kept in close touch with all that he should know?—I think so. I think that a manager is kept in close touch with all the conditions that he should know.

25,027. You are very desirous that those under the manager, right down to the firemen and shot firer, ought to keep the manager in the fullest touch with everything going on in the mine?—Yes.

25,028. And as to the state of the mine as far as safety is concerned?—Yes.

25,029. *Mr. Herbert Smith*: Am I right in saying that you were the agent at the Bentinck Colliery when that cage accident took place?—Yes.

25,030. Did you consider we were interfering with the management of the mine when we pointed out how those nine men ought not to have been killed?—I do not think you did point out how those nine men's lives could have been saved.

25,031. The first thing we found was that there was a defective spring at the top holding the guide rope?—No, I disagree with you.

25,032. That was admitted in Court by the manager?—Yes, but it was not the cause of the accident.

25,033. Your engineer admitted a defective spring. The next thing was that it was admitted that your guide ropes were not properly put to prevent the cages catching: you had no buffer ropes between the two cages?—No, we had not, but they were not considered necessary at that time.

25,034. The next thing was, it was admitted by your manager that a gate opening outwards was a danger?—Yes, we thought that was the cause.

25,035. That is something we did not agree with?—No, you did not.

3 June, 1919.]

MR. PERCIVAL MUSCHAMP.

[Continued.]

25,036. The next thing was, it was admitted that the construction of the cages was wrong at the bottom of the cage and you should remodel it?—No, I cannot agree there. Mr. Chairman, might I ask, are these questions relevant to my presence here at all?

25,037. *Chairman*: Do you object to answering them?—I do not object, but we had a very painful inquiry over the accident, and I am just asking whether it is good taste, or whether there is any necessity, after a public inquiry had been held, that we should go through another?

Chairman: No, I do not think it is, but I rather understood you to say that you had not got many good suggestions from workmen, and you did not understand that that was of much value. Now I understand Mr. Herbert Smith is trying to illustrate by one or two examples the contrary view.

Sir Adam Nimmo: Was it not Mr. Evan Williams who said that?

25,038. *Chairman*: Do you agree that from time to time you do get most valuable suggestions from the workmen?—Yes, we certainly admit that, and we are very glad to have them.

Sir Leo Chiozza Money: It is also very relevant to know whether these mines are in such a condition as to save life. It seems that this mine that was being referred to was not in a good condition, and seems to be very relevant to our inquiry.

25,039. *Mr. Herbert Smith*: In your *précis* you say the National Association of Colliery Managers would be less efficiently managed under State control than they are at present controlled?—Yes.

25,040. Then you say in another part that you will have no interference with your duties as manager?—Under the Mines Act.

25,041. We want to take no responsibility from you at all, but we do want to prevent another disaster like that of Bentinck?—You want to take none of the responsibility, but some of the control.

25,042. But we want to put on record that we object to this and that, and to discuss it with you, and that there should be some consideration for discussion, not like in the absentee business. I want to put to you that you willingly accept all propositions that I put down as necessary for the safety of the pit, namely, first, that there should be more guide-ropes to each cage, there should be two double buffer ropes in between the cages, your door should open inwards to the cage instead of outwards, and your cage bottom should be differently constructed so that the iron bars should be underneath the woodwork

(The Witness withdrew.)

Chairman: I should like to make an announcement with regard to the next class of witness we are going to call, that is witnesses on behalf of the consumers. We have received from time to time during the last month a very large number of resolutions passed by various Chambers of Commerce and various institutions representing, may I say, the employers' side of this question. I will read a typical one. I have here, for example, the York Chamber of Commerce, a letter dated May 28th, addressed to me: "My lord, The Coal Commission. I am instructed by this Chamber, which represents the whole of the Employers' Association and traders in this city, to forward you the following resolution: That in the opinion of this Chamber, nationalisation would constitute a great disaster to the nation upon the following grounds," then it sets out the grounds. Then we have had a great number of resolutions to a similar effect, for instance, from the Hull Chamber of Commerce and Shipping, one from Newcastle and Gateshead. I have here one from the National Gas Council, then there is one from the Huddersfield Council, one from the Swansea Incorporated Royal Metal Exchange. Here is one from the Leeds and District Woollen and

instead of on top of the woodwork. You accepted all those proposals. Now I am not a certified man, but I have had some practical experience, and I may tell you that we went through your books, and when you talk about being properly managed, we found in your books for three years that the examination at three collieries of the cages, pulley wheels, and ropes were done on the average in one hour or less. Is that efficient management?—We consider that the examination was properly made.

25,043. So that you would consider that it is possible to examine six cages, six pulley ropes and three shafts, and to do all the necessary examination with two men in one hour?—No, I do not think that was stated.

25,044. As a matter of fact you had three men, and they all worked together. We went through your report book for ten years and you never exceeded one hour on your special examination at the week-ends?—I do not accept that one hour.

25,045. We went through your books and marked them, and we asked your managers, because you did not come in, you were simply a spectator at that colliery, and your colliery manager admitted that we had gone through those books for ten years and we found that there had not been over one hour spent in inspecting those shafts and those cages?—I do not agree with that.

25,046. You would not agree with an examination that only took that time?—No, I do not think it is long enough.

25,047. If you had been in the box, we could have dealt with you. I was present and ready to be called. Do you not know that, if you represent colliery managers, the employers, after the Workmen's Compensation Act, are refusing and objecting to money being collected in colliery offices at the mines for benevolent schemes?—From my own experience, I do not know that that is so.

25,048. Do you know that it is so in Yorkshire?—I do not.

25,049. You are representing colliery managers from Yorkshire?—Yes, but that is a matter that I do not know.

25,050. Do you not know that employers, before the Workmen's Compensation Act, agreed to make stoppages from men's wages in case of accident and sickness for the Miners' Permanent Relief, and as soon as the Workmen's Compensation Act came along, they refused to collect any more money at 95 per cent. of the pits?—I do not know that. We collected it in Nottingham.

Worsted Manufacturers' Association. Now it was obviously quite impossible, much as we should desire to do it, to call simply one gentleman from every one of these bodies because, long before we had examined them, I think the Commission probably would have come to an end, so that what we have done is this: We have communicated with the headquarters of all these Chambers of Trade, namely, the Association of British Chambers of Commerce, and we have asked that Association to be good enough to nominate witnesses whom they thought would be able to put before us the views of the various consumers. I think we were right in doing that because, after all, the Association of British Chambers of Commerce naturally know more about this question than individual Chambers of Commerce who represent the views, very important ones, no doubt, of their own locality. The Association of British Chambers of Commerce desire to send a witness, one from London, one from Leeds, one from Glasgow, and one from Birmingham. Those witnesses are here to-day, and I propose now to call the first of them, that is the witness on behalf of the Leeds Chamber of Commerce.

Sir JOHN McLAREN, K.B.E., Sworn and Examined.

Chairman: This is the *précis* of the evidence of Sir John McLaren, K.B.E. Sir John is the President of the Leeds Chamber of Commerce, Member of

Council of Association of British Chambers of Commerce, Chairman of Leeds Engineering Employers' Federation, Chairman of late Board of Management

3 June, 1919.]

SIR JOHN McLAREN, K.B.E.

[Continued.]

of the National Ordnance Factory, Leeds. I will ask our Secretary, Mr. McNair, to be good enough to read Sir John McLaren's proof.

Secretary:

"Resolutions of Leeds Chamber with regard to representation of consumers.

"That the Coal Commission at present sitting is not a body fairly qualified on the question to report on the future management of collieries nor on the question of nationalisation.

This question ought not to be settled in the interests of either minors or owners but in the national interest and a Commission appointed to take evidence and report should consist of a majority of coal consumers and traders."

Passed 29th April, 1919.

"That evidence be offered by the Leeds Chamber from the consumers point of view against nationalisation of mines and that Sir John McLaren be requested to give such evidence."

Passed 19th May, 1919.

I support the resolutions on behalf of the Leeds Chamber as representing consumers apart from either colliery owners or miners or theorists and contend that the consumers' interests have not been sufficiently placed before the Commission.

I am also authorised to speak on behalf of the Association of British Chambers of Commerce.

In importance the interests of the consumers far outweigh those of either owners or miners.

It has been emphasised here that coal is in the same category as water and air, being a necessary of life.

I therefore assert that coal is the life-blood of commerce, and a primo necessity of the domestic consumer.

The interests of the Royalty owners, colliery proprietors and miners are trifling compared to the interests of the public at large.

The former (without distinction between the three) are frankly out for all they can get, and the consumer must pay every time, though he has no voice in the management of the pits, nor in fixing rates of wages, or settling prices of coal—in other words he stands to be shot at or blackmailed.

Before the war coal was dear enough, but was obtainable.

Since the war prices have gone up enormously, namely:—

(July figures, 1914) Slack from 9s. 9d. per ton to 24s. 3d. per ton.

(July figures, 1914) Furnace Coal 14s. 6d. per ton to 23s. 9d. per ton.

(July figures, 1914) Gas coko 15s. 8d. per ton to 34s. 8d. per ton.

These prices are out of all proportion to increased wages and other costs of production.

Had the extra wages and cost of production only been added, the colliery owner would have secured his pre-war profit, and the cost to the consumer would have been very much less than the figures I have given.

Royalties have not increased, and in any case from two-thirds to three-fourths are returned in taxation and, from the consumer's point of view, sixpence per ton is neither here nor there.

The excessive rise in price of coal has had a disastrous effect on the trade of the country—not only has it increased the cost of production all round but it has particularly increased the cost of production of steel and iron because in these trades a very large weight of coal is required per ton of finished steel.

This has induced the abnormal rise in the price of pig iron steel plates, etc., equal in some cases to three or four times the pre-war price.

The consequence is that in addition to high wages in industry we have to pay excessively high prices for our material so that the cost of the finished product is put up to such a height that foreign manufacturers can undersell us and foreign customers will not purchase our goods. At the present moment steel for shipbuilding is £2 per ton cheaper in America than here which makes a difference of £5,000 on a single vessel of 2,500 tons displacement.

I quote letters from:—

Caccialanza (Italy)
Goizueta (Spain)
Topping (Argentine)
Gibson, Battlo (Australia)
W. A. McLaren & Co. (New Zealand)
Moore (Fuego Development)

to prove that the high prices restrict British trade.

On the other hand Americans are reducing their prices. This is probably accounted for by the enormous profits American manufacturers were making during the war which left them a margin to cut a big slice off their price and still have a satisfactory remaining profit.

English consumers view with dismay the prospect of nationalising coal mines because:—

(a) They are convinced that it would result in higher prices with its resulting restraint of business and hardship to the working classes.

(b) The Government being a democratically elected body are handicapped in their efficient administration by the menace of political wire pullers whose interests may be diametrically opposed to those of the coal consumer.

(c) The Government have in no case except the Post Office (in which they have a monopoly) succeeded in working any enterprise at a profit. On the contrary we have in the last few days heard of the enormous losses on the railways in spite of 50 per cent increase of fares and obvious depreciation in permanent way and rolling stock.

(d) Common prudence dictates that in any scheme of nationalisation a commencement should be made (if at all) on a small scale.

(e) Recent experience has proved the incapacity and ineptness of the official mind to deal in a business way with the most ordinary business matters.

(f) The experiment of nationalising the mines is far too big and its issues too vitally important to the country at large to be undertaken by a national department until it had shown its capacity.

National or municipal ownership should be confined to undertakings which are themselves in the nature of monopolies and which protect or serve the health or well being of the community as a whole, for instance, sanitation schemes, supply of water and the like.

I am opposed generally to anything which tends to create a monopoly as being against the interests of the public who are best served by competition.

Nationalisation under any circumstances should not be considered from the point of view of any section whether of employers or employees, but only from that of the community as a whole, and that is the point made by the resolution of the Leeds Chamber. It is moreover fraught with difficulties:—

(a) Creation of huge monopolies.

(b) Danger of stoppage by combination of workers.

(c) Dissipation of profit by undue increase of working cost or by undue reduction of selling price.

(d) Danger of routine working caused by loss of incentive.

(e) Impossibility of the development of works which may be undertaken by private companies with hope of gain but would be impracticable of sanction by Government.

(f) Certain loss of revenue from taxation.

Consumers are suspicious that the owners might on terms agree to nationalisation which would be very bad for both large and small consumers—not only for those using large quantities of coal, but particularly for working people who buy small quantities.

3 June, 1919.]

SIR JOHN McLAREN, K.B.E.

[Continued.]

So long as the owners are upon their mettle, trading with their own capital, and trying to make money, there will be competition from which both the large and small coal consumer will benefit. We do not want this competition eliminated.

Competition is the very essence of life. It is seen in the world of nature and our past history has been a continuous struggle against monopolies.

With respect to the political aspect it is evident that if the Government take over the control of mines they would be at the mercy of every Trade Union, because the Government is considered "fair game" and joint action would be taken by the various societies on every trifling point.

As an instance of the political complications which might arise the Miners' Federation at Cardiff on 19th May, passed a resolution refusing to pay Income Tax so as to compel the Government to raise the exemption limit to £250. This was on the motion of an M.P., Mr. Vernon Hartshorn.

Nationalisation of mines must be followed by nationalization of other industries. Miners would probably get benefits therefrom which would be resented by other workers who would naturally combine to bring about similar results in their trades. It would lead to an enormous increase of bureaucracy until eventually all were working for the State and individual liberty and freedom would be at an end and conscription of labour would be the result. It is a huge experiment and if it did, as in my opinion it would, fail, the difficulty of retracing our steps would end in national disaster.

Past experience of nationalization is against its extension. Profits made by private trading disappear and the working of the telegraph and telephone systems by the State is proof thereof.

The evidence as to the benefits of nationalization in our Dominions is very misleading. I am intimately acquainted with certain branches of Australian and New Zealand Trade and can give instances in support of my statement.

In any case nationalization in Australia has done no good and their labour troubles there are more acute than they are here.

The argument of Sir C. Money—that National Shell Factories were very successful—is incorrect. Some were and some were not. The Government could command the services of the best men in the country and where the factories were successful it was because business men were on the Board of Management and Government control was reduced to a minimum.

In the manufacture of shell bags, Woolwich was completely beaten by private contractors both in price and output.

The most ordinary observation shows that the elimination of personality and of the incentive of self interest is not for the benefit of the community as a whole."

25,051. *Chairman*: Do you wish to add anything to your *précis*?—Yes, I should like to say a few words. I would strongly emphasise the demurrer that we as a Chamber put in against the matter being settled without the consumers being more considered than they have been. We also think that undue prominence has been given to the question of nationalisation in this enquiry, because, although nationalisation is mentioned in the terms of reference, it is only in an incidental way in Clause F, and we think that if such an important matter were to be dealt with seriously it should be dealt with by an independent inquiry, on which the consumers, who are the parties chiefly concerned, after all, should be adequately represented. The Yorkshire district, from which I come, depends entirely on the fuel, and it is most important that that fuel should be as cheap as possible. We have a large industrial population dependent upon the manufactures in which coal enters so largely, and we fear that the result of nationalisation—to come back to that subject—would be very unfortunate, as we feel certain that the output per man would decrease, that the price would go up, and the cost of administration would be very high and not very efficient. We point out to you, sir, and to the

Commission, that no evidence has really been given of successful nationalisation on any large scale. Those examples that have been given, referring to Australia and New Zealand, are only on a very small scale, and even on the testimony of the witnesses themselves they were not very successful. The feeling of the Chambers of Commerce—I speak not only for Leeds, but for the Association of British Chambers of Commerce—is that this is a very huge experiment that should not be entered upon lightly, if at all. They are of opinion that it should not be entered upon at all. That is all I have to say.

Chairman: I am very much obliged to you, Sir John.

25,052. *Sir Arthur Duckham*: From the consumer's point of view, you want to be safeguarded as to price and quality?—Yes.

25,053. Do you feel that you are safeguarded best by a competitive system of selling coal to you?—By a competitive system of production and selling.

25,054. Your feeling is that if the competitive system were done away with you might suffer?—Yes.

25,055. And you are likely to suffer in quality as much as in price?—Yes.

25,056. I know you have had a lot of experience in the national shell factories. Did the workmen work as well for the private employers as they did in those factories, or *vice versa*? Was there any difference in the way the men worked in the two factories?—I am bound to say and pleased to say that in our shell factories everybody worked well.

25,057. There is one other question, and that is this. You are speaking to the Commission on the high price of coal, but have the Chambers of Commerce taken any steps to improve the use of coal?—I am afraid not.

25,058. There is a great waste of coal. Have the Chambers of Commerce tackled that at all?—No. It is scarcely for the Chambers of Commerce. It is more for the engineering and scientific societies.

25,059. I presume you do agree that the price of coal must go up?—Yes.

25,060. You have no hopes of it going down?—Rather.

25,061. But not going down to as cheap as it was before the war?—I do not suppose that it will ever be in my time as cheap as it was before the war, but it will be a great disaster to the country if it does not go down.

25,062. But there is a great waste in the use of coal?—Yes—and in domestic use.

25,063. And industrially?—Yes, I agree.

25,064. Do you not think your Chambers of Commerce could assist in that way by getting your people to pay more attention to it?—I am afraid they could not do so much good as the Institution of Civil Engineers.

25,065. I am a member of that body, and I fail to see how it can possibly be of use?—I think it is more a question for the scientific societies than for the commercial community.

25,066. If you reduced your consumption by half?—Then we should have so much more to burn and to sell.

25,067. *Mr. R. W. Cooper*: You tell us you are intimately acquainted with certain branches of the Australian and New Zealand trade?—Yes.

25,068. Can you give instances in support of your statement with regard to nationalisation?—Yes.

25,069. Would you mind touching on that for the moment and telling us what you mean?—Of course, I have read with some interest the proceedings of this Commission, and I noticed one or two gentlemen gave evidence with regard to the nationalisation of industry in Australia and New Zealand. Now, so far as that information gave the impression that Government management or nationalisation of industry in Australia and New Zealand was successful, I mean to say it was wrong. It did not convey the right impression.

25,070. *Chairman*: We want you to give instances. Can you do so?—Yes, I will give them.

25,071. Would you like to come after lunch again, so that you may have an opportunity in the mean-

3 June, 1919.]

SIR JOHN MCLAREN, K.B.E.

[Continued.]

while of finding your instances?—I thought I had them all ready, but if my cross-examination is to be adjourned it will be more convenient after lunch.

25,072. *Sir L. Chiozza Money*: I wanted to ask with regard to the last paragraph but two. I am sure you want to be perfectly fair in evidence that you give us, and I see that you quite properly say that some of the national sholl factories were successful, but may I ask is it net true that all the national sholl factories, except those that were deliberately stopped when America came into the war, were successful in production and nearly all produced their goods more cheaply than private manufacturers? Is not that the evidence of His Majesty's Auditor-General?—I should certainly agree that the factories were successful.

25,073. *Mr. R. H. Tawney*: Have you any practical suggestion to make to us?—With regard to what?

25,074. With regard to the futuro of the coal mining industry. Have you any proposal to put before us?—I have not come prepared with a scheme. I view with dismay the nationalising of the mines.

25,075. Yes, I appreciate that?—But I think if it were a question of administration and half a dozen good men were to put their heads together they could produce a better scheme than I could—practical men, I mean.

25,076. I understand you are a practical man, and you have come here and given us very interesting evidence against nationalisation. I have read it, but I can find no single positive constructive suggestion from beginning to end. I do not want to do you any injustice. Is that the case?—Yes, I agree.

(The Witness withdrew.)

Mr. GEORGE HENRY WRIGHT, Sworn and Examined.

25,081. *Chairman*: I think you are the Secretary of the Birmingham Chamber of Commerce?—That is so.

25,082. I think the Birmingham Chamber of Commerce represents over 3,000 commercial firms in the Birmingham district, including all the largest industrial users of coal?—Yes.

25,083. It is definitely opposed to the nationalisation of coal mines?—That is so.

25,084. How did you ascertain that the Birmingham Chamber of Commerce was definitely opposed to the nationalisation of coal mines?—Through the Council of the Chamber of Commerce, who are the voice of the commercial community of Birmingham.

25,085. How many members are there on the Council?—The Council is an elected body, elected by the members, and it consists of about 50 members.

25,086. When did they meet to discuss this question?—The last occasion when they met was Monday of last week.

25,087. Was there a resolution with regard to it placed before them? Did they pass a resolution?—A resolution was passed to the effect "that the Chambers of Commerce, the Federation, and other industrial bodies be urged to hold general meetings of their members to consider resolutions against the nationalisation of the coal or any other industry until adequate opportunity is given for the views of the industrial and general consumers to be heard. It was then decided to call a general meeting of the Chamber in order to get confirmation of a resolution against nationalisation."

25,088. Have you ever had that confirmation?—We have not yet had the confirmation as the meeting has not yet been held.

25,089. Because what you say is, the Birmingham Chamber of Commerce is definitely opposed to the nationalisation of coal mines?—Perfectly true. The Council has the power to express the view of the Chamber.

25,090. I want you to read the resolution that you came to?—Unfortunately the particular resolution that was passed on Monday has not been handed to me, but a resolution was passed against nationalisation.

25,077. Have you any proposal to make?—My proposal is that things should go on as they are, due regard being paid to the evidence that has been given, which ought to be of some practical use, surely.

25,078. *Chairman*: Will you tell us what you mean by "things should go on as they are with due regard to some of the evidence that has been given"? What does that mean?—I mean the royalty owners should remain the proprietors of their royalties; that the colliery owners, as existing at present, should be left in possession of their mines; that the miners should work harmoniously with the employers, and that they would be assisted in doing so by mutually, and without prejudice, going through the evidence that was given here and try to find a *modus vivendi*. That is my view.

25,079. *Mr. R. H. Tawney*: Supposing the evidence that was given here were to lead us to nationalisation?—I think it would be a disaster to the country.

25,080. You have told us to follow the evidence. I do not want to press you. I merely want to get out whether you had any suggestion to make. Can you add anything to your evidence?—I cannot add anything more to my evidence.

Chairman: Have you found the instances you were going to give us about Australia and New Zealand with regard to what Mr. Cooper was asking you? I do not want to embarrass you. I see you have a great number of papers there, so I will call another witness, and while he is giving his evidence you can find the examples that you want to refer us to.

25,091. How many members were present?—There were 15 to 20 members present.

25,092. 15 out of 50?—That is so.

25,093. *Mr. R. H. Tawney*: Who moved the resolution?—The resolution was moved by the Vice-President of the Chamber, and seconded by another member of the Council.

25,094. *Chairman*: Was it carried unanimously?—Yes.

25,095. Was there a long discussion about it?—A short discussion.

25,096. Will you kindly tell us the terms of it?—I am afraid I shall have to send on the actual resolution.

Mr. R. H. Tawney: I think we may have similar resolutions from other Chambers of Commerce.

Chairman: I simply wanted to know what the resolution was. Now I will read your *précis*:

"There may be certain services of a public character which it is more or less desirable should be operated by National Authority, e.g., the Postal Service, but it cannot be said that even here the State has distinguished itself, either in rendering a good service at an economic price or in satisfying the public.

During the past four and a half years the commercial and industrial communities of the country have had many opportunities of judging the effect of national control. As to the four years we were at war, it would be reasonable to make allowances for the defects and examples of inefficiency which resulted partly from the need for sudden and sometimes great improvisations. The armistice has, however, been signed over six months and it is still found that in the case of services owned or controlled by the State there is a want of elasticity and a lack of response to the needs of the public.

Private undertakings anticipate the demand, prepare to meet it, and do everything that is possible to satisfy it. Competition creates and develops enterprise; private enterprise produces new and improved methods and processes. Nationalisation introduces the dead hand of the State, enterprise disappears, and the nation suffers. For many years the Dominion of Canada was flooded with American trade papers and magazines and periodicals, whilst the distribution of English publications was insignificant. The reason

3 June, 1919.]

Mr. GEORGE HENRY WRIGHT.

[Continued.]

was to be found in the very low postal rates fixed by the United States."

Sir L. Chiozza Money: Does not that mean fixed by the American Government?

Chairman: That criticism is obvious.

"Some years of agitation were necessary before the British Post Office could be induced to move, and the effect of this neglect was most detrimental to British trade and damaging to British prestige, as the Canadians got their English news mainly through American publications, and it was consequently coloured by American sentiment and political views."

25,097. Is the American Post Office a private concern?—Not so far as I know.

25,098. It simply means that the public concern in America did better than the public concern in England?—That is so.

25,099. You are praising the public concern in America for doing that. What Sir Leo wants to draw your attention to is this, that while you are saying that the English Public Post Office did not do so well as the American Public Post Office it still has to be remembered that the American Post Office is run by the Government.

"No one could say that even before the war our telegraph service was cheap, and yet under State control it could only be run at a heavy loss, for which the Postmaster-General recouped himself by high postal charges.

Under the National Telephone Co., Ltd., notwithstanding restrictions imposed by the Postal Authorities, we had a comparatively cheap telephone service, which was rapidly developing in usefulness and efficiency."

Sir L. Chiozza Money: Do you mind asking, Sir, whether the National Telephone Service has increased the charges?

25,100. *Chairman:* You have heard Sir Leo's question. Will you answer it?—Before the Post Office took over the service of the National Telephone Company the Postmaster-General got the flat rates changed into measured rates, and the effect of that was to increase the charges to telephone users very considerably.

25,101. *Sir L. Chiozza Money:* To some telephone users?—To a great number.

Sir L. Chiozza Money: It also gave great benefits to other telephone users.

25,102. *Chairman:* Sir Leo will no doubt ask you about that, as it is a matter which he has given great attention to.

"When it was taken over by the Government, it became more expensive, its efficiency was certainly not greater but probably less, and the treatment of the public was much less considerate. There is no need to speak of the service during the war, but six months have elapsed since the armistice, and if regard be had to the present conditions, then it seems likely that we shall have to wait a long time before even the pre-war standard of efficiency and rate of development is reached.

In the opinion of the Birmingham Chamber of Commerce, whilst private enterprise creates development, State ownership or control produces official stagnation."

Mr. Hodges wants to know if that has been embodied in a resolution?—No; this proof has been approved by the Committee on behalf of the Council.

"Before the war, traders had many complaints against the railway companies, but, after all, the railway companies had to try to pay their way and make a profit. We have seen the results of Government control during the war and the effect of the removal of economic pressure, even although the controlling body—the Railway Executive—is a body of railway men, and not of Government officials. Relieved of the necessity of paying their way, huge losses have been lightly incurred, although railway fares have been largely increased, and many services in themselves of an unremunerative character, withdrawn or curtailed. Experience since the armistice does not justify any hope."

25,103. You have said that several times. Do you think that in the last six months everything ought to have improved and have become on the pre-war basis?—We think the rate of return to the normal should have been much more rapid than it has been.

"Decisions are made, rules are laid down, regulations put into force, and no deviation can be made from these by one jot or one tittle, even though the heavens fall."

25,104. Do the Committee approve of that?—The Committee have approved of that.

"A generation or two ago it used to be said of the British manufacturer that his great fault was the adoption of a "Take it or leave it" attitude in his foreign trade. He had enjoyed a predominance in overseas markets, and upon this he acted with the utmost independence. This was not his attitude during the decade preceding the war. He had for a long time realised that he must oblige his customers. That, however, is what the State has never yet shown any apparent inclination to do in regard to public services. In practice, national service connotes rules and regulations bound up with red tape.

It is not desired to make any criticisms upon the difficult question of coal control during the latter half of the war beyond this, that the Chamber feels that many hardships and anomalies which have been created through the operation of the control would have been avoided if the great bulk of the coal available for private, industrial and domestic use had been left free for distribution through the usual channels. If, for instance, coalfield A could only barely supply the needs of industrial district B, then it seemed absurd to send large stocks of emergency coal from A to C, and then have to supply B with emergency coal from D, a coalfield remote from B. And yet this is what apparently happened under the Coal Control Scheme. As in the case of other commodities which were rigidly controlled by the State, the moment the control became effective the supply of the commodities became scarce.

It may be said that coal is a necessity for every citizen and should, therefore, be in the hands of the State. But bread is also, and so also is meat. Some grounds may be alleged in favour of the nationalisation of the Postal Service, because although the service may be run uneconomically, it nevertheless deals with something to which the same conditions apply all over the country. This does not apply to coal mines and coal supplies. The coal mined is of varying quality; the cost of mining varies according to the conditions in the particular coalfield; the difficulties, engineering and other, in one coalfield are not the same as in another. There is competition, the laws of supply and demand operate, and engineering and commercial enterprise are essential to successful trading. Whilst competition has been the principal factor in producing improved methods and machinery, it has also not been unmindful of the need for protecting the lives and limbs of the workers. No one is more solicitous for the comfort and safety of the workpeople than the private employer. No one is readier to meet the need of the public than the private trader. Nothing is so slow to move as the State Department."

25,105. Mr. Herbert Smith desires to know whether coalowners are affiliated to the Chamber of Commerce?—We have a few coal merchants who are members of the Chamber.

25,106. Are those colliery proprietors?—We may have one or two colliery proprietors, but not more.

Chairman:

"The Birmingham Chamber of Commerce objects to the nationalisation of coal mines on the following grounds:—

- (1) It would result in less efficient exploitation of the coal resources of the country and deprive the State of the benefits of competition.
- (2) The lack of initiative and enterprise in a State Department would delay the adoption of better methods.
- (3) The cost of production would be greatly increased.

3 June, 1919.]

MR. GEORGE HENRY WRIGHT.

[Continued.]

- (4) The export trade would be seriously affected and the national interests would suffer.
- (5) The coal miner would be no better, and probably would be much worse off.
- (6) State ownership could not eliminate industrial unrest.
- (7) It would be disastrous for the control of the coal mines of the country to be under the direct influence of party politicians, as they would be if they were nationalised."

Does any gentleman wish to ask Mr. Wright any questions?

25,107. *Mr. R. H. Tawney*: I want to ask the same questions as I asked before. The first is this. What proposals do you make? What do you want us to do?—The proposals which I should suggest are those, that at the earliest possible moment the coal industry should be allowed to resume its normal freedom, and that every possible effort should be made to create better relations between the employers and the employed.

25,108. How?—By negotiation.

25,109. What kind of negotiations?—I should suggest through the means of Whitley Councils.

25,110. Am I to understand your proposal to be that we should simply return to the state of things which existed before the war and which in fact exists now?—Undoubtedly, return to full private ownership.

25,111. You think the relations between the master and the workmen and the public and the coal trade are entirely satisfactory?—I do not suggest that the relations between employers and employed were entirely satisfactory before the war. What I do suggest is that it should be possible for those relations to become more satisfactory.

25,112. It is easy to criticise, but what I want to know is what you propose. Can you help us in any way? I do not want to put words into your mouth. If you have not a plan, say so?—That is the suggestion that I make—by Whitley Councils, negotiations between employer and employed, with the view of obtaining better results.

25,113. Thank you. Your first suggestion is to go on as before, but to add to that a Whitley Council. That is your proposal?—That is your way of putting it.

25,114. Put it in your own way. I thought you said restore the old conditions. Let us have it in your own way?—What I said is on the notes. I could not repeat the words exactly, though, perhaps, I could paraphrase them. It was that the industry should be allowed to resume its normal freedom at the earliest possible moment, and that steps should be taken by employers and employed to bring about better relations than existed before the war.

25,115. You have nothing to add to that?—I have nothing to add.

25,116. In the course of your evidence I think you said that the Birmingham Chamber of Commerce had been asked to pass a resolution on the subject of nationalisation?—That is so.

25,117. Whom were you asked by?—By our members. If I may tell you exactly what took place, we attended a conference with the Engineering and National Employers' Federation—a conference between the representatives of the Chamber of Commerce and that body.

25,118. The Engineering and National Employers' Federation?—Sir Allan Smith is the chairman. The Engineering and National Employers' Federation is the new name for it. It was then decided that we would invite the Chambers of Commerce and commercial bodies in various parts of the Midlands to hold meetings of their members to pass resolutions against nationalisation. The matter was then brought, on Monday last, before the Council of our Chamber, when approval was given to this evidence being presented to this Commission, and a resolution against nationalisation was passed.

25,119. I want to be sure that I have the steps accurately. The first initiative was taken at a conference between the Birmingham Chamber of Com-

merce and the Engineering Employers' Federation?—The Engineering and National Employers' Federation.

25,120. Who summoned the conference?—The conference was summoned by the Coal Association.

25,121. Then the first conference at which the initiative was taken on the question of nationalisation was summoned by the Coal Association?—Yes.

25,122. It was the Coal Association which put the matter in train, as it were?—As a matter of fact, a Committee of the Chamber was already preparing this proof before that conference was called.

25,123. I only want to get the history of it. The first step in the history of this independent manifesto of opinion on the part of the Birmingham business men is the Coal Association?—No.

25,124. I understood you to say so?—I said the resolution which was passed on Monday suggested action amongst other Chambers of Commerce. This proof was sent to your Commission before the conference was convened by the Coal Association, which proves that the Chamber of Commerce had already decided to give evidence, if possible, before this Commission.

25,125. When was the conference summoned by the Coal Association?—It took place about a fortnight ago.

25,126. Did the Coal Association send invitations on its own initiative?—They sent out invitations after consultation with me.

25,127. They were in touch with you first?—We naturally came into touch before we commenced.

25,128. Was that before you sent in your *précis*?—No, that was after.

25,129. Did the Coal Commission invite the Engineering Employers' Federation?—I cannot explain to you the relations between the Coal Association and the Engineering Employers' Federation.

25,130. Are you aware that the Coal Association took similar action with the Chamber of Commerce?—I have no knowledge at all.

Mr. R. H. Tawney: This is very interesting. I wish you had told us this in your original evidence, because I think we might have considered it differently. However, I thank you for what you have told us now.

25,131. *Sir Leo Chiozza Money*: Does this *précis* represent the opinion of a sort of committee, or did you write it yourself?—Perhaps it would be well if I explained the method by which the Chamber of Commerce works.

25,132. I only want to know who wrote this document?—As secretary of the Chamber of Commerce, I was the author of the original draft.

25,133. Then it was amended?—Yes.

25,134. Your belief is that the telephones are under the control of inefficient people?—I say that the telephone service that we get to-day is not so good as it would have been had it remained in the hands of the National Telephone Company.

25,135. Are you aware that the late chief of the National Telephone Company has been called in to advise the American telephones?—I am not aware of that.

25,136. Do you know that people come from all parts of the world to see the details of our technical system because it is considered to be the best in the world?—That is quite possible.

25,137. You say that the railway executive is a body of railwaymen and not of Government officials, and you say decisions are made and rules are laid down and regulations are put into force, and no deviation can be made from these by one jot or one tittle, even though the heavens fall. You know that the railway executive consists of business men?—Perfectly.

25,138. Then you are blaming business men for putting into force regulations as to which no deviation could be made, even though the heavens fall?—What I am showing is that when the people are acting for the State, then their actions are not quite the same as they would be when they are acting for private owners.

25,139. You wish us to believe that the Birmingham Chamber of Commerce thinks that when the most talented railwaymen in this country become railway managers, they suddenly lose their senses and put

3 June, 1919.]

MR. GEORGE HENRY WRIGHT.

into force regulations which are not for the good of the undertaking?—I say regulations are put into force quite unnecessarily which seriously harass the public.

25,140. As soon as a man enters a Government office, you think he becomes inefficient. Do you know that the Coal Controller has been a business man?—I know that.

25,141. Do you know that the late lamented Coal Controller and his successor were both business men of high calibre?—I know that quite well.

25,142. You say they have done all these foolish things?—I know also that the action of the Coal Controller has seriously embarrassed manufacturers in the use of coal in Birmingham.

25,143. Do you know that if it had not been for the Coal Controller many a household would have been without coal during the past winter?—We have had in Birmingham many a household without coal during last winter.

25,144. Do you know that many coal experts sitting where you are have said if they had their way they would not abolish the Coal Control?—Probably so.

25,145. Was it not the case that as soon as we got sugar rationed we were able to obtain sugar, whereas we could not get it before?—Probably. That was certainly not the case with tin plates.

25,146. Now take tea: Is it not a fact that it was getting so scarce that you could hardly buy it at a shop, but as soon as the Government organised the control it fell to 2s. 4d. a pound?—You are only taking particular articles.

25,147. I am suggesting to you that you have been hardly fair in what you have said with regard to control. Do you not rather think that this document of the Birmingham Chamber of Commerce requires a

great deal of revision?—No. I am speaking of a considerable number of articles whereas you have only been dealing with two.

25,148. Have you not already agreed that a great many of these statements admit of qualification?—No, I do not think so.

25,149. *Mr. Robert Smillie*: Have you had any communications with Mr. Philip Gee, the Secretary or Director of the Coal Association?—No.

25,150. Do you know whether or not the Coal Association is a new Association?—I do not know anything at all about them except that they were introduced to us under good auspices—the National Engineering Employers' Federation.

25,151. Do you know any of the Committee of the Coal Association?—No.

25,152. You know that the Coal Association is largely responsible for the calling of conferences on this matter. Are you aware that that Association came into being within the last few weeks for the purpose of opposing nationalisation of mines?—That may be.

25,153. *Sir Adam Nimmo*: Is it your view that what you have stated in your evidence is the united view of the employers in your district?—That undoubtedly is the case.

25,154. You were asked to suggest a remedy for the future. I take it that your view is that whatever the remedy is to be, nationalisation is no remedy?—Perfectly.

25,155. And your view is, I take it, from what you have expressed that if a remedy has to be found, it must be found along the line of private enterprise?—Yes.

25,156. *Chairman*: Perhaps you will let us have that resolution?—Yes.

(The Witness withdrew.)

Sir JOHN McLAREN, K.B.E., Further Examined.

25,157. *Chairman*: Have you now found those instances?—Yes. I should like to call your attention to the date when the resolution of the Leeds Chamber of Commerce was passed. The first resolution mentioned on the *précis* was passed on the 29th of April.

25,158. "That the Coal Commission at present sitting is not a body fairly qualified on the question to report on the future management of collieries nor on the question of nationalisation." That is April the 29th?—Yes.

25,159. How many were present there?—I could not tell you. It was a full monthly meeting, the usual average attending.

25,160. How many members are there at the Leeds Chamber of Commerce?—About 800 members.

25,161. How many passed this resolution on the 29th?—We had a council of 26 at that time, and there is generally an attendance of about 20.

25,162. Was it the council that passed this, or the full 800?—It was the council.

25,163. Do you remember how many were present?—No, but it was a full meeting. There would be certainly not less than 20. There might be 23. We never got quite a full meeting. A question was asked of the last witness with regard to the inspiration of the resolution.

25,164. *Mr. R. H. Tawney*: Not only asked, but answered by the last witness?—I want you to quite understand, upon my personal assurance, in fact, on my oath, that as the Chairman of the Leeds County Council this was raised long before ever we heard of the Coal Association, and, as a matter of fact, the Coal Association had never any word or any suggestion either in our resolution or in my evidence. The evidence is mine and the resolution is the resolution of the Chambers on the motion of a private member who put it up.

Mr. R. H. Tawney: Of course I entirely accept what you say.

25,165. *Chairman*: Can you tell us how many coal owners are members of the Leeds Chamber of Commerce?—I could not tell you. Out of the 800 members there are probably a dozen coal owners.

25,166. How many are on the council?—None, and there were none present at this meeting.

25,167. If they were not members, they would not be present. Now will you kindly tell me the instances that you were going to give us?—If I might have one or two minutes, there is one fact that I omitted that I should like to mention—

Chairman: Very well; we will adjourn now, and you shall tell us at 3 o'clock.

(Adjourned for a short time.)

Mr. Robert Smillie: Sir, before the examination of the witnesses is resumed, I want to ask your permission to call attention to some questions I put to Mr. Thomas Henry Bailey, beginning at question 16,949 of the shorthand notes. I need not read the questions, but they are questions with regard to the Duke of Buccleuch being responsible for the shutting down of certain collieries in Midlothian in 1880, after Mr. Gladstone was returned to Parliament. I believe the trend of my question was to lead to the belief that the Duke of Buccleuch threatened to shut down the collieries in the event of Mr. Gladstone being returned. As a matter of fact they were shut down, but my attention has been called

to the fact that Mr. Morrison who was then agent for the Duke of Buccleuch points out that the Duke of Buccleuch was not then the owner of those collieries, but had leased them to the Marquis of Midlothian, and the Duke of Buccleuch was not responsible for the closing down of those mines. I take this opportunity of withdrawing that statement. I would like to add that it is still believed amongst the miners and the older hands there that the collieries up to the time of being closed down were called "the Duke's collieries." I think it is my duty to withdraw the statement because I do not want any inference to be drawn from an incorrect statement of fact.

3 June, 1919.]

SIR JOHN McLAREN, K.B.E.

[Continued.]

Mr. T. H. Bailey: Sir, if you will allow me to say so, Mr. Smillie is referring to my evidence, and may I thank him for saying what he has?

Chairman: Yes. Mr. Bailey wants to thank Mr. Smillie for the very generous way in which he has withdrawn what was evidently a misapprehension, and I am sure it is satisfactory to everyone. I am much obliged to Mr. Bailey for saying so.

25,163. *Chairman:* (To the Witness.) Now, Sir John, will you give us those instances which Mr. Cooper wanted you to give us?—Yes. I may say that I have considerable knowledge of the Australian trade. We are large exporters and in fact 90 per cent. of our output in normal times is exported. In normal times Australia used to be a very good market. I have not personally visited Australia, but my partner, who is my brother, has been there and we are constantly in touch with Australian business people. From what one knows of the attempts at nationalisation in Australia, one feels that the evidence that has been given here is calculated to leave a wrong impression. As a matter of fact the State Governments cannot and do not show up as well as contractors or outside firms can do. There are no doubt a few examples on a small scale of success, but many are failures. There was a remark made about coal mining in Australia and it was stated that it had not proved a failure. Well I do not know what mines the witness referred to, but, so far as I know, there is no State in Australia that does own a coal mine. They are all owned by companies and I should like to know how that witness supported his statement. But, even if a single mine in any of the Dominions should be run with success, it does not prove the case for nationalisation. There was a mine about fourteen years ago near Ipswich, which I believe is in New South Wales, which was started on the co-operative system. That is not on all-fours with nationalisation, but that was not a success and it was very soon closed down. In New Zealand we were also doing a good business and we were in constant touch. The only mine I know of that was ever run by the Government was a certain mine on the west coast.

25,169. *Mr. Frank Hodges:* What was the name of it?—I do not know. It was in the Greymouth district. There are several mines there. They could only make that pay by charging a special price to their State railways; that is to say, the State railways paid exceptionally high prices for their coal; so that, although the experiment appeared to be a success, it was only at the expense of another Government department, and I never heard of any second attempt being made in New Zealand. The New South Wales Government started a number of State enterprises such as timber yards, and brick works, and State trawlers, and one thing and another.

25,170. *Chairman:* What do you mean by "one thing and another"?—State trawlers, for instance.

25,171. That is not "one thing and another." You said they started "State trawlers and one thing and another"?—I can only give you three specific instances.

Mr. R. W. Cooper: Subject to your judgment, Sir, I do not know that I want to add this.

Chairman: We have had the evidence from Sir Charles Wado, the Prime Minister, who has gone fully into it.

Mr. R. W. Cooper: Yes, and given us full particulars.

Witness: I will not pursue that any further; but, before I leave the Chair, I should like to call attention to one or two points with respect to the present condition.

25,172. *Chairman:* The present condition of what?—Of trade, and owing to the cost mainly of coal. I would state a local case which exists in Leeds at present. One of our largest coal merchants there, whose business is to supply household coal to domestic consumers, complained within the last day or two that he was totally unable to get supplies, and that he could not supply all his customers, and many of them were very much inconvenienced for want of coal. So badly were they fixed that

they had to borrow from one another owing to the impossibility of getting a suitable supply from the pits. I just mention that in passing. I would like to tell you that our foreign trade is at a standstill because we are obliged to ask twice and more than twice the pre-war price for our engines. Now I will give you evidence from half-a-dozen places briefly. We received this year an order from Italy for ten engines of the latest design. When our customers heard the price they would be called upon to pay for those engines they immediately said: "We cannot possibly think of taking the whole of the ten engines, but we are bound to have two," and the order was reduced from ten to two which the customer was urgently compelled to have.

25,173. *Mr. Robert Smillie:* Could it be an order before they know the price?—Well, the order was an out-and-out order and they expected an increase in price, but when they heard it was twice, or over twice, the usual price the order was reduced from ten to two.

25,174. *Chairman:* Was it an enquiry?—No, it was an order. It was the usual season's order that we get from our foreign agents. In Spain, where we have done a good business, our agents told us that they had orders that they could send us for twenty-three engines—thirteen sets of steam ploughing tackle and ten engines for transport. The value of those engines was nearly £60,000, but for the very same reason that order was held up. It was never a specific order as it was in the previous case, but it was from our agents to whom we are in the habit of supplying yearly a considerable number of engines. In the Argentine, before the war, we could always depend upon twenty engines in a season, amounting to £25,000 in value. We were told that we could not have any order this year, although there were 2,500,000 tons of wheat and linseed to be moved. In Australia our people wrote us to say it was no use expecting orders from Australia. I will read the very words. "The present outlook for the sale of traction engines in New South Wales is anything but bright, nor can we see any likelihood of any early improvement."

25,175. *Sir L. Chiozza Money:* Is this because the mines have been nationalised?—No. I am trying to persuade you that it would be a mistake to nationalise the mines. From Australia we are £12,000 short this year. In New Zealand the conditions are the same. As long as the prices were ordinary they were taking about six engines a year, to the value of £12,000 a year.

25,176. *Chairman:* You have been very kind in giving us a number of illustrations which are, no doubt, most valuable illustrations, and we will call them premises. Now, will you give us your deductions which you say we ought to draw from those premises?—I do not know whether it is the proper function of this Commission, but I want to show that in consequence of the extraordinarily high wages, not only in coal-mining but in other industries, we are unable to employ the number of people we ordinarily do employ. At this moment we are only employing about half the number of men, because, although the orders are there waiting for us, we cannot get them.

25,177. I thought you said you got such a few orders—only two instead of ten?—That was in one isolated case, but we have not a single order from Spain or from Australia.

25,178. Which is it: that you have very few orders and do not want many men, or you have a great many orders and cannot get the men to execute them?—No, that is not it. We cannot get the orders because we are asking such high prices, and we cannot ask lower prices because wages in our trade and the mining trade are so high that it stops the trade.

25,179. *Sir L. Chiozza Money:* Are wages lower in America?—I do not know, but I was not referring to America.

25,180. Why are you losing the orders? Who is taking the orders?—In Spain they are going on with the mules. They are not availing themselves of the machinery they used to buy from England.

(The Witness withdrew.)

3 June, 1919.]

MR. FREDERICK CROMBIE GARDINER.

[Continued.]

Mr. FREDERICK CROMBIE GARDINER, Sworn and Examined.

25,181. *Chairman*: I believe you are the President of the Glasgow Chamber of Commerce?—Yes.

25,182. Do you appear as a witness at the request of the directors?—Yes.

25,183. You say in your *précis* that the membership of the Chamber is nearly 2,000 and that all the important industries in the West of Scotland are included in the membership?—Yes.

25,184. Then you say: "Glasgow and District has probably a more varied range of trades than any other similar area in the country. It is impossible to enumerate these in detail, but I may mention production of Iron and Steel, Shipbuilding, Engineering, Tube and Pipe Making, Iron and Brass Founding, Textiles, Turkey Red Dyeing, Paper Making, Chemical trade, &c. I have been connected with shipping for over forty years, and many years ago my firm exported coal. Of shipping I can speak from long experience, and one which covered almost every trade in the world. I cannot claim to have an intimate knowledge of the details of coal mining, or of the multifarious manufacturing and merchants' businesses, which are carried on in the West of Scotland. In my representative capacity, however, I have endeavoured to ascertain the attitude towards nationalisation of the coal trade, of the business interests which the Chamber represents." How have you ascertained their attitude?—Perhaps I should explain that the Special Committee was appointed to consider this matter and that Committee, of which I was Chairman, have done all in their power to ascertain the opinions of many different bodies.

25,185. Would you kindly answer the question more shortly. No doubt that was the machinery, but I ask you, how you did it? Did you write and get resolutions?—I was about to say that we had ten different bodies, associated or affiliated, connected with this Chamber who sent in resolutions, which I am going to put in, strongly opposing nationalisation, and the directors also passed a resolution last Friday. It was impossible to hold the meetings before because there was no time.

25,186. How many directors have you?—I think about 50.

25,187. How many were present when they passed the resolution?—About 25. May I give you the names of the various Associations that passed resolutions?

25,188. Certainly?—Resolutions were passed by the Glasgow Ship Owners' Association, the Clyde Steamship Owners' Association, the Scottish Steel Makers' Association, the Scottish Bar Iron Association, the Clyde Ship Builders' Association, the West of Scotland Iron and Steel Founders' Association, the National Light Castings Association, the North-West Engineering Trades Employers' Association, the Scottish Iron Masters' Association and the Manufacturers' Section of the Chamber. Those Associations sent in resolutions opposed to nationalisation. We thereupon had a meeting and passed a resolution of our own.

25,189. What was the resolution of your own?—"That the directors of the Chamber of Commerce and manufacturers in the City of Glasgow representing the trades and industries of Glasgow and the West of Scotland are strongly opposed to nationalisation of coal mines. They are of opinion that the nationalisation of the mines would raise the price of coal and decrease the output, which would seriously affect both the home and the export trade, increasing the cost of commodities and creating unemployment. An adequate and cheap supply of coal is essential, and the directors are convinced that this can best be obtained under the incentive of private ownership."

25,190. Can you tell me how many were present when that resolution was passed?—Twenty-four members.

25,191. Was it passed unanimously?—Yes.

25,192. Then you go on to say in your proof: "In my representative capacity, however, I have endeavoured to ascertain the attitude towards nationalisation of the coal trade, of the business interests

which the Chamber represents. The matter has been the subject of discussion by the directors and has been considered by a Special Committee." How long did it take the Special Committee to consider it; how many meetings did they have?—We had a Special Committee appointed, if my memory serves me right, when you were engaged in your first session. We found it impossible in the time that was at our disposal to get the evidence together for that session of the Commission and we sent you a letter of protest. I brought the matter up again and the Committee has sat repeatedly.

25,193. What does that mean, please?—We got intimation that we were expected to give evidence about Wednesday of the week before last.

25,194. *Mr. Frank Hodges*: From whom?—From the Associated Chamber of Commerce. Two days or so had been wasted. We were informed that it must be within seven days. It allowed us five days in which to prepare our evidence, revise it, submit it to meetings and all that sort of thing.

25,195. *Chairman*: Forgive me, but I am not in the least degree criticising you?—All I want to show is the difficulties in which you were placed.

25,196. All I asked you was quite a short question. You say it had been considered by a Special Committee. All I wanted to know was how many meetings of the Committee you had?—About four or five.

25,197. That is all I wanted to know, and it is quite a short answer?—Yes, but it has been impossible to do the matter justice in the time.

25,198. They decided against the principle?—Absolutely against nationalisation.

25,199. But you did not have sufficient time at your disposal to do it justice?—To do our evidence justice.

"It has also been considered by Associations affiliated to the Chamber, representing many of the important industries, and I have discussed it personally with many representative business men. The result is, I am satisfied that the possibility of the coal trade being nationalised is regarded in business circles on the West of Scotland with apprehension and alarm. For practically all our trades coal, sufficient in quantity of best quality available, and at the lowest competitive price, is essential, and that whether used directly or indirectly.

A large portion of our trade is export, and is carried on in competition with U.S.A., Japan, India, &c. U.S.A. and Japan have not been crippled by the war; they have been stimulated.

To burden our industries with dear coal will handicap our manufacturers in competing abroad, and it is believed will shut them out of various markets. This may force them, however, unwillingly, to endeavour to find relief in reducing the wages of their own workers. It should be borne in mind that in Japan and India much lower wages rule, and in the U.S.A. unrestricted production prevails.

Since we have to sell abroad at world prices, an excessive reward exacted for coal used for the production of any article can only be met, when profits disappear, by depressing the reward to other labour.

That our industries can continue to pay the present price of coal and compete successfully is more than doubtful. In the Coal Conservation Committee's Report, page 61, we read: "There is the greater necessity for every means being devised and used, which is likely to lead to a reduction in cost, if the home industries are to be provided with coal at a price at which their position can be maintained, if our foreign markets are to be preserved." And again, page 65: "It is only by increased production per head of the persons employed that our trade position can be maintained and improved conditions of employment can be secured, and this ought to be recognised by workmen as well as employers."

In a work called "Things that Matter," by Sir Leo Chiozza Money, we find "British Industry is

3 June, 1919.]

MR. FREDERICK CROMBIE GARDINER.

[Continued.]

founded upon the possession not merely of coal, but of cheap coal."

Again, "The only possible result of price maintenance is to restrict output, limit consumption, and decrease wealth." Further, "What is Staffordshire built on?" "The answer is, of course—coal. Without coal Staffordshire would be a poor agricultural community like Wiltshire or Ireland." With these statements I agree. You have already made certain recommendations, and the Government has adopted them. If the effect should be to reduce output and raise the price of coal, as is generally feared, then you are legislating a considerable portion of the population out of employment. As you are aware, according to Sir Auckland Geddes's statement in the House of Commons on 10th May, the output per person continues to show a decrease. You may make what paper provisions you please, but whatever these may be, or whatever form of Government may exist, we must export and we must sell at the world's prices. The alternative is bankruptcy and starvation.

The action of the large trades unions since the date of the Armistice seems to indicate an entire ignorance of, or disregard for, the extraordinary artificiality of this country's position as a manufacturing centre. The country is singularly destitute of raw materials. It possesses still some considerable quantity of iron ore, but not nearly enough for its requirements. Of almost everything else used in textile or metal manufacture we have to import every ounce of the raw material. This position applies more or less to every civilised nation, but in an infinitely greater degree to us than to any other, as a great mass of our population is directly dependent for its existence on the section of our manufacture which *must* be exported in order to buy the food which we cannot produce ourselves. Our great resource was cheap coal. The coal is still there, but the cheapness has gone.

I submit the position is a very serious one, and the question is one for all consumers and for the whole nation. If coal is to go to a higher price, or even if it remains at the present price it seems clear that the Government, to prevent shutting down, will require to subsidise numerous industries, which is in effect subsidising the miners and maintaining them in a privileged position at the cost of the rest of the community.

Further, when freights become normal some of our industries without tariff protection will be unable to meet foreign competition. Already foreign manufactures—articles which in the past we have made ourselves—are being offered in this country at prices with which we cannot compete.

Privileges.—Since the introduction of the Eight Hours Bill miners have become a privileged class. The recommendations of your Commission have enhanced that privilege by further reduction of working hours, while maintaining the standard of wages. These privileges must be paid for by the community at large, by the greatly increased cost of coal for domestic use, and for manufacture. The employment of a great section of population engaged in manufacturing industry is already rendered precarious by increased working costs. The enhanced cost of coal will doubtless lead to its restricted use for domestic purposes; but whether that restriction will not affect prejudicially the comfort and health of the poorer classes of the community is a serious problem. Increased cost will also promote further efforts to effect the more scientific use of coal for industrial purposes. That will be all to the good, but they are required to *maintain* (if that be otherwise possible) the manufacturing position of the nation, and should not be applied to a section of the nation only—the miners.

It seems an extraordinary circumstance that our trades unions do not appear to realise the position of matters. Europe for four and a half years has been feverishly employed in destroying wealth, and since the close of the War trades unionists have been, I

think, too ready to make our products more costly by diminished working hours, in combination with increased wages.

Another consideration that should make coal miners pause is the development that has gone on throughout the War of the competing power producer—oil. It threatened coal before the War, and coal is now providing the opportunity for the easy supremacy of oil, but more pronouncedly in areas that have hitherto imported coal.

Export.—On all hands a smaller output of coal is anticipated. Clearly home requirements for domestic use, and also for manufacturers, for the home and export trade, must be supplied first. These will probably be expanding requirements. Thus, reduction of output involves smaller exports of coal—higher prices will also militate against exports not only of coal but also of manufactures. Mr. Wobb, in his evidence, stated he was averse from a Miners' Housing Fund being provided by a tax on coal, even of only one penny per ton—one of his reasons being "it would also by so much tend to diminish our export trade."

Passing from the question of the effect of price on export, and looking at it from output point of view, it is interesting to compare the exports of coal for the first four months of 1914 and 1919. According to the Board of Trade returns, the totals, including coal, &c., shipped for bunkers are:—

1914.....	30,339,757
1919.....	15,994,144

We have enormous leeway to make up. That this reduction is not due to lack of transport is a matter I deal with later, as also its effect on shipping and the course of trade. Confining one's view to coal as an export it is manifest that unless output is improved we shall suffer permanent loss of a large part of our export coal trade. I need not dwell on the effect on France (with its shattered coal mines), Italy and other countries urgently in need of coal.

Exchange.—The balance of trade continues to run against this country. Failure to provide adequate exports, visible and invisible, to pay for imports, and to pay for our obligations abroad, can only end in bankruptcy. Coal, the only native product of large volume and value among our exports, has been an important factor in paying for imports. To pass measures which may restrict that export is a perilous proceeding. On the broader view, the damage which a higher price of coal may inflict on our general exports, and consequently on Exchange, is incalculable.

Transport.—I take it to be generally admitted that cheaper transport is essential in order to recover a full measure of sound commercial prosperity.

Of internal transport I only say this, if our railways are to pay expenses, higher rates appear to be inevitable, and this is in some measure due to dearer coal.

Shipping.—As coal enters into the cost of practically everything in ship and engine construction, dear coal involves a higher original cost, and, apart from the question of return on the higher capital, heavy additional charges for depreciation and insurance have to be met. In operating steamers the price of coal here and at the coaling stations is of vital moment. Since your first report, bunkers have risen in the Tyne from 32s. to 60s. per ton. The Glasgow price is not yet fixed.

While you may placate one section of the community by so legislating as to compel dearer coal, you penalise all other sections. The artificial position of this country cannot be too strongly insisted on—a large part of the population lives by manufacture, founded on raw material brought from abroad. Cheap transport of this raw material and of our foodstuffs and other requirements is essential, but, apart from the higher price of coal, which will directly burden transport, there are some less obvious consequences of reduced output to which I invite your attention. In normal times there is a large movement of bulk cargo

3 June, 1919.]

MR. FREDERICK CROMBIE GARDINER.

[Continued.]

to the United Kingdom and Continent, mainly carried in tramp steamers. These steamers, depend on coal from the United Kingdom for their outward employment; obviously the first claim on our coal is for the home trade. Assuming our industries are continued, any reduction in output will fall upon the export trade exclusively, and a large amount of tonnage must proceed outward in ballast, either to the homeward loading port or via the States, loading coal there. The shipowner works out his profit on the round completed voyage, and as a considerably increased proportion of the tonnage must proceed outward in ballast, homeward freights must rise. The homeward freight must bear the burden of the outward ballast trip. It follows that we are devising for ourselves a method of increasing the cost of raw materials and foodstuffs. We are deliberately placing the equivalent of a heavy import duty on the very essentials of our existence. At the present time the scarcity of coal at Glasgow, and the consequent absence of outward freights to suitable destinations, has put up ore freights by several shillings per ton, relatively to Cardiff, where more coal is available for export. This fact supports the broader argument I have advanced.

It is common knowledge that shipping has been seriously reduced during the war. Despite that fact we find continual delay to steamers waiting for coal. The steamers in the Welsh coal ports, excluding steamers in dry dock, were:—

1914.	25th	March	...	...	...	370
1919.	7th	„	...	...	...	476
1914.	6th	May	...	...	...	375
1919.	9th	„	...	...	...	601

This means that owing to shortness of coal many steamers—despite the tonnage stringency—are continuously idle. Further reduction in coal will accentuate this evil. Before passing from shipping let me remind you that the development of oil must have an important bearing on the course of trade. The war has kept back this development, but it has begun, and dear coal will give it an impetus—oil installations are being arranged at the principal coaling stations. As coal becomes higher more foreign railways and steamers will use oil more largely, and less coal will be required, to the detriment of outward freight, and consequent raising of homeward freight.

I have dealt at some length with shipping because I have long experience in it. There are other probable effects, which consideration for your time precludes my touching. They lead to the conclusion that, with less coal available and coal at higher prices, in normal times we shall have relatively higher homeward freights than in the past.

General.—I have dwelt on these matters before dealing with nationalisation, because I find the opinion universally held that nationalisation involves still dearer coal. Many of our members are struggling—despite high wages, heavy charges and dearer coal—to recover or retain their trade. Coal is an element in the cost of almost everything used in manufacture. The effect of an increase in the price is cumulative and it directly affects wages. We look with great apprehension to the possibility of still dearer coal. Let me remind you that in your Interim Report you recommend that “subject to the economic position of the industry at the end of 1920” the hours are to be reduced to six. I respectfully submit that not the economic position of the industry, but the effect on the whole economic life of the country, should be the governing factor.

There is another matter of some importance to the West of Scotland. The output of ironstone in Scotland is small, but it is of importance in the manufacture of Scotch foundry iron. I am informed that with the higher costs this output will practically cease, except for some ironstone worked along with coal.

Nationalisation.—I come now to the problem you have set yourselves. The issue appears to me to be a plain one—whether skill, initiative, enterprise and thrift are to be regarded as criminal and to be penalised, or that they should be replaced by an

defined system of socialism. The qualities I have named have built up the industries and commerce of this country, and so far as I have been able to judge they have been present in a notable degree in coal mining.

I desire to mention one important fact showing, as I think, the readiness of coal masters to adopt electricity. I am Chairman of the Clyde Valley Electric Power Company. Between 1908 and 1919 we have contracted to supply sixty collieries with electricity. The circumstances of the war prevented its more rapid adoption. It is right to add many coal masters erect plants of their own, believing that by burning unsaleable coal they can produce cheaper than we can supply. From whence has this demand come? Not from the industrial and commercial classes, nor from the middle classes, but surely from the miners—from the profit-desiring instinct of the miners—quite legitimate in its own place, but not when it undermines the industrial prosperity of the rest of the community. That the industry could have reached its high state of development in Government hands I do not believe. I quote some apposite words of Sir Thomas Royden, spoken in connection with shipping. “The atmosphere of a Government Department does not encourage the growth of original ideas. The officials are chosen for their administrative, not for their inventive powers; and the magnitude of the trade, of necessity, produces an administration of routine. And beyond all this, the Government has no attraction for the men of great and even daring original thought, to whom we owe so much for the progress of the last sixty years.” Again, Sir Joseph Maclay was recently reported to have said: “They might have as much Government supervision as they liked, but they should not have Government control. He was quite certain that any man who understood his business and had had experience during the war of Government Departments, would desire nothing more than a quick and speedy relaxation. If the country was to succeed it would not be by Government control. It stifled enterprise and energy, and reduced the standard all over, rather than raised it.” With these opinions, and from my own experience, I entirely agree. Unhappily you cannot nationalise brains; the best brains will find fresh fields and pastures new. The notion that in ordinary times in the lower walks of the public services you find manifestation of self-sacrificing devotion is not in accordance with my experience.

So far as I am aware no business of the magnitude and complexity of coal mining in this country has been conducted by any Government. One naturally turns to our own Government services. I refrain from troubling you with the Post Office, Telegraph and Telephone Services save to point out the Chancellor of the Exchequer Budgets for a deficiency of £250,000 for the current year. If you will refer to the accounts of the Government telephones for the first complete year after they were taken over by the Government, the ratio of expenditure to gross revenue went up with a bound as compared with the last year of the National Telephone Company—the increase being nearly 27 per cent.

I cannot suggest any plan of nationalisation of coal mining. I cannot support any scheme which would in my opinion, undermine the industrial and commercial prosperity of the country. I am also utterly opposed to dual control. Judging from my experience, in my own business, it would in a short time produce bankruptcy. I have read in the Press reports of the schemes submitted to you. In my opinion to attempt to run this difficult business from Whitehall, along with Committees throughout the country, and with dual control would result in the maximum of friction combined with the minimum of efficiency. They all appear to me to afford inadequate protection to the consumer. Competition has given him that in the past. Lord Gainford's plan appears to afford an equitable adjustment of the conflicting claims of the coal owners and miners. It satisfies all reasonable demands of the miners. Dual control

3 June, 1919.]

MR. FREDERICK CROMBIE GARDINER.

[Continued.]

is withheld since the coal owners rightly believe it is impossible, but speaking as I am for a large body of consumers I confess that I look with misgiving on any of these artificial arrangements, and would much rather continue a system which has conduced so strikingly to the prosperity of the whole country.

Let me urge you in considering these experiments on the fabric of British trade to remember Lecky's words: "Two things may here be said. One is, that in an overcrowded country like England, whose prosperity rests much less on great national resources than on the continuance of a precarious and highly artificial commercial and manufacturing supremacy, any revolution which may lead to a migration of capital or the destruction of credit is more than commonly dangerous. The other is that this class of questions is ominously one in which consequences that are obscure, intricate, indirect and remote are often, in the long run, more important than those which are obvious and immediate."

Mr. Webb's Fabian pamphlet is, I understand, in evidence, and I desire to submit some comments upon it.

Broken Time.—The miners are to have "absolute continuity and regularity of employment." It is stated that the aggregate national requirements are known and continuous throughout the year. To which it can only be replied they are not known and are not continuous. The ebb and flow of trade cannot be foreseen by any Minister of Mines, nor can he make constant the demand for house coal.

We are told that "at particular ports at particular times ships wait idly for cargoes, meanwhile coal accumulates elsewhere in heaps because there is for the moment insufficient tonnage at the disposal of a particular firm at a particular port." "At one or other ports to which supplies could be diverted by telegraph there would always be tonnage available."

The main causes of gluts at loading ports, whether of steamers or of coals, are entirely beyond any Minister's control. The bulk of the tonnage to load coal shifts to the coal ports in ballast. If there are prolonged gales the steamers cannot shift in ballast and a glut of coal occurs. When the weather moderates large numbers arrive together; then you have a glut of steamers. To remedy this the Minister of Mines would also require to be Clerk of the Weather. The diversion of coals to suitable adjacent ports is a common occurrence in Scotland. I cannot suppose it to be suggested that coals are to be sent, say, from Tyne to Cardiff. Further, in particular states of the market, say, when there is an urgent demand for tonnage for cotton or grain, steamers proceed in ballast and coal accumulates. When other remedies fail we are to fall back on national stores in universally accessible places. It is suggested that we store a year's internal requirements, say 200,000,000 tons, at a cost of, say, £200 millions, involving £10 million of interest. Mr. Webb states: "We are told each handling involves a loss of 10 per cent." Thus two handlings mean £40 million. Add to this cost of storage, depreciation, possible extra carriage, insurance and other charges, say 2s. per ton, £20 million, and we have a total of £50 million, subject to some reduction if the whole quantity were not turned over in a year. Call it £25 million, equal to about twice the profit of coal mining for a year. Truly an idealist arrangement, but not ideal.

Where the universally accessible places are to be found is not disclosed. How is it possible to store coal for an iron and steel works using 1,000 tons per day?

Strikes.—From the cloud of words dealing with the conditions of employment it is difficult to extract any comfort for the consumer. At the last, Parliament is to decide the standard rate. We are face to face with the miners *v.* the nation. A difficulty is not being removed; it is only being postponed. In the pamphlet we read, "and whilst they would be virtually guaranteed (apart from national calamity) against any reduction in their present average earnings, they

would have full opportunity to urge upon the public opinion of the community their claim to progressive increases with every advance in the common standard of life." Whether this is applicable now I am not aware, but clearly it implies creating a "separate class whose interests are not necessarily identical with those of the community as a whole." It is interesting to turn to the Victorian State Coal Mines Official Report for 1918. The output was 332,866 tons. The approximate loss of output owing to strikes was 43,125 tons.

Consumers.—In the pamphlet we read, "it is therefore suggested that the Government Coal Department should organise the whole service—itsself delivering the coal required for the Government Departments, for export, and for industrial purposes, at prices no higher than were being paid prior to the war." In his evidence Mr. Webb says: "If I were the Minister I should be extremely careful and hold out no expectation of reduction in price." When asked "If it is found that the present high price will have an injurious effect upon industry generally, what will the Minister do?" he replied, "I really cannot foresee, but I do not imagine any particular industry will get cheaper coal." If the first course is adopted it would appear to involve financial ruin to the State; if his later prognostication is correct black is the outlook for British industry. There is a comforting sop to the domestic consumer. Coal into his cellar at 20s. per ton, wherever he may reside, an all-round freight of 2s. is assumed (more than, Mr. Webb says, was paid in 1913, but it is not stated as more than was paid for household coal, which is here alone in question), which in present conditions would obviously involve a serious loss to the railways. If any attempt at sale of household coal throughout the country at a flat price is attempted it plainly penalises those near coalfields for the benefit of those in remote districts. There is no suggestion that the benefits of cheap country produce, &c., enjoyed in the country should be transported to such places as Glasgow at 2s. per ton.

These are some of the features of one of the schemes which is recommended to take the place of a system which has successfully developed the mining resources of the country, and under which industries have grown and flourished.

I refrain from further examination of this document and from describing it in appropriate words."

25,200. Is there anything you would like to add to this *précis* which you have been good enough to read to us?—I should like to add one fact which came under my notice since that was drawn up. I put in a copy of an American paper called "The Black Diamond," from which you will find that the price of coal in Pittsburg, as recorded here on April 26th, for slack for industrials was 1.60 dollars. I made enquiry, and I am informed that the corresponding price in Scotland for coal for the same purpose at this time is 23s. 9d. I suggest to you that is a burden that our industries cannot support.

25,201. *Sir L. Chiozza Money*: What is your remedy for that?—I presume we will come to that later.

25,202. What is your own remedy? How would you bring down the figure if you had to do it your own way?—I should proceed to do it by getting the maximum production and not by legislating for shorter hours.

25,203. How would you get the maximum production?—By allowing labour, if it were willing, to work such hours as it thinks proper.

25,204. Do you mean it should work all day and all night?—I am individually against the legislative limitation of any adult male's hours.

26,205. Would you give women employees any time also?—With regard to women and children's labour, which in the past we know was open to great abuse, I differentiate.

25,206. You cut them out, but let the men work as long as they like?—Yes.

26,207. You think that would make the difference?—I do not say it would make the difference, but it ought to help to make the difference.

3 June, 1919.]

MR. FREDERICK CROMBIE GARDINER.

[Continued.]

25,208. *Chairman*: Do you wish to add anything else? You told us the Pittsburg price was 1·60 dollars against 23s. 9d. Is there anything else you desire to add?—No. The names of these associations that moved the resolutions are already on the notes, I take it?

Chairman: Yes.

25,209. *Sir L. Chiozza Money*: Do you know the hours are limited in America?—By law?

25,210. Yes?—I do not know that.

25,211. Do you know they earn bigger wages than our men?—That may be.

25,212. *Mr. Robert Smillie*: Do you say you have been informed that slack (small coal) is 23s. 9d. in Glasgow?—I am informed that small coal or this American coal—

25,213. Will you not read that? You read "small coal" from that?—I read "slack."

23,214. Yes, slack. Have you been informed that slack is being sold at the Scottish collieries at 23s. 9d. a ton?—I may have to correct myself. When I am giving my own information, as you will understand, I am on much safer ground than information I have gathered.

25,215. But you have given evidence that you have been informed that the price of slack coal is 23s. 9d. in Scotland?—The evidence which I have, and which may require to be corrected, is in these terms: "Price at blast furnaces. They are competing at from 24s. to 25s. for coal purchases, and the price they are allowed to charge by the Coal Controller to their own furnaces for their own coal is 23s. 9d."

25,216. I want to put it to you that you have compared the American Pittsburg prices for slack with what you say is the same class of coal in Scotland, where you say the price is 23s. 9d., and I want to put it to you that it is not slack which is put into the furnaces?—I do not say the same coal, but similar coal.

25,217. What is "similar"? What do you mean by "similar"?—Not identical.

25,218. *Mr. R. H. Tawney*: Do you mean the same quality?—Serving the same purpose.

25,219. *Mr. Robert Smillie*: You read from that paper there that slack at Pittsburg for manufacturing purposes is a certain price, and you say coal of a similar quality, you are informed, is sold in Scotland at 23s. 9d. Is that true?—I do not wish to overstate the matter in the least.

25,220. But you have overstated it?—I am quite willing to correct myself if I am wrong in the matter. There are the whole of the prices which I put in. I will read you the Scottish prices if you like.

25,221. For slack?—The price of unwashed dross ranged from 18s. 4d. to 22s.; washed singles, 21s. to 22s.; washed doubles, 22s. 6d. to 23s.; round coal 23s. 6d. to 24s. 7d.

25,222. What is slack in Scotland?—I do not know what slack is in Scotland. It is not a phrase which is used in Scotland, so far as I have been accustomed.

25,223. Slack in Scotland is unwashed dross?—Very well.

25,224. You quote it there at 18s.?—18s. 4d. to 22s. Correct it, then, to 18s. 4d. to 22s.

25,225. For unwashed dross?—Yes.

25,226. Is that at the pit?—I have no information. I should say that is at the works.

25,227. You have stated here that similar slack to what is sold at Pittsburg is sold in Scotland at 23s. 9d.?—You are only making a verbal point. I have given you correct information myself. I am not a coal expert, but I am giving you the information as it comes to me.

25,228. Who informed you the slack at 23s. 9d. is similar to the coal sold at Pittsburg for 1·60 dollars?—I was not informed—

25,229. But you said you were informed?—I was informed the coal used in blast furnaces is 23s. 9d.

25,230. Will you take it from me that they do not put any slack into blast furnaces, and that there is no slack which goes into blast furnaces?—Where?

25,231. In Scotland or in America.

25,232. *Chairman*: Just answer the question. Do not ask questions yourself?—Well, it is not a question in a sense; it is a statement.

25,233. *Mr. Smillie* is asking you whether you will accept it from him that no slack goes into the furnaces in Scotland. If you will not accept it from him, say so?—I have no knowledge of it.

Chairman: Then say so.

25,234. *Mr. Robert Smillie*: Will you just repeat that? For the same quality as sold in Pittsburg 23s. 9d. is paid at the Scottish collieries?—I have already accepted your correction to the extent that I should give the price of unwashed dross as the same as Pittsburg slack, and I do not know what more you want.

25,235. It is well that should be corrected. There is a considerable difference?—I want to give you absolutely correct information so far as I have it, because I am here for that purpose.

25,236. On the first page of your *précis* you say: "It should be borne in mind that in Japan and India much lower wages rule." Are you suggesting now that the wages of the Scottish miners should be reduced because in Japan and India much lower wages rule?—No, but we have to look at it in this way, that cheap coal has been an element, and a very important element, in enabling us to compete with other countries where labour is much cheaper.

25,237. If you have been competing at the expense of the lives of the men and workers, do you want that to continue?—No, not if we have been doing it, but I do not admit it, of course.

25,238. Is it not the fact that the industry which you belong to is prepared to accept any kind of men if they get them cheap enough—I mean the shipping industry?—No, by no means.

25,239. Have not the British seamen had to fight you again and again to prevent you putting Chinamen and Lascars on the ships, because they are cheap and do not come under the rules and wages obtaining with regard to British seamen?—You are wrongly informed. Chinamen are not cheaper than British crews. I have submitted conclusive evidence that Chinese firemen are as dear as English firemen, and, secondly, that a Lascar crew is not cheaper than an English crew.

25,240. *Sir L. Chiozza Money*: Why do you use them?—Because it is perfectly inhuman to use white firemen in the tropics or the run on the Indian coast. I have tried it over and over again.

25,241. *Mr. Robert Smillie*: Supposing *Mr. Havelock Wilson* says they are cheaper, and the shippers desire to have them because they are cheaper, that would not be true?—It is not in accordance with our actual experience for which I can produce figures; it is inaccurate.

25,242. Then why do you fight the seamen or the firemen, as the shipping industry fight them again and again, in order to get coloured men or Chinamen on board ships?—I have never fought to get coloured men on board ships.

25,243. The shipping companies of this country have?—I have employed Chinese firemen because, in my opinion, it was inhuman to expect white men to work in the stoke-hole in the tropics.

25,244. You rather blame the miners in your *précis* for their action in trying to get the mines nationalised?—I think it is a mistake, very much so from the nation's point of view. I think it is undermining our industrial supremacy.

25,245. I think you said the workers of the country are not paying sufficient attention to the state of the country with regard to reduced hours and higher wages?—I think they do not regard fully the fact that this country is in a totally artificial position. We have no security; we might say no true export, in a sense, but coal. We have to bring the raw material, iron, jute and cotton and we have to deal with them and export them. The existence of the people depends upon that. That again depends upon coal, or some of it does, certainly, at a moderate price in relation to the price of coal elsewhere. I do think that these factors are not sufficiently weighed by the mass of the people in this country.

25,246. Have we not had artificial conditions for four or five years?—This country has always been in an artificial condition with this mass of human being crowded into this island and it is in a precarious position.

3 June, 1919.]

MR. FREDERICK CROMBIE GARDINER.

[Continued.]

25,247. Has not your firm and shipping firms generally taken advantage of the nation during the past four years to amass immense fortunes out of the misfortune of the country?—If His Majesty's Government appoints a judicial Commission to inquire into the conduct of my firm I shall be willing to submit my firm's conduct for any such Commission to inquire into. I am not here to discuss my conduct. I have rendered all the assistance to the country I can during the war.

25,248. Will you give assistance to get a Commission appointed to inquire into the profits of shipping?—No.

25,249. Are you afraid of such a Commission taking place?—No.

25,250. Is it not true you have amassed a fortune out of profiteering during the war?—It is true that I gave very clear and sound advice to His Majesty's Government in 1915 as to how shipping should be dealt with. It is true that I gave 14 months of my time to His Majesty in co-operating in the war. Had my advice been taken I think much money would have been saved.

25,251. You are here to blame the miners for carrying on an agitation for the nationalisation of the mines. I put it to you the general feeling in Glasgow is that your firm has made immense sums of money out of the war, which means out of the food of the people of this country?—I have only to reply, and, as I have said, I will submit myself and my conduct of my affairs to any Judicial Commission appointed for such purposes. I repudiate at once the statement you have made.

25,252. You are not desirous of having a Commission, especially a Commission with —?—I am not afraid of any Commission on the conduct of my business, not the very slightest.

25,253. Is it possible to get cheaper coal without reducing wages, do you think? I mean the dear coal of which you are complaining is not there under nationalisation. You say since the control was taken off bunker coal it has gone up in the Tyne from 32s. to 60s. Is not that because the control has been taken off prices?—Certainly. If an article is scarce and there is a big demand for it and the article is not controlled the price will rise.

25,254. Are you anxious control should be taken off coal at the present time?—I think in the particular circumstances of the time I would say no.

25,255. Why?—Because the particular circumstances of the war have created an artificial position and controls have been compelled owing to that fact to adopt many special measures for dealing with the immediate difficulty, and this is one of them.

25,256. You are here pleading for the continuation of private ownership of the mines?—Certainly.

25,257. Are you aware that if the controlled price for coal used in industries and for domestic purposes in this country was taken off the probability is the coal would go up 10s. or 15s. a ton?—I do not think that is relevant.

25,258. *Chairman*: Forgive me, Mr. Smillie is not asking if it is relevant or not, but if you are aware of it. If you are not aware of it, say so?—How can I be aware of it?

25,259. Then say so?—It is a matter of opinion.

25,260. *Sir L. Chiozza Money*: Is it your opinion?—If you ask me my opinion, as I have said, if there is a good demand and it is scarce the price will rise.

25,261. *Mr. Robert Smillie*: If the mines were nationalised and there was a great scarcity and acute demand for coal would the price rise in the same way as under private ownership?—I cannot say what would happen under nationalisation.

25,262. Then why are you here opposing nationalisation, because you do not know what will happen under it? What right have you to come and oppose a thing if you do not know what will happen?—We believe that the proper working of the coal mines can only be done in private hands, and the competition of private producers in the past has fully safeguarded

the consumer. How can I tell if there will be safeguards under nationalisation?

25,263. Do not you know the consumer is not safeguarded but by Government control?—The consumer has been safeguarded in normal times. You want to base an argument on abnormal times.

25,264. I put it the price to the consumer would go up 15s., 16s., or 20s. a ton. Is it not because the Government is provoking the people who want to get their full right to prevent them bleeding the people of this country to the extent of 10s. or 15s. a ton?—Price will rise if there is a big demand for it, and the supply is not there.

25,265. It would not rise if the mines were nationalised. The mere demand for it, or it being scarce, would not mean it would rise under those conditions. It could only rise now because the owners are making a profit out of it?—There has been full protection for the consumer in ordinary times in the past under the competitive system. I have seen no plan that will give the consumer protection in normal times under nationalisation.

25,266. Is it not the fact that in pre-war times when coal got scarce it immediately went up 5s., 10s., or 15s. a ton?—I have had millions of tons of coal in my time and I have been always able—

25,267. Answer that question. Is it not a fact in pre-war times as soon as there was a scarcity of coal the price went up?—That is exactly what I have said. When there is a scarcity of any article and there is a demand the price rises.

25,268. If the mines were a nationalised property I say the price would not rise?—I know no reason to believe that. Why?

25,269. Because it would be based on what it took to produce and not what the nation would make out of it. We do not urge nationalisation for the nation to make a profit out of it. It is because it is in the hands of private owners and profits are made out of it that coal rises when it is scarce. Coal is of no more value really when it is scarce than when it is plentiful, and yet when it is scarce under private ownership it immediately goes up in price?—Certainly.

25,270. That is so?—Everything does.

25,271. And the price of coal might go up when it is scarce without wages going up at all?—I should think you would have something to say about that.

25,272. I expect we should ask that higher wages should follow the price of coal?—Certainly, quite right.

25,273. *Mr. R. A. Tawney*: Have you any proposal or suggestion to put before the Commission for dealing with the coal industry?—No.

25,274. You have no proposal?—You have got yourselves into a difficulty and you ask me to extricate you from it.

25,275. I am not saying I expect you to extricate us. You are assuming too much. I want to know what kind of suggestion you have to make?—You have destroyed the private coal owners of the country; you have meted out to them less than Jeddart justice; you have hanged them and not even tried them afterwards.

25,276. We have destroyed, did you say?—The basis of operations in the past let me say, if you wish me to be more careful in my language.

25,277. I desire you to be careful in your language?—Then I will use careful language. You have meted out to the industry, that is to say, the coal owners, something less than justice. You have handed them your scheme and you ask me to help you to do something.

25,278. You are under a misapprehension. It is not out of anxiety on my account that I ask you to help me. It is out of anxiety on your own account that I am giving you an opportunity?—Do not have any anxiety on my account.

25,279. Allow me to put my questions in my own way. I am giving you an opportunity of saying if you have any positive or constructive suggestion to offer. If not, say so?—It is in evidence I have no proposal to make.

25,280. Do you think the present system satisfactory?—I think the present system has been a very beneficial one to the country and is, so far as my knowledge goes, satisfactory.

3 June, 1919.]

MR. FREDERICK CROMBIE GARDINER.

[Continued.]

25,281. Then would it be true that the recommendation or the advice you give to the Commission is to leave things as they are and not attempt to make any change?—I am not prepared to suggest any alteration in the past operations.

25,282. You are not prepared to suggest any alteration?—No.

25,283. *Sir L. Chiozza Money*: You would not take the control off at once?—I think the present circumstances preclude that.

25,284. When would you take the control off?—That I cannot tell. It is impossible for anyone to say.

25,285. The only remedy you propose is the one you suggested previously to work the men as long as any of them would care to work?—What we have to get is the largest possible production.

25,286. Kindly answer my question. Is that the only suggestion?—I am answering your question if you will only allow me.

25,287. Is that your only suggestion that the men might work as long as they care to work and cancel the limitation of hours?—It largely depends no doubt upon the number of men and their power of production. If you prevent or restrict them, or if they restrict themselves, your production suffers.

25,288. So far as you are concerned we are to report to His Majesty's Government that the remedy for the coal situation is to cancel all limitation of hours for adult males and work them as long as they care to work. Is that the report to make?—I have not recommended you to report anything. I have no recommendation to make to you.

25,289. That is the only suggestion you have made to us. Is there any other suggestion you would like to make?—I have no suggestion.

25,290. *Sir Adam Nimmo*: I notice you make some general reference to certain effects of Government control, and you quote statements by Sir Thomas Royden and Sir Joseph Maclay. I understand you to say you have had personal experience of the working of a Government Department?—Yes, I was 14 months in the Transport Department.

25,291. *Sir Leo Chiozza Money*: The Ministry of Shipping?—Yes, Advisory Committee.

25,292. *Sir Adam Nimmo*: You refer to your own experience in your *précis*. Would you care to expound your view upon that point?—My experience in the Ministry of Shipping convinced me that a Government body would be utterly incapable of carrying forward any commercial enterprise in a satisfactory and efficient way. In a business such as our own, any shipowner of moderate ability could, I might say, pick up a fortune amongst Government officials' feet.

25,293. *Sir Leo Chiozza Money*: You say pick up a fortune. This interests me; I was there?—I am aware you were there. You arrived about ten days after me.

25,294. You did not pick it up at my feet?—You misunderstand me. I said my experience in the Transport Department convinced me that a body of Government officials were quite incapable of managing shipping commercially to compete with a private shipowner, and that one might almost go as far as to say that in a normal time of competition a private owner would pick up a fortune among the feet of Government officials.

25,295. You do not think it is true we cancelled the profits of shipowners?—It is true. I cancelled very large profits of shipowners.

25,296. *Sir Adam Nimmo*: Do you suggest you cannot expect to find the officials in a Government department you would find in a private enterprise?—I think it is highly improbable. The Government will not pay for brains. I say nothing about my friends at the Ministry of Shipping, some of whom were extremely capable officials. The Government is a penny wise and pound foolish. It is slow; it is almost incapable of an instant decision; its routine, its circumlocution and other things conduce to stagnation; I admit in times of war there are other influences at work and, no doubt, the people work with greater zeal than at a normal time.

25,297. I take it you are not deprecating the men, but it is the system?—Yes.

25,298. Under which these men work?—The system would in ordinary commercial life and in a time of depression lead to bankruptcy in a very short time.

25,299. Do you think we can take a parallel between what has taken place under Government control during the war and what we might expect under nationalisation in normal times?—I should say the experience during the war, and certainly my own experience in the office, convinces me, and I think the people should be convinced, that management of a large and intricate business like coal-mining would never be capably and efficiently conducted by any Government Department.

25,300. *Sir L. Chiozza Money*: Will you ask the witness a question for me? Is he aware, after the reverse in March, owing to the excellent transport arrangements we were able to throw across the Channel an enormous number of troops in days and weeks and to bring an American army across the Atlantic in a way which was never dreamed of?—I was not in the Ministry in those days.

25,301. Ah?—I wish you would allow me to answer the questions and not make these observations.

25,302. These are matters of great importance?—I was not in the Ministry in those days. I am aware what was done with regard to throwing the troops across. I am aware what was done about the American troops. I am aware that ships were torn off their routes, to the enormous prejudice of British trade. I say that that particular operation was, as far as I have the facts before me without full knowledge, well done.

25,303. *Sir Adam Nimmo*: I suppose you come here, having experience of Government Departments, to say that you are apprehensive of the result that will happen to the country if the coal mines are nationalised?—I speak only in my own individual opinion. As regards being in a Government Office and my experience convinces me that a Government Department is incapable of managing any commercial undertaking, either to manage shipping or to manage coal mines, and it would be against the national interests.

25,304. Did I understand from the previous answer you gave that you thought coal mines would be one of the most difficult things to deal with under a national scheme?—I think coal-mining would be an enormously difficult business to operate under any nationalisation scheme.

25,305. You were asked certain questions by Mr. Smillie with regard to the price of American coal to their industrial works. I take it what you had in view, irrespective of any difference in price that might be in doubt, was there was an enormous difference still left between the price of coal to the industry in America and the price of coal to the industry here?—That is the point. It was not a shilling or two shillings either way. The difference is so enormous. Whether the Scotch price is 18s. or 22s. is immaterial.

25,306. There was still a wide gap between the two prices?—Yes, showing the extent to which our industries are burdened by the very high price of coal.

25,307. The low price in America is much in favour of the American manufacturer?—To the extent, of course, we are losing our position in neutral markets, and within a short time, when trade becomes normal, our markets will be very largely invaded by American manufacturers unless we exclude them by tariff or by duties.

25,308. You speak very strongly in favour of the continuation of private enterprise in the mines. May I take it you speak for the whole of the manufacturing industries in the west of Scotland?—I speak for the Chamber, and as far as in my power I tried to ascertain their views and the opinions of the Chamber of Commerce, but if confirmation of my mandate is required I am perfectly agreeable to call a special meeting to confirm the resolution if you so

3 June, 1919.]

MR. FREDERICK CROMBIE GARDINER.

[Continued.]

desire, because I am quite sure we shall get a unanimous vote.

25,309. *Mr. R. W. Cooper:* You refer on page 3 near the bottom of the second column to the Victorian State Coal Mines Report?—Yes.

25,310. Have you got that?—Yes, I have confirmation of all these matters.

25,311. Is that the official publication?—Yes, it is the official publication.

25,312. May I have it?—Yes. (*Same handed to Mr. Cooper.*)

25,313. You tell us that the price of bunker coal has risen very seriously. Is that in consequence of the recent Order of the Coal Controller?—I am not sure how that has arisen. The matter is in confusion, I am informed. I cannot speak with knowledge.

25,314. *Chairman:* You have nobody to represent you upon the Commission. You have been asked a number of questions by these gentlemen. Do you wish to say anything more arising out of those questions? If you do, will you tell us what you desire to say, and we shall be glad to listen to it?—It may be a repetition.

25,315. *Chairman:* Never mind, tell us what it is?—My own view is that this country, as Sir Leo has told us, is practically founded on cheap coal. If the cheap coal is withdrawn—I use the words that I used at the Glasgow Chamber of Commerce the other day, and I do not think words of exaggeration—it means industrial suicide. You have to face the emigration of millions of people from this island because people cannot be kept alive. If you withdraw the export of

coal and tie up our shipping, apart altogether from the export question, I do not know whether you can get food brought here and the raw material brought here. Certainly the raw material is not at a price at which we can sell in competition. In view of the artificial position of this country it is essential that we do get that raw material at a price which will enable our manufacturers to compete abroad. We are, at the moment, borrowing money here, there, and everywhere. The day of reckoning must come, and I wish to press that, however it is to be obtained, cheap coal is essential, and unless we obtain it we are running a great peril. I only want to say finally that I am not here, I hope, with any narrow capitalist view. I am here to represent the consumer and I am here to represent the great industrial industry of the West of Scotland, and, in doing so, I think I am speaking in the best interests of the vast mass of the working people of this country. I have no feeling against the miner. I say this: He ought to get the maximum wage with a minimum number of hours compatible with the prosperity of the whole country, but it must be compatible with the prosperity of the whole country, and my apprehension is that his claims are being pressed to such a degree that this wider interest that is the very existence of this country is being imperilled, and I feel very keenly about it.

Chairman: We are very much obliged to you for placing your views so clearly before us.

25,316. *Mr. R. W. Cooper:* May I have this copy of the Victorian State Coal Mines Report?—Yes, I am prepared to put it in.

(*The Witness withdrew.*)

Chairman: There is a gentleman I now propose to call out of his proper order because he wishes to get away.

MR. JOSEPH SHAW, Sworn and Examined.

Chairman: Mr. Shaw's evidence is with regard to the export trade from the Humber. You will recollect we had a witness from South Wales with regard to the export trade there; we have had Sir Daniel Stevenson with regard to the export trade in Glasgow; we have had Mr. Greenor with regard to the export trade in Newcastle and Mr. Shaw speaks on behalf of the Humber Coal Exporters' and Shippers' Association. Mr. Shaw says:—

"I am the managing director of Messrs. Michael Whitaker, Limited, carrying on business in a large way as coal exporters, with branches and depots abroad.

I am chairman of the Humber Coal Exporters' and Shippers' Association, and I am duly authorised to speak on their behalf.

The observations comprised in my statement are based upon pre-war data, because abnormal war conditions afford no criterion as to the true position of the trade.

The association comprises the coal exporters in the Humber District, their ports of shipment being chiefly the Humber Ports of Hull, Grimsby, Immingham and Goole, and in a lesser degree Boston and King's Lynn on the Wash. There are also other small loading places.

The volume of coal exported from the Humber Ports alone in 1913, the last pre-war year, is as follows:—

	Tons.
Hull	4,728,787
Grimsby (including Immingham)	2,984,187
Goole	1,326,377
Total	9,039,351

25,317. I have introduced you, Mr. Shaw, to the Commission. Will you kindly read the remainder of your proof?

Witness: "There are only two coal areas of magnitude in England, viz., the North East Coast of Tyne

area and the Humber area. The Humber area comprises the Yorkshire collieries (particularly in West and South Yorkshire), and the collieries in Derbyshire, Nottinghamshire, &c., for which area the Humber is the natural exporting outlet.

The Humber area is increasing in magnitude and importance because of the sinking of new pits gradually nearer and nearer to the ports of shipment, collieries having been established in recent years east of Doncaster and at Thorne, north of the Humber, whilst similar collieries are being established south of the Humber. Many of these pits have been sunk avowedly with the object of catering for the export trade. The coal area thus defined is the chief coal producing area in the United Kingdom; it differs from all other British areas in that the collieries are a considerable distance from the ports of shipment.

In the Humber area there are not only very material differences in the quality and class of the coals, but also in their analytical characteristics and, what is of great importance to a foreign consumer, their size, the reason being that whilst coals are sold in England by the ton, they are often sold by the foreign importers abroad by measure, and in such cases preference is given to those coals which give the best results in out-measure. Moreover different classes of coals from different collieries suit the particular requirements of individual foreign consumers, who in many cases ask for a mixture from different collieries to produce the results they require. For the retention and development of trade it is extremely important that the individual requirements of each foreign consumer should be met in every respect.

The Humber Ports being the natural export outlet for this coal area are correspondingly the natural ports of shipment for the various countries where the classes of coal are required. Until comparatively recent years, the coal was shipped chiefly to Scandinavia, the Baltic, and near European countries, but owing to the magnitude and development of the industry and the increase of facilities for shipment the area of distribution has been largely extended to other countries.

3 June, 1919.]

MR. JOSEPH SHAW.

[Continued.]

Competition against the coal shipped from the Humber area emanated, in pre-war days, chiefly from the German collieries in Westphalia and Silesia, whilst the Belgian, French, and Spanish collieries competed locally with the coals which were exported from the Humber to those countries. In pre-war days there was a little competition from America, but this is likely to increase in existing conditions.

A coal exporter occupies a special position and forms an integral link between the producer and the ultimate consumer. His relations vary with the conditions of transit both by sea and land, and he is in no sense a broker drawing a commission between the producer and the consumer.

A coal exporter must be in close touch with stocks and market conditions of coal for export. He must also be in very intimate touch, not only with the pulse of the general trade requirements in each foreign country, but with the requirements of each individual consumer in each country in which he has established connections, and which are regularly visited by him.

A coal exporter contracts with the collieries or the colliery selling agents as a principal, and he is himself responsible to the colliery for the payment of the coals sold by them. The collieries sell the coals and receive payment for delivery substantially in the vicinity of the colliery—certainly in England. On the other hand the coal exporter needs to be in touch with shipping conditions; he must charter tonnage and make the necessary shipping arrangements; and he sells the coals to the foreign importer on varying terms. Sometimes they are sold by him free on board in England (known as "F.O.B. terms"); sometimes on terms which provide for cost, freight, and insurance (known as "C.I.F. terms") and sometimes on terms in which he undertakes the entire risk of carriage, either to foreign port or to the consumers' works (known as "delivered terms"). Moreover, he must make all financial arrangements varying with the different conditions upon which the sales are effected by him, and he accepts all the risks incident to this method of business, from which the collieries are relieved.

The coal exporter occupies a threefold position. With regard to the collieries, he runs the risk of getting the coals to the sea-board in order to fit in with the ship room engaged for the purpose of export, and apart from being personally responsible to the collieries for the price of the coals, he relieves them from any responsibility with regard to delay in transit, or with regard to shipment and destination.

In the next place the coal exporter has the responsibility to the shipowner whose ships are chartered to carry the coals, and the coal exporter also faces the responsibility of the timely arrival of the coals and the ships to load them, being exposed to the danger of demurrage and loss on both sides.

In the third place, the coal exporter takes risks with the foreign importer, which is no light matter. Apart from financial risks, if coals are rejected on arrival at their destination they are at once saddled with the taint of rejection in a foreign country, and are correspondingly difficult to dispose of."

25,318. What is the percentage of rejection in your experience?—The rejection is very small, although I have known rejections that have been very costly. I can refer to a case in 1911 when I had two cargoes of 5,000 tons thrown on my hands in Italy. The refusal of those two cargoes cost my firm eventually £14,000.

25,319. Did you sue in the Italian courts?—No law suit ensued from that. I had to take that coal into my hands it having been condemned as unmercantile, unworthy.

25,320. Condemned by the Chamber of Commerce?—By the President of the Chamber of Commerce. I had to take over a business which was a great mistake for me and which cost us £14,000, and we were very glad to close up.

25,321. *Mr. R. W. Cooper*: Was it on a falling or rising market?—That was three years before the war.

25,322. Were prices rising or falling then?—I cannot tell you now whether the prices were rising or falling. It does not matter what the market was. That coal was unmercantile.

25,323. You told us the rejection took place in Italy?—It was normal times. Anyhow, the reason why the coal was rejected was because of the fact that a small amount of coal had been put in by the colliery company that had been picked up from the ground, that had previously been on fire, and therefore they condemned the whole cargo.

25,324. *Chairman*: Was it rejected because it was not up to sample or calorific power?—It was not a question of calorific power at all. The coal when it got into the hot sun in Italy in June or July practically turned white.

25,325. Had you a guarantee from the colliery?—No, that is where a coal exporter gets no guarantee. The coal exporter relieves the colliery of all risks. He pays for his coal at the pit mouth or free on board, and he has finished the responsibility which then begins with the coal exporter.

"This threefold position is more accentuated in the Humber area than on the Tyne, where the many collieries have their own loading appliances or staites. In fact in past years, particularly 1907, the coal exporters of the Humber incurred serious financial losses because of delays on the railways, congestion of traffic at the ports, detention of steamers, and similar causes, while the collieries having relieved themselves of their output at the pithead were free from any such responsibility."

25,326. You say the coal turned white?—Yes, it turned a greyish colour.

25,327. *Mr. Evan Williams*: Was that because of the coal picked up from the bank?—This coal had been on fire and it was small coal. As it was taken out of the ship of course all the bad coal ran amongst the good coal and condemned the good coal, and with the hot sun. I do not know the reason of it; this coal undoubtedly turned to a greyish white colour.

25,328. Even the coal that had not been on fire?—The whole of the coal looked like it. I should be very pleased to give to this Commission a report on that coal.

25,329. *Chairman*: I was not for the moment doubting you; it is a curious thing?—I attributed it to the hot country after the coal had got out. It was condemned in the ship because they saw the nature of the coal at the very top of the holds. The President of the Chamber of Commerce asked for it to be discharged, and as it was waiting for days to discharge the ship the hot boiling sun on this cargo had some effect.

25,330. *Mr. Herbert Smith*: What was it?—Principally South Yorkshire.

25,331. There was Silkstone in it?—A great deal of Silkstone being in it.

25,332. That explains it—being inferior.

Chairman: It does turn white.

Mr. Herbert Smith: Yes, it shows a white face.

Witness:—"The foregoing observations are in the nature of an introduction the understanding of which is essential before proceeding to the two points upon which the Commission invite views.

The first point suggested by the Commission is the probable effect of the nationalisation of mines and minerals upon the coal export trade.

It is difficult to foretell the probable effect of nationalisation because so much depends upon circumstances.

(a) If the nationalisation of mines resulted in an increased output and a reduction in establishment costs and sale prices, coupled with elasticity and freedom of action, similar or greater than that which prevails in normal peace times, as between the producer on the one hand and the coal exporter on the other, the coal exporting trade could be carried on successfully.

(b) If, however, the proposed nationalisation led to a decreased output with the inevitable increase in costs, and restricted free bargaining between the producers and the

3 June, 1919.]

MR. JOSEPH SHAW.

[Continued.]

coal exporters, the coal exporting trade would be seriously crippled, and competition from America and Germany, and in a lesser degree from Belgium and France, would be directly encouraged.

With regard to (a), the nationalisation of collieries should not be allowed to entail and suppression or restriction of the present commercial management of the collieries. Each colliery has its own peculiarities not only in the cost and circumstances of production, but in the grading of its coals and their adaptability for certain purposes. There is a great variety of method not only in the working of the coals but in their handling, washing, screening, etc.¹

25,333. Do you mix much in the Humber?—Yes, we mix quite a lot: "And instances could be given where coals from one colliery are excellently suited for purposes of a foreign consumer who will not look at coals produced in the same vicinity and from the same seam. This could not be overcome by standardisation, which could only apply to grading, quality being unalterable.

The second point suggested is the best method of working the coal export trade if nationalisation were decided upon.

The answer to this question has been somewhat anticipated in answering the first point. If nationalisation be decided upon, the best method of working the coal export trade would be to follow as closely as possible the methods existing in normal peace circumstances, viz.:—To allow each colliery to manage its own affairs, with the consequent rivalry between the various collieries; to allow each colliery to conduct its own sales in competition with its fellows in the open market; to allow the coal exporter the same opportunity as in the past of acquiring the various grades and qualities of coals, leaving him responsible to the producer for the price of the coal, either at the pit mouth, or at the port of shipment, but in any case in the country of origin.

The coal exporter should continue, as in normal peace times, to arrange the necessary tonnage for the export of the coals. He should also be allowed to continue his present connections and to make his own chartering arrangements with shipowners, and financial and other arrangements with buyers overseas, with absolute freedom to extend and develop markets.

The State could not, as such, enter into the position of the coal exporter with regard to individual foreign connections."

25,334. As far as risk is concerned, you would recommend the risk should still remain on the exporters?—I do: "The foreign connections of coal exporters are built up at considerable expense and much depends upon the personality of the individual coal exporter. Moreover, the requirements of each individual foreign importer and consumer have to be considered. Prices frequently have to be worked out in the currency of the country of destination and correspondence carried on in foreign languages and a general personal interest taken in the affairs of the foreign importer and consumer. In short, coal exporters have to seek and maintain their business; it does not come to them."

25,335. Assume, for the sake of argument, your system was adopted, would it be possible under it for all the exporters of a particular area to combine in a ring and put up the price enormously to the foreign buyer. Say, for example, you could get coal, for the sake of argument, at 25s. at the pithead and you agreed to take all the output and charge the foreign consumer 40s. I am putting hypothetical figures?—It would not be possible.

25,336. Why not?—Take the Humber. The majority of coal exporters, probably 50 per cent. of the Humber exporters have also offices in Newcastle, and also in other places. You are speaking of one particular district.

25,337. Yes?—They have offices in Newcastle, Cardiff and Glasgow. My firm have at each of those places. We in the Humber and those in charge of the particular office in the Humber are naturally interested in the development of the coal shipped from

the Humber. Consequently an amalgamation of the firms of the Humber to push Yorkshire coal in preference to Scotch coal where there may be no amalgamation would be detrimental to that firm; but I may say that during the war I personally advocated to the coal exporters of the Humber that they should pool the profits because of the fact that the export trade of the Humber was reduced and was gradually getting lower and lower and we had our own standing charges. Some firms who had never shipped to France but previously had shipped to Scandinavian ports were not allowed to ship to France. I suggested we should pool the business and pool the expenses during the control, but the Humber coal exporters were dead set against any such thing; they would prefer their own standing charges and run the risk of doing any business rather than be associated with a neighbour.

25,338. You say pool the expenses. I do not want to ask you about your particular business. Are the expenses of the exporter very great per ton? Is there any sort of thing you could tell us?—I have no data before me.

25,339. It depends upon the volume of your business?—That is quite true. I think from the interviews I have had and various meetings I should not be very far wrong if I said that in normal peace times the average profit of an exporter—the gross profit—was something in the neighbourhood of 6d. per ton, and the net profit would be something like 3d. per ton, certainly not exceeding 3d. if you took the whole of the coal exporting trade.

25,340. That depends upon the volume?—Yes.

25,341. Should I be right in thinking the expense is about 3d. per ton?—You are assuming quite correctly. That is the English expenses.

25,342. In that 3d. per ton do you allow any insurance for bad debts?—Naturally if you are getting a net profit you are taking everything into consideration.

25,343. Every now and again you get let in or you think you do by some foreigner?—Very often.

25,344. Is there any sort of fixed ratio of that in your experience? Do you allow any sort of sum to compensate you for that?—No, as a rule you have to assume what sort of a profit you are going to get. It is the most speculative business in the Kingdom to-day. I am speaking of normal times. I can give you an instance. Take the Russian market. In October or November the Russian merchants as well as the Russian manufacturers and the railway companies and gas companies set about to buy their coal for the following season starting in May. An exporter gets a telegram in the afternoon or evening in October or November. That exporter does not wait to ask the colliery what his price is, because why? He knows the colliery would not quote him for trade to start in the following May. He cannot go to the shipowner and ask him what his freight is in the following May, because the shipowners will say, "How do we know what our back cargo is going to be like in May; we must wait until nearer the time"; but the exporter in order to get trade for the country and to enable the miners to work full time has to take upon himself to act instantly. He does not wait two days; he does not have to come to London to ask for a price; he instantly wires his agent who has his reply the next morning in St. Petersburg, and he has got that business or lost it before 12 o'clock the next day. Therefore the exporter must be fully conversant with the markets not only at home, but abroad. He must be fully conversant with the freights and with the prices of coal, and he works entirely on averages. Therefore he does not know what profit he is going to have or what loss he is going to sustain, but, as I stated, taking an average profit and average loss, because a coal exporter is no fool, and he does not care to lose if he knows it.

25,345. I rather gathered that?—I believe I am correct in saying, taking the average, the profit is 6d. per ton. "The result is that everyone connected with the coal export trade is personally interested from every point of view, and particularly financially, because his success depends upon his work, trading ability, personal influence, and personal effort. This would be lacking if the coal exporters were merely officials. This point may be

3 June, 1919.]

MR. JOSEPH SHAW.

[Continued.]

emphasised because the business of a coal exporter is carried on at all hours of the day and night, so much being dependent upon prompt attention to all matters affecting his business, and such attention could not be expected if the great incentive to personal work and personal effort were removed."

25,346. *Mr. Herbert Smith*: Am I right in saying you are Mr. Whitaker's managing director?—Yes.

25,347. How many years has he been exporting?—20 years to my knowledge.

25,348. He used to be an ordinary merchant?—Yes. What has that to do with it?

25,349. Never mind what it has to do with it. You are a witness and I am asking you questions and you have to answer. You are being so good to the miners I want to see how much good there is in it. Do you know a gentleman called Woodruff, an exporter?—I knew him before he died.

25,350. Do you know in 1893 he was not a very rich man?—I must correct myself. You asked me if I knew Woodruff as an exporter. I reply "No" as an exporter; I knew the late Arthur Woodroffe as a coal factor.

25,351. And exporter?—Not a foreign exporter.

25,352. Do you know David Williams?—Yes.

25,353. An exporter?—Yes.

25,354. Would you be surprised to know that I know a man who in a few years made thousands out of this business?—I should not be surprised at all.

25,355. Like Whitaker has done?—I must challenge you on that. Mr. President, may I answer?

25,356. *Chairman*: Certainly?—He has challenged me, he says "Like Whitaker has done." Whitaker's is a limited company. During the past nine years the average dividends of Whitaker, Ltd., have been 4.17 per cent.

25,357. *Mr. Herbert Smith*: You have issued balance sheets I suppose?—We have issued balance sheets in accordance with those figures, and those figures are given here on oath.

25,358. How much had you in it when you started?—You have made a statement "Like Whitaker has done." Michael Whitaker, Ltd., have paid to their preference shareholders 6 per cent. all the time, and the average dividend of ordinary shares has been 4.17 per cent. since its formation. I cannot go better than that. Further, their reserve is £20,000—I am going to be candid with you—but facing them is this fact, that in Germany, in Mannheim, they have depots there which stand at close upon £30,000, and which, as far as they are concerned, may be all swept into the sea.

25,359. That is owing to the war?—That is owing to the war. When you challenge me about my own firm I can speak.

25,360. According to you, your object in view was getting work for miners, and you take all these risks. I want to show you that, as far as I know, exporters make tremendous profits, and I come from Yorkshire?—I know you do. An exporter is interested in the miners, and he is interested in the miners working full days, because by the colliery working full days he knows there is more coal for him to export and more coal for him to offer. That is where his interest is. I am interested in miners. I have lived with them since a boy. I was brought up at the very bottom of the colliery and I have lived with them.

25,361. What do you mean by bottom of the colliery?—A weigh clerk. I used to go down the pit every day.

25,362. You would not call that the bottom of the colliery?—I reckon that 5s. 9d. a week is about as low as you can get in a colliery.

25,363. That is some years since?—Yes.

25,364. I started at 10d. a day down a pit?—Perhaps you were better off then than to-day.

25,365. Perhaps worse?—I am not sure I was not better off in those days than to-day from a peace of mind point of view.

25,366. May we take it you have settled opinions with regard to nationalisation?—I have no settled opinions with regard to nationalisation.

25,367. All you ask for is to make exporters secure?—I am here to prove on any question of export that no Government could do it.

25,368. Do you say you hope you will be allowed to go on as you are?—Yes, conditionally that you give the exporter the same freedom of action with the colliery, and that is a big if. Under nationalisation it is almost impossible. If you are going to withdraw the means of the exporter being in touch and getting quick decisions from the colliery, it is then I say the coal exporter is going to suffer, and suffer very seriously.

25,369. Will you admit that coal control has been a necessity during the war?—I do admit it.

25,370. Do you admit it still ought to continue?—I admit the control should continue until the supply approaches somewhere the demand.

25,371. As I take your paper, all you are afraid of is that the output will go down?—I am personally convinced of that.

25,372. Records do not prove that?—What records do you refer to?

25,373. Take February, 1919?—The exporter, do you mean?

25,374. The output of coal?—Take it at the very commencement, if you like. Take 1913. The total output was, say, 285,000,000 tons. I put it to you as a miners' leader that in 1919 you have more men in the mines than you had in 1913 and that the anticipated output for this year will not exceed 216,000,000 tons.

25,375. I put it to you as a coal exporter that you had 200,000 men coming back somewhat incapacitated from the war, and that is more than you had in 1913?—I agree with you; I must attribute it to that.

25,376. You remember 350,000 went from the mines to the war?—I do.

25,377. You also know that Yorkshire miners alone have had about 5,000 killed in the war?—I quite understand that, but the men are there to-day in greater numbers.

25,378. The men are not there to-day?—There are more men there to-day than in 1913.

25,379. They are not there to-day in the same physical capacity that they were before the war?—The fact remains there is 70,000,000 tons output less this year anticipated than in 1913.

25,380. When you talk about anticipation you have to realise, and I will tell you that I know a pit that had more men in it in 1916 than in 1918 and they got 87,000 tons more in 1917 than in 1918. Can you answer me that question? There were less men in 1917 and there were 87,000 tons more than in 1918?—I can only answer it in this way, that those men worked. There are a lot of men to-day who are not necessarily men that have been to the front and come back. There are a lot of men to-day, and in Yorkshire, too, that are not working and do not care twopence about the interests of the country and whether the poor people have coal or not. The President this morning put a case to a witness as to the poor of London being short of coal. I know what my answer would have been. My answer would have been, tell the miners who get the coal to produce the coal and work six days a week, and then his fellow creatures, the poor in London, would get their supply, and the distributor will see that he gets it.

25,381. Let me put this to you: Where do you get the information from that he will not work?—I know the miners.

25,382. My reply would be this: that since the control has been taking place the colliery owner has been indifferent and the miner has been getting less coal than he could, that is from the pit and not at Hull for the exporter?—I mean in the trade generally.

25,383. You make a statement that a man does not care what state the country is in and he refuses to work?—I say he is not working at the same capacity.

25,384. Do you know there has been a mines manager, an expert from Yorkshire, in that chair who has admitted that if a man works four days a week he works all he can in deep mines in Yorkshire?—It depends upon the mine.

25,385. I am talking about deep mines?—Such as the Yorkshire Main?

5 June, 1919.

MR. JOSEPH SHAW.

[Continued.]

25,386. I am talking about deep mines?—The President might not understand what the deep mines mean.

25,387. *Sir Leo Chiozza Money*: Why should we not understand what deep mines mean? You are a coal exporter?—You have not had experience. You had better tell them there are not many deep mines.

25,388. *Mr. Herbert Smith*: Where do you get your authority from that the miner does not care about the people and does not work?—In my conversation with the miners and going about in the trade.

25,389. Where has your conversation taken place?—In many places. I am not going to tell you.

25,390. You have made a damaging statement that ought to be proved or withdrawn?—I shall certainly not withdraw it or tell you.

25,391. Where did you get your authority from?—I shall not tell you that.

25,392. I will tell you there are four collieries in Yorkshire where the men have been asking to give notice because they could not get supplied with sufficient tubs?—This is entirely off the subject of exportation. If you refer to Waterloo Main Colliery at Leeds, will you tell me if for three months at Waterloo the men were giving the best to the country with the number of men in the mine and the quantity they turned out?

25,393. Now you have named Waterloo Main. My reply is if it rests with me I should withdraw every man from Waterloo Main until conditions were made to enable men to make respectable wages?—All right. I should like the Commission to understand a little with regard to the work of exporters. Some people are under the impression that an exporter when he has delivered the coal, say, in Antwerp or Rotterdam his services are at an end. The exporter in many instances is the actual distributor abroad. I will tell you two instances to show you the value of an exporter and what the Government could not do. I was in Frankfurt one day, this was in normal times. There I met the zinc magnate. He said: "My works are situated here and situated there and I consume nothing but German coal; I cannot buy your coal from England; I do not know the quality of the coal. I expect you may profess to send me

and supply certain coal, but what I want is entirely different; are you prepared to sell me steam?" "Certainly; I will sell you steam." "I know how much steam I want; I want to know what it is going to cost me." I took that order for a place in Northern Belgium for 70,000 tons per year at a price guaranteed delivered into the works, not at the port of Antwerp or Rotterdam on a delivered weight on the weight guaranteed into the works and not put on to the ship at Hull. On the result of the analysis and for every point in excess of that guaranteed and the same in calorific power lost I was fined 2½d. per ton. I put it to you that no Government and no committee would ever dare to have taken an order of that description, but if it had not been for the exporter, in this case myself, who had been willing to undertake that, then that trade would have gone to Germany, and at that particular time it was for Yorkshire slacks who were wanting orders very, very badly.

25,394. *Mr. R. W. Cooper*: Might I ask were you delivering coal at works inland in Germany before the commencement of the war?—Yes, we had our own depot at Rosenberg; we had our own depot at Rogonoburg, Worms and Mannheim.

25,395. You were delivering there to German buyers?—We opened a depot in Mannheim in order to capture the Swiss trade. It was no use our trying to do business with Switzerland and passing it through several hands. But we erected screening and electric discharging plant in Mannheim. We chartered and bought lighters to run from Rotterdam to Mannheim. We had our steamers running from Hull and Goole direct to Rotterdam. We had a clean sweep to Mannheim and into Switzerland. I believe I am not exaggerating in saying I was the first man to sell British gas coal in Switzerland and that had previously been German coal.

25,396. Was any money owing to you by German buyers at the outbreak of war?—Nearly £30,000 or £40,000.

25,397. That you have not yet recovered?—No.

25,398. *Chairman*: Did you tranship at Rotterdam?—At Rotterdam for Mannheim into lighters. *Chairman*: We are very much obliged to you.

(The Witness withdrew.)

Mr. ALFRED BROOKS, Affirmed and Examined.

25,399. *Chairman*: We have had a representative from Leeds, Birmingham and Glasgow. This is the evidence of Mr. Alfred Brooks, who is a member of the London Chamber of Commerce, Chairman of the Gravesend and Dartford Chamber of Commerce, member of the Council of the London Waterside Manufacturers' Association, Chairman of the Incorporated Association of Kent and Essex Authorities Owners and Traders, member of the Medway Conservancy.

Director of the following companies:—Associated Portland Cement Manufacturers (1900), Ltd. (a Managing Director); British Portland Cement Manufacturers, Ltd.; Tolhurst's Cement Works, Ltd. (Chairman); Trechmann, Weekes & Co., Ltd. (Acting Chairman); Stone Court Chalk, Pier and Land Co., Ltd. (Chairman).

Ho says:

"The London Chamber of Commerce having been invited to offer a witness on behalf of the coal users of the London Area, requested the London Waterside Manufacturers' Association, as representing the largest consumers of coal in their area, to nominate a witness, and that body at a General Meeting held on May 26th, 1919, unanimously passed the following resolutions:—

Proposed by Mr. Alfred Brooks (Associated Portland Cement Manufacturers (1900), Ltd.; seconded by Mr. W. Varco Williams (Messrs. Samuel Williams & Sons, Ltd.)—

That this meeting strongly protests against any proposals for the nationalisation of coal

mines, fearing that any form of State control of mines will increase the price of coal and seriously hamper the industries of the country in competition with foreign manufacturers in home and oversea markets.

Proposed by Mr. F. McLeod (South Metropolitan Gas Co.); seconded by Mr. E. Workman (Messrs. Doulton & Co., Ltd.)—

That the Coal Commission should make no report until due consideration has been given to the views of industries which are affected as consumers of coal. The appearance of comparatively few witnesses who represent consumers is not regarded as adequate to ascertain the effect on the industries of the nation of the proposal to nationalise mines.

Proposed by Mr. W. Varco Williams; seconded by Mr. F. C. Hill (Messrs. Locke, Lancaster, and W. W. & R. Johnson & Sons, Ltd.)—

That the inquiry held by the Coal Commission into this subject has been entirely inadequate, and that its report should not be accepted and acted upon by the Government until sufficient steps have been taken to ascertain the effect of nationalisation on the manufacturing industries.

And nominated Mr. Alfred Brooks to tender evidence on their behalf."

Could you tell me how many were present at the general meeting when those resolutions were passed?—It was a meeting summoned at very short notice. I did not count, but I should think there were about 30 there.

3 June, 1919.]

MR. ALFRED BROOKS.

[Continued.]

25,400. Out of a total of how many?—About 110 members we have altogether. I have a list here which I was able to tear out of an old report. Owing to the war, we have not kept up our registration and so on.

25,401. *Chairman:* This is the London and Waterside Manufacturers' Association, and it includes a very large number of well-known names: the Anglo-Continental Guano Company, Messrs. Armstrong, the Associated Portland Cement Company, Messrs. Baldwin, Messrs. Barclay, Perkins & Co., Messrs. Brunner Mond & Co., Messrs. J. & J. Colman, *The Daily Telegraph* Paper Mills, Messrs. Dorman, Long & Co., Messrs. Doultons, Messrs. Farmiloe?—Practically all the leading firms in London, you may say, who have waterside premises.

25,402. Anyone who has had the good fortune to go down the Thames could see those names any day. Mr. Brooks proffers the following statement showing what an important body the London Waterside Manufacturers' Association is. Now, will you kindly read your *précis* to the Commission?—May I say that this statement that follows is a matter that was inserted by the Secretary of the Waterside Manufacturers' Association, and he has taken certain statements which he puts into my mouth from evidence which I have given in other places. It is a little inconsistent, because it is not quite up to date with my own statement which is written further on.

25,403. *Chairman:* If you will kindly read it we will remember that.

"The manufacturers conducting industries at premises situated on the banks of the River Thames and on some tributary waterways in London formed themselves into a voluntary Association in the year 1902, and subsequently became incorporated in 1905. The aggregate capital invested in these industries is about 100 millions sterling. The industries are various, and they include the companies engaged in the business of gas supply. The manufacture of cement is in some ways the largest industry on the Thames and the Medway, one of the two companies with which I am connected (which itself is an amalgamation of 26 firms and companies), employs nearly 10,000 hands."

Those figures have been reduced in more recent years by great labour-saving appliances.

"The frontage of our premises on the river is about 8-9 miles. Several townships are dependent on the conduct and prosperity of the industry, and coal is an important integral factor in our cost. I apprehend, and I am of opinion that other large manufacturing consumers will also apprehend, that State control will tend to reduce the hours of labour and increase the cost of coal. That apprehension on the part of our own company and other manufacturing consumers may cause them to take the precaution of contracting ahead on an unusual scale. The gas companies will probably do the same, because coal is practically their only raw material, and the position of shipping companies in this connection is obvious. With this competition for supply under the fear of limitation of output, the effect on the price becomes obvious.

Owing to shortness of time it has been impossible to collect full information from all their members, but witness will hand in a statement showing what particulars have been collected."

There, I may say, we have got in a considerable amount of evidence from our members, but I find, roughly, that the consumption of the waterside manufacturers amounts to about five million tons per annum; of that, the gas companies use about three million tons, the cement companies about 1½ million tons, and the others, I suppose, round about the difference. I could give you the various returns.

25,404. I think that is sufficient. It puts the position very clearly:

"Witness also proffers a letter from the Secretary of the London Chamber of Commerce, under date 31st May, 1919, as following:—

"The policy of the Council of the London Chamber of Commerce and of the Chamber generally has always been against nationalisation of trading and industrial

undertakings and as regards the coal mines the delegates of the London Chamber to the annual meeting of the Association of British Chambers of Commerce on the 15th and 16th April, 1919, under authority given by the Council supported the following resolution which was passed by the Association:—

This Association is of opinion that nationalisation of the coal industry is not the best remedy for the alleged present wasteful methods of working or distributing but that efforts should be directed to economies and better management without introducing the new elements of waste that are certain to arise under nationalisation.

Note.—The Association of British Chambers of Commerce includes all the Chambers of Commerce in the British Isles. The Association arranges meetings at which delegates from all Chambers are present quarterly.

Witness can only speak personally of the cement trade."

Then I proceed to give the details with regard to the cement trade, and I set out the facts there, so that you may see that I am qualified to speak.

"The capital of the cement companies with which I am connected is as follows:—

A. P. C. M., Ltd., Issued Capital	£8,351,895
B. P. C. M. and Allied Works	4,758,837
	£13,110,722

It is estimated that the total capital invested in the cement trade in the United Kingdom is about £15,000,000, so that the witness is thoroughly competent to speak for the trade as a whole.

The total annual capacity of the various works throughout the country is as follows:—"

(a) This was taken from a return which was taken for the Government at the time they were controlling the trade. We were controlled by the Army Council. I should like to say, with reference to those figures, that that first figure, 1,200,000 tons for the A.P.C.M., Ltd. Works, was a figure prepared by myself. I took a conservative view, thinking the Government required to know what, if they supplied the materials and labour, we could produce at the time; consequently, I put the figures quite on a conservative basis. I know that the other figures have not been prepared quite in the same way; so that this is a Government return, 3,630,000 tons; and I go on to say that it was distributed as follows:—

	Tons.
"Thames and Medway Area	2,000,000
South Wales	500,000
North-East Coast	280,000
Midlands	350,000
Eastern Counties	100,000
Scotland	100,000
Ireland and Miscellaneous	300,000
Total	3,630,000 "

That is the estimated capacity. I think it is rather over-estimated. I think if you said 3,500,000 tons, it might be nearer the mark. Then I give the actual tons produced. (b) I have there set out the figures, that you may see that the deduction that I make from them is reasonable: "It will be seen from these figures that in normal times the actual manufacture, on an average, represents 90 per cent. of the total capacity of the works." If you take the A.P.C.M. figures in the pre-war time, it ranges about 1,100,000 tons to a little over, out of the capacity given here on this return of 1,200,000; so that 90 per cent. is well within the figure. And if you take the pre-war figures for the two companies, the A.P.C.M. and the B.P.C.M. and allied works, you get 1,300,000 and 1,200,000 tons out of 1,500,000 tons, so that, taking the two companies, 90 per cent. is a fair figure.

25,405. I am afraid we cannot go into the details of these figures. We can quite see them in your proof. I will read on:

"It will be seen from these figures that in normal times the actual manufacture on average represents 90 per cent. of the total capacity of the works,

3 June, 1919.]

MR. ALFRED BROOKS.

[Continued.]

The consumption of coal per ton of cement manufactured averages 10 cwts., consequently the cement trade in normal years use 1,633,000 tons of fuel per annum."

That is over 1½ million tons of fuel. Then you set out the average price of coal free alongside works: for the year 1906, 11s. 7d.; 1908, 14s. 1d.; 1910, 12s. 6d.; 1912, 12s. 9d.; 1914, 15s. 2d. Is that the average for the whole year?—It is the average for the whole year.

25,406. Then it has gone up enormously since the war: 1915, 21s. 5d.; 1916, 26s.; 1917, 24s. 8d.; 1918, 28s. 9d.; and to April, 1919, 33s. 9d. Now will you read on?—

"The average price for the seven years ending 1912 was 12s. 8d., or for the nine pre-war years 13s. 4d. per ton and showed but comparatively small variations, not amounting to more than 2s. per ton of cement from the highest to the lowest, whereas the present price of 33s. 9d. means an additional cost of 20s. 5d. per ton of coal, or 10s. 2½d. per ton of cement over the average cost of the nine pre-war years. The greatly enhanced prices we are now paying for coal are for qualities very greatly inferior to those purchased by us in pre-war times. The average calorific of the coal we used in our kilns were then well over 7,000, whereas now we have been compelled by the coal Controller to take large quantities of coal varying from 4,800 to 5,800 calorifics.

It may be said that it is not material to the manufacturer what price he pays for his coal provided all his competitors are in the same position as he and can pass it on in the price to the consumer. This, however, is not the position of the cement trade in the London area—that is, the Thames and Medway works. This is the original cradle of the industry and about five-eighths of the total manufactured is produced here. Owing to the increased cost of freight these works find it increasingly difficult to compete with works nearer the point of consumption, and any further increase in the price of coal cannot be passed on to the full extent. Moreover, the export trade is almost entirely done from the London area. The figures of this trade taken from the Customs returns are as follows:—"

Then I set those figures out:

(c) "Prior to the war it will be seen that the exports varied from about 600,000 tons to 750,000 tons per annum, or about one-third of the total production of the London Area.

The export trade has always been carried on in very keen competition with foreign makers, and the export price was seldom as good as that for the home trade. The export of cement was prohibited altogether last year by the War Office when they placed the cement trade under control, and we are consequently very much handicapped in regaining markets in which we were formerly supreme; for though it is true that for some time to come we may be relieved of the competition of German and Belgian manufacturers, these must eventually resume their trade, and any action now taken by our Government which may result in increased cost of coal will very seriously interfere with the export trade in cement. Scandinavian, American and Japanese cements are now competing very strenuously with us for our 1d and chief markets—India and the East, Argentine, Brazil and South America generally. An increased cost of over 10s. per ton of cement for fuel alone is a very serious item, and seeing that the Government themselves express the view that national control is not likely to produce the best results—

"It was perfectly true that if he were asked whether he was in favour of private enterprise or industry carried on under national control, he should answer that his belief was that in normal circumstances and in the case of most industries they would always get better results out of private enterprise than out of national."—Sir R. Horno (Minister of Labour), House of Commons, May 29th, 1918—

we greatly fear there, will ensue higher prices for coal.

The great increase in wages now paid has increased the cost of production by 6s. per ton, so that for coal and wages alone we get a combined increased cost of 16s. per ton. If to this increase a further increase in the cost of coal is to be added, in my opinion there is very little prospect of our regaining the export trade in cement. Should I prove to be correct, one-third of the factories on the Thames and Medway will have to close down.

The total number of men employed in the trade is estimated at about 12,000, over 7,000 of whom are employed in the Thames and Medway Area, 2,500 of whom would be thrown out of work if the export trade were lost.

Another very important feature from a national point of view is that cement is one of the chief heavy cargoes exported from the Port of London, and is mainly relied on by the shipowners for the necessary stiffen of their ships, and it would be a very serious matter for them if this traffic were lost.

In pre-war years the chief coals used by the cement trade, apart from that used for power purposes, were the Durham slack coals of high quality. Our experience of the action of the Coal Controller has shown us the very great danger of the most important requirements of manufacturers being entirely overruled by officials who merely consider the general convenience of their Department and can be very little influenced by the views of manufacturers as to the necessities of their own business. Other slack coals we have found cannot be used with the same advantage and production has been very greatly interfered with by the forcing upon us of coal quite unsuitable for our burning processes.

When some years ago an export duty was levied on coal, we found that the falling off in export of coal resulting from such duty lessened the supply of high quality slacks, and we suffered accordingly. We notice that very grave fears have been expressed by a number of witnesses before the Commission as to the effect on the export trade of nationalisation, and we strongly urge the Commission to hesitate before committing the country to so risky an experiment. If trade is once lost our experience is that it is almost impossible to regain it on a remunerative basis. The 20 years' experience of my company shows most clearly that to carry on an essential industry on too narrow a margin of profit is one of the most difficult undertakings that a body of men can be committed to, being neither good for their shareholders nor their employees, and so not helpful to the community."

Chairman: I am very much obliged to you.

25,407. Mr. R. H. Tawney: I see from one of those resolutions which was passed that you criticise the Commission on the ground that too few witnesses have been called representing consumers. Do you know how many witnesses have been called representing consumers?—No, I do not. You must remember that that was last Monday week.

25,408. If you say too few witnesses have been called it is relevant to know how many have been called?—I believe at the time we passed the resolution none had been called.

25,409. Perhaps you will take it from me that you have been misinformed?—Quite so. I am not responsible for that statement.

25,410. Then part of the resolution falls to the ground and with it the inference based upon it. You say further that any form of State control would increase the price of coal. Do you suggest that the action of the Coal Controller has increased the price of coal?—Very materially to us.

25,411. Are you not aware that the general body of evidence which we have received has been that, whatever the defects of the Coal Controller, he has prevented the price of coal rising as high as it would otherwise have risen?—I know that that has been stated here, but I can give you a case, if you wish it, in which the Coal Controller acted in a way that the coalowners themselves would never have acted.

25,412. I should think that is very likely?—May I give you the case?

3 June, 1919.]

MR. ALFRED BROOKS.

[Continued.]

25,413. Yes, please do?—Because of the difficulties arising from the war some months ago they commandeered the better class small coal which we had contracted for in order that the public utility companies, the gas and electric light companies might have it. The Coal Controller told us that we were to have heaps of slack that had been lying for years at the pits, coal that had been wrought long before the present high rate of wages had come into force, and which obviously had only cost the colliery companies a comparatively small sum. He insisted that we should pay the full price—I think it was 37s. 6d.—for that slack that had been growing cabbages and weeds and what not for years—that we should take that and try and make cement with it.

25,414. You do not dispute the general statement that the Coal Controller has kept down the price of coal?—I agree; these have been abnormal times altogether.

25,415. As to these resolutions, had you any evidence before you as to the effects of nationalisation? What kind of evidence were the resolutions based upon?—They are based upon the opinion which we have formed upon a matter of very great national importance.

25,416. Quite so. I only want to know if you can help us. You have expressed an opinion, and clearly the worth of the opinion must depend partly on the evidence on which it is based. Have you any evidence on the subject, or had the body which passed the resolutions any evidence before it?—Probably every business man in this country is endeavouring to form a just opinion upon the facts that have come out in connection with this enquiry.

25,417. That is to say, the evidence you have had was the report of this enquiry in the Press?—Yes.

25,418. Is that the only evidence you had?—Beyond the telephones and the telegraphs, what evidence have we in this country as to what nationalisation can do?

25,419. Quite so. I want to suggest that this resolution was not exactly a scientific conclusion based upon an exhaustive study of the evidence. What do you rely upon in ordinary times to keep the price of coal down if State Control is removed?—I think the figures that I have put in show that practically the natural play of circumstances kept coal, as far as we were concerned, at a pretty steady price. From 1906 to 1912 you scarcely got a fluctuation amounting to 2s., and it is not till 1913, when we had the coal strike, or, at any rate, we had a very disturbing period with port strikes, and one thing and another, which to a certain extent increased our cost then.

25,420. Do I understand that in ordinary times you rely on free competition to keep the price down?—Quite so.

25,421. You, I think, are a member of a combination, are you not?—My company has acquired a good many concerns.

25,422. I only use the description which is given of it in the report of the recent Government Committee, which speaks of combinations of companies carrying on trade in tobacco, wall-papers, salt, and cement as being powerful combinations which are effective to control output and prices. Am I to understand that, while you practice combination, you desire that coal should be supplied on the terms of free competition?—I do not object to any amalgamation of collieries if it will tend to mean efficiently supplying the public. I do not think that the national control of them is going to effect that object.

25,423. You have advised us that free competition is the ideal, but I suggest to you that example is more effective than precept, and as your concern is officially described to be a powerful combination in a position effectively to control prices, is it quite reasonable for you to rely on free competition to supply you with cheap coal?—You have given me a very long question to say Yes or No to. I say that I do not agree with the official statement of our position. Our experience has been that unless you can control the whole trade, you cannot control prices, and there is a sufficient

amount of trade that is not controlled by us to give you very effective competition.

25,424. What proportion of the trade do you control?—According to this Government return, apparently we control 2,700,000 tons out of 3,600,000 tons; or, as I think it should be, about 3,500,000 tons.

25,425. Roughly, two-thirds?—Yes.

25,426. Can you tell us the kind of reason which led to that consolidation or combination?—There was the excessive competition in times of depression that rendered the trade unremunerative.

25,427. Did you find that it made it more remunerative—do you find combination of advantage in any way?—The experience of my company has not been very encouraging.

25,428. Do you wish to return to free competition?—I think personally I should have been better off if I had not sold my concern to the company.

25,429. Still combination goes on; there is nothing to prevent it breaking up?—If we have absolutely parted with it, lock, stock and barrel?

25,430. But combination still continues, does it not?—The company is a solvent concern, and therefore it has no reason to distribute its assets.

25,431. Would it not be true to say that combination of that kind makes possible certain technical economies?—Yes.

25,432. Has it not occurred to you that if that partial unification which has been achieved in your industry has these technical advantages, a similar unification in the coal trade would have somewhat similar advantages?—Possibly.

25,433. If we follow the precedent of this combination, are we to conclude that on the whole it would be a good thing if we had greater unification in the coal trade?—As long as you have those in the conduct of the industry directly interested in its success, I think you will secure the best results.

25,434. At the same time, if you get unification, you obviously get what is described as increased power over prices; I do not say absolute power to fix prices?—It depends. You cannot get over the laws of supply and demand. If there is a greater demand than there is supply, you have a very powerful lead. If there is a greater supply than there is a demand, the man who is hawking a small quantity really fixes the price.

25,435. I suggest that combination is one of the ways of regulating the law of supply and demand?—It may to a certain extent, but it does not effectively.

25,436. Suppose you desired to realise these technical economies in the coal trade, how is the consumer to be protected? He is not protected by free competition any longer. Does it not point to some kind of State control?—No, I do not think so.

25,437. Are you prepared to see a combination in the coal trade without creating any apparatus to protect the consumer?—I think that if the amalgamation in the coal trade is such that they have a personal interest in the prosperity of the country that they would not inordinately increase the prices.

25,438. Is it the ordinary experience that monopolies put the interest of the consumer first?—Many monopolies have succeeded in greatly reducing the price to the consumer.

25,439. The question is whether they have at the same time reduced it as much as the economies that they have realised enabled them to do?—They have probably given a cheaper supply to the public than if it had been a Government department.

25,440. What I want to get at is what is the kind of moral that we are to draw from the business with which you are associated. I suggest to you that in your business you have found combination profitable. I suggest to you that that shows that a similar unification might be desirable in the coal trade, and that, if that is so, it is necessary to create some machinery to protect the consumer against paying extortionate prices?—I think that the consumer will take care of himself if he is dealing with private concerns.

25,441. Do you think the small householder in the East End of London would be protected?—No; I agree with that.

25,442. After all, you represent a pretty powerful class of consumers; but what about the six million consumers of household coal in London?—My way of

3 June, 1919.

MR. ALFRED BROOKS.

[Continued.]

dealing with that would be, I would allow the Corporations to supply coal.

25,443. Then what you suggest is that, so far as the household consumer is concerned, a public authority should intervene to buy coal in bulk and distribute it as cheaply as possible?—Yes.

25,444. *Sir Adam Nimmo*: I notice that you gave your price in 1919 as 33s. 9d.?—Yes.

25,445. In the month of April?—Yes.

25,446. Where did your coal come from before the war?—For our Thames and Medway supplies it came chiefly from Durham; we had a little from Yorkshire.

25,447. Do you know what the charges were on that coal delivered at your works, take it in 1906?—The freight, I think, used to be round about 2s. 3d. to 2s. 10d.

25,448. Where have you been getting your coal in 1919?—It is all rail-borne coal practically now; we have to take whatever is sent to us. I really do not know where it does come from.

25,449. Do you know the charges on that coal?—No.

25,450. I suppose the charges would be considerably more than on the coal you received in 1906?—Yes.

25,451. The coal that you are receiving in 1919 is sent you by the instructions of the Coal Controller?—Yes.

25,452. And is not so suitable?—No; we have had to take a very low quality of duffs, which in some cases are almost impossible to burn in our kilns. We have had as much as 28 per cent. of ash and 14 per

(The Witness withdrew.)

Mr. FREDERICK MILLS, Sworn and Examined.

25,459. *Chairman*: Mr. Frederick Mills is the director of one of those composite companies producing both coal and steel and iron, a very large company, and his *précis* is as follows:—

“Frederick Mills proves that he is Managing Director of the Ebbw Vale Steel, Iron, and Coal Company, Ltd.; of John Lancaster and Company, Ltd.; of Powell’s Tillery Steam Coal Company, Ltd., and a Director of the Newport-Abercarn Black Vein Steam Coal Company, Limited; a member of the Institute of Civil Engineers; of the Mechanical Engineers, and a Member of Council of the Iron and Steel Institute, and has been at Ebbw Vale over 20 years, the first 11 as General Manager, and the last 9 as Managing Director of the Company.

That the Ebbw Vale’s Company’s operations commenced about 1780, consisted of the manufacture of pig iron and bar iron from native iron ore and coal; that the operation has been practically continuous ever since; that they now give employment to approximately 13,808 men, and with the subsidiary companies, of 20,108 men, and that the total wages paid by the three associated companies during the year ended March 31st, 1919, were £3,739,829.

That the area of the whole mineral estate amounts to 14,335 acres, of which 3,316 is freehold and 11,019 leasehold. That the surface area of the company’s and of its two subsidiary companies estates amounts to 5,610 acres, 3,378 acres of which are freehold and 2,232 are leasehold.

That the total coal output in 1914 was, for the Ebbw Vale Company, 1,976,035 tons, and in 1919 was:—

	Tons.
Ebbw Vale Company	1,591,993
John Lancaster and Company	481,322
Powell’s Tillery Company ...	716,812

That the output of coke for the year ended 31st March, 1919, was 313,393 tons, and of pig iron 237,272 tons; and that new pit sinkings, coke oven and blast furnace construction has been, and is, in process for some years past, and when the present schemes are completed it is estimated they will provide a

	Tons.
Coal output of	4,700,000
Coke output of	575,000
Pig Iron output of	450,000

cent. of water in the coals that have been sent to us. 25,453. So you will be very anxious to get back to pre-war days as far as the quality of your coal is concerned?—If that is possible.

25,454. How do you expect to get back your export trade? I notice that in 1918 it was very much reduced?—It was about this time last year that the War Office decided to stop the export of cement.

25,455. I see in 1917 your figures were about half what they were?—During the war they were getting less and less. They could not allow us to use ships for the export of cement.

25,456. Do you see your way to get your export trade restored as long as the present level of prices remains?—No.

25,457. You cannot control your export price for cement?—We have to compete with America, Japan and Scandinavia. Scandinavia is probably in the same position as we are. As far as America is concerned, we believe their coal supplies are well under £1 as against our 33s., so that they have a very decided advantage, and that probably helps them in freight as well.

25,458. You have had some experience of Government control in coal; do you think you could draw any conclusions as to what would happen under nationalisation from your experience?—I think the circumstances were so abnormal that it would not be quite fair to make any deduction from that, but we have had experience of Government control of the cement trade, and I should be very sorry to have to carry on an industry long under such restrictions.

(The Witness withdrew.)

That the Company owns and works 2,000 acres of freehold ironstone in Northamptonshire, about to be used at Ebbw Vale.

That the present capital of the company is £4,150,000 divided into £1,200,000 Debentures; £1,200,000 Preference, and £1,750,000 Ordinary shares. That £2,582,095 has been spent on development in the last five years (in addition to large sums previously) and that an amount exceeding £1,500,000 remains to be spent on the schemes now in hand.

Proves that the whole return on the capital of the Ebbw Vale Company averaged 3½ per cent. over 50 years, that for 20 of those years only an average of ½ per cent. was paid, and that stagnation and low wages resulted.

That the subsidiary industries at Ebbw Vale embrace galvanized steel sheets, weldless steel tubes, weldless steel couplings, coke oven and blast furnace bye-products, iron and steel castings, and engineering works. That part of the development consists of a large central electric generating station run on waste gases from blast furnaces and coko ovens; that the steel mills, several collieries, and other works are independent of steam boilers for power purposes. That a ring main extending over 15 miles by 5 is in course of completion for the ultimate purpose of providing electric power for all collieries and works in the area.

That the Ebbw Vale Company’s present and future requirements of coal at their works and collieries are as under:—

	Present requirements per week.	Future requirements per week.
	Tons.	Tons.
Collieries	1,460	1,460
Coke Ovens	13,300	20,000
Iron and Steel Works ...	2,300	2,800
Sheet Mills	230	230
Tube Works	55	55
Electrical Generating Station	1,200	1,200
Locomotives	270	270
House Coal	1,000	1,000
Sundry Departments ...	230	230
	<hr/>	<hr/>
	20,545	27,245
Per annum	1,027,250	1,362,250

3 June, 1919.]

MR. FREDERICK MILLS.

[Continued.]

These figures are based upon normal conditions and fifty working weeks per annum, and are in terms of Dry Coal.

That the collieries and works are inextricably interlaced both in site, in traffic, in power, and distribution of supplies and output.

That he is opposed absolutely to nationalisation as he understands the term, or to any scheme of dual control that will remove the last word from himself as Managing Director.

He puts in records of the proceedings of a conference held on December 23rd, 1918, and of subsequent meetings, and that he has (on behalf of the Board) invited a prominent Trades Union leader to join the Board as an ordinary Director, with all the rights and privileges thereof.

That he believes that "Labour Unrest," existing before the war, and now intensified, is due to excusable and preventible ignorance on the part of the workpeople, and to their want of appreciation of the part played in industry of a dividend upon capital."

I will now circulate these addenda that I have to Mr. Mills's proof. The first memorandum is a memorandum prepared in connection with an invitation of a Labour representative to join the Board of the Ebbw Vale Company, which is dated the 18th of February, 1918. I want you to explain that. You set out there the reasons why you extended that invitation to him?—They are all set out in the document.

25,460. The document contains the reasons?—Yes.

25,461. I will ask the gentlemen of the Commission to look at that. It begins:

"Labour unrest was greatly in evidence before the war, and is deep seated.

The present turmoil is mostly due to mismanagement, unavoidable perhaps, but still mismanagement. There are at least four departments of the State endeavouring, largely in conflict with each other, to deal with this one problem.

Labour's chief complaint is, shortly, that it does not receive a fair share of the products of our industrial system, and for want of a better reason blames Capital."

I want you to be kind enough to tell the gentlemen of the Commission quite shortly, because they will read this later on, the gist of your argument there?—Perhaps I might read it. It is quite short.

25,462. Very well. I have read as far as paragraph 3?—"There is much loose talk about Capital as a system, not only in the Labour world, but also in other circles not directly brought into touch with the relationship between Capital and Labour.

Capital is credit—the promise to pay; it cannot long remain stagnant; therefore, if Capital is productive, there follows progress; if not, then disaster.

Capital is not necessary in any country; there are countries where there is little or no capital, but in them there are no comforts and no social development.

If therefore these be desired, the capitalistic system alone can produce them. History, both ancient and modern, records no instance of progress without it, and where, as has frequently happened, capital has been destroyed, it has had to be reorganised.

Remedies for labour unrest have been suggested and, in some cases, tried, in order to obtain for labour a direct interest in the capitalistic system, notably profit-sharing, doomed to failure because, firstly, the units of labour are not like shares—fixtures; and secondly, it is not possible to share losses.

I suggest the only real remedy is for labour to become capitalists also, and take a share in management.

It is easier than it seems. The capital of industrial companies is usually divided into debentures, preference, and ordinary shares. The debentures do not carry any voting power at general meetings, but the preference shares usually carry a modified voting power, such as one vote for every five shares held.

The voting power is, as a rule, held by the holders of the ordinary shares.

In the case of a company with, for the sake of argument, £100,000 each debentures, preference and ordinary shares, £60/70,000 holding in the company gives control of everything, and seeing that hanks, as a rule, are willing to lend 50/75 per cent. of the market value of the shares, it would be possible for a person, or an entity, to control such a company for the sum of, say, £40,000.

It is part of my scheme, however, that labour should not, to begin with, seek to control any company, but should take a financial interest in many, where the directors are prepared to invite a representative of labour to sit with them on the board of management.

In this way, I think, for comparatively a small amount of money, labour can obtain a direct insight behind the scenes, would know of the difficulties and possibilities, and, in short, would be able to exercise, I hope, a wise supervision of affairs which at present they only see from one side of the table.

There are workmen on our books earning £500 or £600—that was written in October last—"a year who have little or nothing to shew for it. Many men in other walks of life with that income are shareholders in public companies.

The ordinary share capital of the Ebbw Vale Company is £850,000; the wages paid last financial year amounted to £1,750,000, and the interest and dividends paid (5 per cent. debentures, 6 per cent. preference, and 15 per cent. ordinary) amounted to £173,000, or, roughly, one tenth, which, if added to the wages paid, equals 2s. in the pound.

The Ebbw Vale Company's case is fairly typical of the industries where labour is the largest item in the cost, and where the amount per annum is about the same as the entire capital—such companies are numerous, and their output is usually of a national and essential character. I suggest this type for experiment rather than any of the following:—

Railways.

Example.—Ordinary Capital ...	£37,000,000
Wages ...	7,500,000

Gas.

Example.—Ordinary Capital ...	£16,000,000
Wages ...	1,500,000

Finance.

Example.—Ordinary Capital ...	£2,000,000
Wages; represented by a few clerks and the charwoman.	

The process I suggest is the formation of an investment fund by the trades unions, on the lines of investment trust companies, where each member contributes his savings to the common fund and receives his dividends (if any) in proportion. The trades unions would nominate a member, or members, on the board of management.

To make a start, labour must reverse its policy. If labour employed the same vigour of a few years ago when it counselled the capture of councils and other governing bodies, it would soon capture the control of industry, and then we should have the whole public opinion and interest in this country deprecating waste, thriftlessness, insobriety and sloakness, whilst the conditions of employment, housing and temperance would receive greater attention and make for progress and efficiency.

Efficiency will be of the greatest importance after the war, and there is nothing inconsistent with efficiency in high wages and shorter hours, rather otherwise. We cannot boycott the products of our present enemies for ever; the word 'Peace' cannot contain such an element, and if it did there are a thousand ways of avoiding it; the greater their necessities, the greater their effort.

Speaking for myself I am willing to try this new plan—the war has shown that labour is capable of taking a share in the government of the country. On shell factory and other boards I have found labour to be capable and efficient, and I do not fear it would be equally so in industry against world-wide competition."

3 June, 1919.]

MR. FREDERICK MILLS.

[Continued.]

Since then, our capital has been materially increased, and I have worked out exactly how the control of the Ebbw Vale Company could be secured by the workers, if they cared to do it. I have had the figures printed, and to sum up, the control of the company could be obtained if each of the 13,808 men at present employed invested or purchased 72 ordinary shares in the company. The ordinary shares are £1 apiece to-day. They would have to pay more than £1 for them—call it £100 per man—which would secure the control of the company by the whole of the workers. They could then elect their own management and take all the profits and pay such wages as they like to pay. That is, in short, my solution for labour unrest, and I think it is one well worth trying. At all events, we have gone so far as to invite, as my *précis* says, a very prominent trade union leader to come on to our board as an ordinary director with all the rights and privileges thereof, and I am now awaiting his consent. I ought to say, perhaps, that this document which I have just read was drawn up in February of last year and accompanied my letter of invitation to the gentleman in question, but at that time he was not in a position to accept the office. The invitation has since been repeated, and, as I say, we now await his consent.

25,463. *Mr. R. W. Cooper*: What is your qualification for a directorship in your company?—3,000 shares.

25,464. Of £1 each?—Yes.

25,465. *Chairman*: Now will you come to your next memorandum on labour unrest?—Yes. In regard to this memorandum, I included it, hoping, rather, that it might have been circulated beforehand. It is a copy of an article I wrote last October, and it contains my views, but they are very largely a repetition of the document I have just read. I will read it, if you wish, and it will not take very long to read it.

25,466. *Chairman*: Very well, will you read it?

“ Much has been written on this subject, but very little that is really convincing to the man working for weekly wages, which in pre-war days were often precarious and not infrequently inadequate; there was little provision for enforced idleness arising from ill health, and for natural or premature old age. On the other hand there were large numbers of men in constant employment earning wages far in excess of the incomes of many of the lower middle classes, who, having the initiative of saving and investing, saved and invested, whereas the working men had neither been taught nor encouraged to do either. Many of them could have worked more regularly and earned more if they had been taught the value of thrift.

Mr. W. H. Mallock has repeatedly shown by the evidence of Government Returns how comparatively small is the return on capital and how many times it is “turbed over” in the payment of wages, and yet hardly anything else is preached by labour organisers that the doctrine that capitalists are avaricious and that labour is entitled to a larger share of the proceeds of industry.

During the war this doctrine has been pushed for all it was worth, so much so, that, in order to maintain industrial peace at home, Government has been compelled to grant increase after increase to the wages in essential industries until we have arrived at the position that all essential commodities are now subsidised, that is to say, their cost is greater than the selling price.

Now these things are possible, and indeed imperative, during a great war, but they cannot stand the light of the fierce post-war conditions that will certainly arise. The problem before us is how to meet them.

One post-war condition is certain; labour will resist any reduction of their war-time wages, which in this country are now roundly what they were in America before the war. The writer is of opinion that there is no need to reduce wages from their present standard, always provided they are accompanied by an efficiency corresponding with it. Yes, ‘there’s the rub.’

All employers will agree that there is no more remarkable result of war-time conditions than the loss of efficiency—in its broadest sense, and arising out of lost time, slacking, substitution, and other causes—and unless our pre-war efficiency is restored, aye, improved upon, certain disaster awaits us, industrially.

Now, it would be folly to rely upon the return of our gallant sailors and soldiers to their normal employment, many of the very best—in every sense of the word—being the first to volunteer, have paid by death and mutilation the penalty of patriotism.

They—God rest them that are gone and sustain them that are left—are not available. The requirements of an army do not afford a training suited to industrial life—the writer is aware that expression is contrary to that held by many people *before* the war; in any event, millions of men are to return to civilian life conscious that they stood between us and the deluge for ‘a bob a day,’ and they will want a taste of the good things their friends who stayed at home have been enjoying.

Another post-war condition is equally certain; whether this country obtains an indemnity or no, the war has got to be paid for, and that can only be done by an enormous increase of profitable industry, far and away beyond pre-war figures.

It can be done, but only if the working classes are convinced it is to their advantage to earn every penny of the unreduced war level wages which can also be paid in the process. Millions of men firmly believe ‘that by their sweat, the rich become richer, and the poor become poorer’; and it is of little use to tell them ‘they don’t.’

The result not only desired, but vitally necessary, can only be obtained if capital and labour work in complete harmony for a common purpose. How then is this atmosphere to be obtained?

First of all it is necessary that a few postulates be stated and, what is more important, accepted:—

- (1) Mankind without capital is incapable of procuring for itself more than bare necessities to maintain life, and these precariously.
- (2) There are countries to-day possessing boundless mineral and other resources which, for want of capital, support a sparse population in primitive manner, from hand to mouth.
- (3) It is not necessary for mankind to live in other than primitive manner, but if it be thought desirable, then it is only possible by the introduction and expansion of remunerative capital.
- (4) History affords no instance of material progress except by the introduction of capital.
- (5) History *does* afford instances of disaster where capital is destroyed or rendered unremunerative.
- (6) Unless capital is reasonably remunerated it must perish.
- (7) The State possessing no incentive to initiate, can foster but not create capital.

Labour must assimilate capitalism into its blood. Trades unions must invest in the share capital of our industries and be represented on the boards of management.

Labour has shown in this war that it is capable of directing industries. Labour must be better educated; the educational system must be completely overhauled; teachers must be selected because they knew something and can teach it; they must be better paid; schools must be more hygienic, and classes smaller; games and physical culture must be encouraged, and, above all, children must be taught to be obedient, to be honourable, and to be thrifty.

In the workshop, the workers should never be penalised because they earn too much money; piece-rates should *never* be reduced; workers should be encouraged to *earn* the largest penny, and be taught how to invest their savings. How many working-men, until the introduction of war bonds, knew what to do with their first five or ten pounds of surplus earnings?

3 June, 1919.]

MR. FREDERICK MILLS.

[Continued.]

There is no half-way house, profit sharing is useless in most industries; all capital has come from small beginnings, capital being merely the surplus saved after outgoings of all sorts are met; if profitably invested, it makes for expansion and progress; if squandered on unnecessary objects, it is lost.

The cure then is for working men to invest their surplus earnings in the industries of their country, preferably their own industry. In one company of my acquaintance there are ten thousand shareholders with an average holding of £400, many of them living at addresses which indicate that they themselves are working men, and there are fifteen thousand work-people; it is not beyond the dreams of possibility that the workpeople should own the capital of the company—an average of about £260—and thus secure every penny of the proceeds of their own industry.

How seldom, however, do we find workmen owning shares in the company they work for? They are not encouraged to do so either by Trades Union leaders or by company directors.

The writer firmly believes that this plan should be tested; many industries, those employing large numbers of hands in proportion to the capital employed, lend themselves to it. Here is an opportunity for a group of wealthy men to start an industry by advancing, say, four-fifths of the capital, to be redeemed over a period by a fixed percentage of the wages earned; with such an incentive, can it be doubted that it soon would be redeemed?

Such a trial would at all events indicate whether working men truly want the share the capitalist now gets, and work for it, or merely wants to dwell in idle comfort at someone else's expense!

The writer is prepared to take a hand in testing the worth of his belief that the working classes are not vicious, but merely ignorant of the way out of industrial strife."

25,467. *Mr. Frank Hodges*: I will not ask for the name of the gentleman whom you invite to sit on your directorate, but I think I know him and I can anticipate the answer which you will get. With regard to this very interesting document, part of which I appear to have read before somewhere, is this not an extract out of a paper which you read before a society at Newport?—Yes, in 1913. Some of it is very much the same. My views have not changed.

25,468. I thought I was familiar with the contents. You have recently had a strike at the Ebbw Vale Collieries, have you not?—Yes.

25,469. How long did it last?—Three weeks.

25,470. What was the output of coal lost in those three weeks?—I suppose 50,000 to 60,000 tons.

25,471. How did it come about that you had a strike lasting for three weeks involving that loss of coal?—I do not understand your question quite. Do you mean what was the strike about?

25,472. What was the cause?—I do not know.

25,473. Suppose I put it to you that the cause was your desire to cut piecework rates, what would your answer be?—That is not correct.

25,474. Suppose the miners' leaders for the district were to say that, would that still be incorrect?—He did not say so to me.

25,475. What was the strike about?—It is most difficult for me to tell you, because I asked several of the leaders, and until the conference we held we got no reason at all. Then it was alleged to be the shortage of rails and pit wood, both of which, I believe, were quite beside the mark. In point of fact, it was one of those strikes to which I always object. It was not engineered by the miners' leaders at all, but it was one of the strikes that is run by one of the sub-luminaries. In this case a man rejoicing in the name of "Rowley Jones," and one who happens to be what the Americans call a coloured gentleman, got the whole of the 5,000 or 6,000 miners by the heels and induced them to come out on strike for no earthly reason. They came out without notice, without my knowledge and without the knowledge of the miners' leaders.

25,476. Then I should despair of the intelligence of the Ebbw Vale miners and all the miners, if that

were the case. It is generally assumed the Ebbw Vale miners are a very intelligent class of men?—I think sometimes if you promise a man the moon he is disposed to say, "Well, let us have a try for it."

25,477. Well, let us be serious about it. Do you think those men struck for three weeks without some sort of a grievance?—I know they struck without the knowledge and consent of their own leaders.

25,478. Do you think they would have held out for three weeks if there was nothing in their grievance?—I do.

25,479. It is very customary for men to strike without the consent of their leaders. That is one of the problems which we have to face?—Yes. I am out to support the miners' leaders.

25,480. Do you say these men struck without a cause?—Without a cause, or a reasonable cause.

25,481. You said without a cause?—There was no cause given at all.

25,482. And they went back to work without having done anything?—Absolutely.

25,483. Without having an interview?—No; they had an interview with me, and I have a report of it here.

25,484. What are the considerations upon which they resumed work?—May I read it to you?

25,485. I should like to hear it if it will not detain the Commission too long?—It appears in these Minutes*, which I hope have been circulated.

25,486. What are they; are they shorthand notes of the proceedings?—Ycs. This was at the Ebbw Vale Company's offices.

25,487. *Chairman*: We have not seen them.

Witness: They have been sent out.

25,488. *Mr. Frank Hodges*: Are they endorsed by the signature of the workmen's representative as being accurate and correct?—Yes.

25,489. Are the signatures attached to them?—No.

25,490. Why not?—They can be if you wish. They were sent to the miners' agent, Mr. Evan Davies, before they were printed, and he reported them as correct.

25,491. Were they signed?—I cannot tell you whether the letter was signed.

25,492. That is very important if you are going to put anything in evidence?—I think you will have to take it from me that the miners' agent agreed that this was correct.

25,493. I should like to see Mr. Evan Davies sitting where you are, or side by side with you, and then I could accept them?—I have no objection to that. I am trying to pick up the particular point in the Minutes. Mr. Evan Davies at one part in the proceedings said the strike was a mistake: the men came out without his knowledge and consent, and they returned unconditionally. That is the purport of this document.

25,494. Of course I should like to read it through?—Quite so.

25,495. *Mr. Frank Hodges*: Sir, are these Minutes being circulated?

Chairman: Yes. I have not seen them until this minute myself. What Mr. Evan Davies says is at page 7.

Mr. Frank Hodges: It is very difficult to pick up the sense because Mr. Mills in a preceding paragraph says: "We are not on this side without guilt too." May I make a suggestion, Sir?

Chairman: Yes.

Mr. Frank Hodges: Might we have time to read through this report, and if there is any matter any of us wish to call special attention to, Mr. Mills might be recalled on this particular subject. It was a strike of considerable importance.

25,496. *Chairman*: Yes. (*To the Witness.*) Will you be in London to-morrow?—I am entirely at the disposal of the Commission at any time.

Chairman: Then we will do that, certainly. We will recall Mr. Mills to-morrow and perhaps you might postpone your cross-examination, Mr. Hodges.

Mr. Frank Hodges: Yes.

(*The Witness withdrew.*)

*See Appendix 74.

3 June, 1919.]

MR. ALFRED SIMEON TALLIS.

[Continued.]

Mr. ALFRED SIMEON TALLIS, Sworn and Examined.

25,497. *Chairman*: You are a well-known South Wales Colliery Director and you speak with regard to housing in South Wales. I think you are the Chairman of the Monmouthshire and South Wales Coal Owners' Association; Managing Director of the Tredegar Iron and Coal Company, Limited, the Oakdale Navigation Collieries, Limited, and the Markham Steam Coal Company, Limited, and Chairman of Directors of the Abercromway Gardou Villages Association, Limited and the Oakdale Village Estate, Limited?—Yes.

25,498. Will you kindly read your *précis*?

“ Whilst I contend that the responsibility for the provision of houses does not rest upon the owners of collieries in any larger degree than it does upon the owners in any other industry, or corporate body, whether privately or publicly owned, but is eminently the duty of the public authorities or the State, it seems desirable that in view of certain evidence given before the Commission in regard to the housing of colliery workmen, that examples should be given of what has been done by very many colliery companies to meet the shortage of houses, particularly in the newer districts which have been developed in recent years by the sinking of new collieries, and where there was a shortage of housing accommodation.

For some years prior to 1910 there was pronounced activity in the building of workmen's houses in the South Wales area by speculative builders, building societies and workmen's building clubs, and from these sources, assisted to some small extent by the colliery owners, the necessary housing accommodation was forthcoming.

For some reason which it is difficult to assign during 1911, 1912 and 1913, these sources of building operations fell off seriously, and in the newer colliery districts which were developed subsequent to 1910, the colliery companies undertook the building of houses for their workmen on a much larger scale than was formerly the case.

Whilst I have a general knowledge of the housing conditions in the mining area of South Wales, it seems desirable that I should deal more particularly with the provision of housing accommodation with which I am closely connected, but which may be considered as being typical of very many of the colliery districts in South Wales.

The number of workmen employed at the collieries and works for which I am responsible is 10,250.

The number of houses owned by my companies is 720, made up as follows:—

Houses with 1 room—None.

Houses with 2 rooms—7, or 1 per cent.

Houses with 3 rooms—None.

Houses with 4 and more rooms—713, or 99 per cent.

Houses with bathrooms supplied with hot and cold water—459, or 63 per cent.

At the Oakdale and Markham Villages, in the Sirhowy Valley, at least three bedrooms and a bathroom are provided in each house.

In addition to their own actual building operations, many colliery companies have financed building societies and clubs composed of their workmen by means of loans at a low rate of interest.

It is of interest to note that in the town of Tredegar, which comprises some 25,000 inhabitants, occupying 3,370 houses, and which is typical of many South Wales mining towns, of 1,355 houses built upon the Tredegar Company's freehold estate, the ownership is as follows:—

Workmen, their widows and families—1,019, or 76 per cent. of the whole.

Tradesmen, *i.e.*, Grocers, Drapers, &c.—236, or 17 per cent. of the whole.

Other persons—90, or 7 per cent. of the whole.

This district is typical of the other portions of the town, and, speaking with a close personal knowledge, I estimate that at least 60 per cent. of the houses are owned by workmen, their widows and families. This equally applies to most of the mining districts in

South Wales, and in the case of the Rhondda Valleys, Carmarthenshire and the Western portion of Glamorganshire, the percentage of houses owned by workmen, I estimate to be in the neighbourhood of 70 per cent.

I find from Returns obtained from 163 colliery companies in South Wales, the following:—

Total houses owned or leased by colliery companies:—

With 1 room—Nil.

With 2 rooms—153

With 3 rooms—706

With 4 rooms or more—14,075

Total—14,939.

Owned or built by colliery workmen:—

With 1 room—Nil.

With 2 rooms—30

With 3 rooms—22

With 4 or more rooms—12,233

Total—12,335.”

25,499. Will you tell me which of those houses built by workmen were built by means of Building Societies, or Building Clubs?—Either through Building Societies or purchased by themselves direct.

25,500. Do they build so many cottages new under the Building Societies?—I am sorry to say, No.

25,501. What is the reason of that?—Largely the increased cost of the houses which I deal with to some extent later on.

25,502. How long has that Building Club system been going out of use?—I refer to 1911, 1912, and 1913. It is from that time, shortly after the Budget of 1910, that that system of building seems to have dropped out. The speculative builder seems to have disappeared at that time. It is difficult to assign a reason for it.

25,503. While you are on this, are many of those houses built upon land which the landowner has a right to let down?—Yes, the majority of the land would be in that position.

25,504. The position would be that a man might build a house, and there might be a subsidence, and it might get cracks in the walls, and he would not be entitled to compensation?—In many cases that would be so.

25,505. Do you think that has anything to do with the people not building their own houses?—No, I do not think there has been sufficient reason for that.

25,506. What is your view with regard to that system? We have had some evidence with regard to it here, and I have the report of the debate in the House of Commons. What is your view on that question?—What ought to be done, if anything, to remedy it?—I am in agreement that the loss should not necessarily fall upon the owner of the house.

25,507. Who ought it to fall on?—It is somewhat difficult to answer that. The coal is obtained in the national interest. It might be said that the landlord gets a certain amount out of the royalties, and he might be called upon to pay a share; the company who work it might be called upon to pay a share; and I think either the County or the district itself should also be called upon to pay a share.

25,508. *Mr. R. W. Cooper*: Do your mining leases not contain a covenant on the part of the colliery also to pay compensation for damage caused to buildings?—No, our mining leases do not. They give us full power to let down without being responsible.

25,509. And is there a similar condition prevailing as between the owner of the surface and the person to whom the site is either sold or leased?—Yes, on our own freehold property we always consider we have a moral obligation to fulfil and we have always done the repairs to any house which has been damaged. We keep a staff for that purpose.

25,510. Is that state of affairs taken into consideration in fixing the price of the site?—I think not.

25,511. *Chairman*: I have here the official report in the House, which took place on 13th May. *Mr. Raffan* made a speech which, no doubt, you read?—I am afraid I have not done so.

3 June, 1919.]

MR. ALFRED SIMEON TALLIS.

[Continued.]

25,512. You think, at any rate, there ought to be some alteration there?—I do not think that a workman can be called upon to invest and purchase his house if afterwards that is subject to be damaged and he gets no redress.

25,513. Now will you kindly continue with your *précis*?—“The two villages of Oakdale and Markham, which are now being developed by the companies with which I am connected, will, when completed, consist of 700 and 500 houses respectively, with schools, cottages hospital, institute, places of worship and other public buildings, and I produce photographs and plans of the layout, showing the accommodation” (*producing photographs*).

25,514. We will pass those photographs round and the members of the Commission will look at them. Here is one which is called “Markham Garden Village”?—That is built on the site of a rather precipitous hill.

25,515. Then there is “Markham Colliery; view from the village.” Is this the London & North Western line?—Yes.

25,516. The next is the “General view of Markham Village” and the next is “Markham Garden Village lay out”?—That is a very difficult site owing to its steepness and therefore a proper system of laying out can hardly be adopted as regards open spaces.

25,517. You are rather confined by nature there?—Yes, very confined.

25,518. The next are photographs of Oakdale Village—View from South Entrance.” There is the hotel shown?—Yes; I might remark, if I may, in connection with the hotel which, I think, is a good feature, that in the two villages that we have we own an hotel in each village, and, so far, have been successful in keeping out other hotels. We run them on the trust principle; that is to say, the capital is found by the company to erect them and we pay the monopoly value for the houses that we build under the Licensing Order. We pay five per cent. for the capital, and the profits beyond that go to the village in the form of donations to the institutes, hospitals or any other form which may be decided upon in the village. The company really retain simply the five per cent. interest on the money.

25,519. Is it tied?—No; the manager is appointed at a fixed salary and gets a bonus on temperance, but nothing on alcohol.

25,520. Temperance and eatables?—Yes.

25,521. *Mr. Cooper*: When you say “we,” do you mean the Public House Trust Company?—No, our own company, the Tredegar Company.

25,522. *Chairman*: Then there are further photographs of Oakdale Village?—Yes. Some of those photographs were taken before the roads were actually finished.

25,523. What Urban District Council are those in?—Mynyddisllyn.

25,524. Then there are plans of various houses, type A and type F. What are they?—It is a type that we know from the architect. He has simply to letter the plans according to the various types we adopt.

25,525. Do you set out the rentals of them?—Yes.

25,526. What sort of renewals are they?—I deal with them later on in my *précis*. We find the houses which we were able to build for £248 in pre-war days now cost £545, an increase of 120 per cent. in cost.

25,527. Will you now proceed with your *précis*?

“In my opinion the rents of the future must be increased owing to the high cost of building, and when it is considered that in most of the workmen’s houses, there are on an average three wage earners, whose wages average £3 15s. 0d. to £4 0s. 0d. per week each, making a total of £15 to £16 per week, or £700 to £800 per annum going into the house, it will be realised that the workmen can well afford to pay a higher rent for the better accommodation now afforded.

The method of fixing the rents in these villages is worth mentioning, and is a system which could be extended with advantage to the public authorities, tenants and owners. The rent is divided into two

parts, one part, which is a fixed amount, being just sufficient to pay the ground rent, and a reasonable interest on the cost of the houses, and which in the majority of cases amounts to 5s. 9d. per week, the other part is made up of the rates and taxes levied by the local authorities, and is therefore varied in accordance with the taxation payable and, at present, amounts to about 2s. 6d. per week, making a combined rental of 8s. 3d. per week. For convenience, the rates are collected from the tenants by the company as levied by the authorities and the system has the advantage of encouraging the tenants to take a keen interest in the appointment of representatives on public bodies, seeing that they directly pay the rates that are levied.

May I direct the attention of the Commission to the absolute stoppage of building operations by Colliery Companies, which has been brought about by the uncertainty which exists as to the future of the coal trade, and therefore the natural unwillingness of investors to spend fresh capital either on building cottages or in any other direction with the existing uncertainty as to the return they will obtain. In our own case, we have applied for and obtained the sanction of the Local Government Board, for a loan of £103,000 for the purpose of further developing the Oakdale and Markham villages referred to above, and we are unable to proceed with our schemes until some assurance is given us by the Government as to the future. This position is deplorable, having regard to the present great scarcity of houses in the districts I particularly refer to as well as many other districts in the South Wales Coalfield.”

Chairman: That is a most interesting *précis* and we are very much obliged to you for it.

25,528. *Mr. Frank Hodges*: (*To the Witness*.) I see this diagram which you hand in, or this statistical table, is signed by Mr. Finlay A. Gibson?—Yes, Mr. Gibson will prove that.

25,529. I was going to ask you, do you swear to the accuracy of this return?—I think Mr. Gibson would be better able to answer that.

25,530. *Chairman*: I will call Mr. Finlay Gibson to-morrow to prove that?—That is the table of the houses I gave.

Chairman: Yes, Mr. Frank Hodges is quite right.

25,531. *Mr. Frank Hodges*: (*To the Witness*.) In your *précis* you say:

“Whilst I have a general knowledge of the housing conditions in the mining area of South Wales, it seems desirable that I should deal more particularly with the provision of housing accommodation with which I am closely connected, but which may be considered as being typical of very many of the colliery districts in South Wales.”

That is the town of Tredegar.

25,532. What other districts did you have in mind when you made that general statement?—I have a general knowledge of the Rhondda and Merthyr districts, Aberdare and the Rhymuey valleys.

25,533. Do you think the housing in the Rhondda district compares with the Markham garden village?—I do not refer to Markham, but Tredegar with a population of 25,000 people.

25,534. Do you consider the housing conditions in Tredegar satisfactory?—There are houses in Tredegar—particularly the newer houses—which are very good. The District Council themselves have a scheme for putting up another 500 houses there.

25,535. Do you know in Tredegar proper that you have the houses of the old iron companies of a century or 150 years ago still in being and people still living in them on the hills?—I know that the District Council of Tredegar, out of 3,300 houses there condemned 129, so that in the view of the District Council and the County authorities the whole of the remaining houses are habitable and fit for occupation.

25,536. That conclusion does not necessarily follow by any means: because you only condemn 129 it does not follow that the rest are in perfect sanitary condition. That may be a matter of expediency for the sanitary inspector?—That is the report of the medical officer of the County.

3 June, 1919.]

MR. ALFRED SIMEON TALLIS.

[Continued.]

25,537. It is a fact that you have in Tredegar proper, which is perhaps the leading industrial village in Monmouthshire, still a number of very old houses that were built for the iron workers a century ago?—Yes. I should say that there are not so many as there were formerly. A good many have been built recently.

25,538. I agree they are lessening, and I hope they are lessening since I was there last. I will not question you any further on that, as long as I have it on the Shorthand Notes that that condition still exists there. Do you not think this practice of colliery companies putting up houses and lending the money to their workmen tends to restrict the field in which the workman can get work? Have you not in practice found it rather nails them down to the particular colliery which is lending them the money?—No, I do not think so. I think it is certainly in the direction of a settled population. Naturally a man takes a greater interest in the town in which he has his own house and also, if you like to take it from the company's selfish point of view, greater interest in the company for whom he works, and I think that is a thing to be fostered.

25,539. There are miners who take the view that because they live in a house which is owned by the colliery company that the colliery company exercises greater authority over them than they do over the men who live in other people's houses?—In this case the man is living in his own house. I might mention in connection with the Oakdale and Markham villages, we have a scheme by which any workman can purchase his house. He pays a deposit for a house, the purchase price of which is £300 say. I have a sample of the agreement here in which a man purchases his house for £300. He pays instalments. He obtains an agreement for lease forthwith, and he is then responsible for the repairs to his house. The house is his own subject to continuing to pay instalments, which he continues to do for 16 years. In the case of this house the price it was sold at was £300, and he pays £1 19s. 6d. per month. There are provisions that in the event of serious accident that might befall him, or any serious illness, the money is refunded to him if he wishes. He is not absolutely tied to his bargain.

25,440. What if he leaves the colliery?—If he leaves the colliery he is not entitled to get the money refunded, but we make rules whereby he can sell his share.

25,541. So that does have the effect undoubtedly of keeping him there. It has the effect, as you say, of stabilising him?—Yes, that is one of our objects.

25,542. I quite appreciate that?—It is one of the objects, because a man who is prepared to build or buy his own house is our best workman whom we want to keep, naturally, if we can.

25,543. *Mr. Evan Williams*: Do you think there is anything detrimental from the workmen's point of view in that?—No, I think it is the reverse. My experience is that it is quite the reverse. Those men are the most settled men we have, and they are the ones who take an interest in the village and the surroundings.

25,544. And such a man is a better member of the community?—Yes, he is absolutely a better member of the community.

25,545. And the colliery companies do encourage their workmen to build their houses as much as possible, do they not?—Yes, that has been very largely so; but I am afraid with the present high cost it will be very difficult in the future.

25,546. Do you know whether there is any element which discourages the men building their own houses in the way of industrial unrest?—At present there is a decided opinion on the part of very many of the workmen that the houses should be provided by the State, and with some very extreme people that they should get them rent free. But it is only a few, I think, that take that extreme view. But there is decidedly that feeling that the time is coming when the State or local authorities should provide them with houses at low rents, and that has prevented building to some extent.

25,547. I see from this return it shows quite clearly that the number of married employees is just about one per house?—Yes, that is about what it would be.

25,548. It is quite clear from your evidence that the owners where they have built houses themselves have kept quite abreast, if not in advance of the time, for this class of work?—Yes, and let them at lower rents than the workmen let their own houses at.

25,549. Lower than the workmen let a house which they build themselves?—Yes.

25,550. There are workmen who own more than the house they live in themselves?—Oh yes.

25,551. *Mr. R. W. Cooper*: Do you sell the houses out and out as freehold to the workmen?—No.

25,552. Free from any ground rent?—No. We are in some cases commuting the leaseholds.

25,553. Take this price of £248. What is the size of house which you built for that in pre-war days?—That would be a house with a good living room, parlour, scullery, pantry, small bathroom and three bedrooms.

25,554. Did you find the Finance Act of 1910 had any effect upon the building of houses?—We think so. We know that the houses ceased to be built within 12 months after that time. The houses that were then being built were finished, and then they stopped building.

25,555. *Mr. Herbert Smith*: Do you make these houses a condition of employment at your pit?—No, not generally, but the village is not far from the pit. We do find some of our tenants work with other pits.

25,556. Do you stop the rent at the office or collect it from them like ordinary people?—We stop it at the office; they prefer it.

25,557. *Mr. R. W. Cooper*: Does the £248 include the value of the site?—No, only the building.

25,558. Does it include drainage and sewerage?—No.

Chairman: Gentlemen, that concludes the evidence to-day.

(Adjourned to to-morrow morning at 11 o'clock.)

SECOND STAGE—TWENTY-FOURTH DAY.

WEDNESDAY, 4TH JUNE, 1919.

PRESENT:

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. R. W. COOPER.

SIR ARTHUR DUCKHAM

MR. FRANK HODGES.

SIR LEO CHIOZZA MONEY.

SIR ADAM NIMMO.

MR. ROBERT SMILLIE.

SIR ALLAN M. SMITH.

MR. HERBERT SMITH.

MR. R. H. TAWNEY.

MR. SIDNEY WEBB

MR. EVAN WILLIAMS.

SIR RICHARD A. S. REDMAYNE,
SIR ARTHUR LOWES DICKINSON, } (*Assessors*).

MR. ARNOLD D. McNAIR (*Secretary*).MR. GILBERT STONE (*Assistant Secretary*).

Mr. Evan Williams: Sir, before the witness is called, I should like to ask when we are likely to get some of the Returns we have asked for, particularly in connection with the costs of coal control. You will remember that about five weeks ago, the first week when we sat in this stage of the proceedings, I made an application for a Return showing the whole of the costs of the coal control. We have heard nothing of it since. I think it is very important to get that in before the evidence is completed. There are also other Returns with regard to output per person, and the number of men employed.

Chairman: With regard to those Returns which Mr. Evan Williams has been good enough to ask for, the first was a Return showing the cost of the Coal Control. That has actually been prepared; it is now in course of being printed, and it will be here to-

morrow morning, I hope, and will be dealt with by Sir Richard Redmayne when he gives evidence. With regard to the other Returns showing the alleged diminution of output in the last five or six months, I saw the Coal Controller last night. I was a very considerable time with him, and very careful tables have been prepared showing the diminution of output and all the facts bearing on it. I requested that those tables should be printed last night, and I have had a message from the Coal Controller to say that they will be here at half-past twelve to-day. The matter is of such importance that at half-past twelve I propose to circulate those Returns in order that the Commission and the public may see exactly what they are. I will draw attention to them to-day, and Sir Richard Redmayne will deal with such causes as he thinks are applicable to the diminution of output when he gives his evidence.

Rt. Hon. RICHARD BURDON, VISCOUNT HALDANE, Sworn and Examined.

25,559. *Chairman:* Lord Haldane, I think that you were Lord Chancellor, and that you were Minister of War from 1905 to 1912?—Yes.

25,560. I am afraid I must ask you one or two questions about that in order to lead up to the question that I desire to ask you. I think that during that time you had very considerable experience of, and were responsible for, the reorganisation of a great State Department?—That was so.

25,561. Am I right in thinking that during that time you organised the Territorial Forces of the Crown, and that also you provided for a very speedy mobilisation of our Forces in the event of the nation being called upon to go to war?—That was so.

25,562. I think, as a result of your efforts, a very speedy mobilisation of our Forces was effected when war was declared against Germany?—Yes. The thing we concentrated upon was extreme rapidity of mobilisation and concentration in the place of assembly, and that we carried out.

25,563. I suppose it is no longer a secret, but war was declared on Tuesday, August 4th, 1914, and I think within a matter of twelve or fourteen hours, under the scheme of mobilisation which you had prepared, some of our troops were already in France?—

Yes, within a very short time: within a very few hours troops were in France.

25,564. How long was it before the whole of the British Expeditionary Force was placed in the Field at the appointed place?—On Monday, 3rd August, 1914, at the request of the Prime Minister, I, as Lord Chancellor, went back to the War Office and mobilised the machine with which I was familiar. That was done at 11 o'clock upon Monday, August 3rd, and the giving of the orders took only a few minutes; everything was prepared years before.

25,565. How long was it before the whole of the Expeditionary Force was able to be placed in France?—The whole of the Expeditionary Force was ready to transport to France on the spot. It was ready, I should think, within 48 hours. The War Council which was held decided that four infantry divisions and a cavalry division should go at once, and that a fifth division should follow in a week, and then another division should follow a little later. That was carried out, as the War Council directed, by the War Office.

25,566. The reason I am putting those questions is to show that you had great experience in organising a branch of the State. The problem we have

4 June, 1919.]

RT. HON. RICHARD BURDON, VISCOUNT HALDANE.

[Continued.]

before us is, if nationalisation should be decided upon, whether the present Civil Service, or some remodelling of the present Civil Service, would be in a position successfully to cope with the problems that would face them if the coal industry were run nationally?—Yes. I should like to confine my evidence simply to the question to which you have referred. I do not feel that I have any qualification for speaking on the wide question which is before this Commission, of whether there should be nationalisation, or whether there should not. What I should like to say something about, if you will allow me, is the question of whether it is possible to train a body of Civil Servants fit for rapid and efficient administration.

25,567. I have not had a *précis* from you because time has been rather short, but I should be much obliged to you if you would now take up that subject, and place your views before the Commission?—When I came to the War Office there had been a very valuable committee, called the Esher Committee, which, amongst other revolutionary changes in the War Office which they recommended, advised the separation of, what is called in the Army, administration, from strategy and tactics—from the work which is allocated to generals in the Field and to the General Staff. That separation had become well recognised in Continental armies, and had led to extremely rapid and efficient mobilisation arrangements for those armies. We had studied them. I had been a short time in office, and we resolved to give as complete effect as we could to the recommendation of the Esher Committee. I do not say that we ever rose to the ideal which I should like to have seen reached, but we got as far as we could with the money and the men we had. The principle was this: the commander in the Field must not only have his troops ready, but all their auxiliary services ready—transport, the supply, the medical services, and the provision of men by the Adjutant-General—because that is just as much a matter of administration as the provision of material. All those things must be so ready that he is able to put his hand upon them. If I may refer the Commission to it, Field Service Regulations, Part 2 (a little volume which is on sale by the Government), contains the scheme we established in its practical working for an Army in the Field. The Commission will find all the details there and how the thing was worked out. The difficulty we found was this: It had never been the idea of the older authorities in the British Army to make that separation in recent times. I say “in recent times” because the Duke of Wellington had a great grip of it, and carried it out as efficiently as it could be done in those days. For a long time after his period, and until the War Office was all brought together under Lord Cardwell, the Departments had been separate, but they had been very badly separated. For instance, the Ordnance Board was at one part of the town, the Horse Guards was at another, and the War Office was something separate, and it was all supplied, not according to Services, but according to different groups of men in authority. What we endeavoured to do was to draw the line of demarcation separating the Services quite sharply—firstly, the service of directing operations in the Field, and of course the enormous amount of work that has to be done by a General Staff in thinking out and preparing for those operations; and, secondly, the preparation of the administrative machinery and material which was required to be under the hand of a Commander-in-Chief in order that he might make himself efficient. Of course, the same principle applied in peace to the War Office, which had to have all these things ready in case mobilisation was called for. If they were ready, and everything had been prepared long beforehand, then you had only to touch a button and things sprang into their places as they did on the Continent. Now the way in which we carried it out I think I have indicated: it was by separating the service of administration, in its various branches from the other services. I will not trouble this Commission with the details of other matters such as the Army Medical Service, which was splendidly organised by Sir Alfred Keogh on the very principles I am speaking of, nor all the things done

by the Territorial Associations, who had the principles of administration handed over to them. I prefer to take the Regular Army, just to show how the thing was sought to be done. We found that the idea prevailing was that anybody who had shown himself eminent in the Field could administer. That seemed to us to be a mistake. A man may be a magnificent leader of troops and yet be very bad at working out schemes in the Quartermaster-General's Department for provision ahead. In the same way the expert who was good in organising Artillery dispositions in the Field might be no good at working out the patterns of the guns and the chemistry of the munitions at Woolwich, or wherever matters had to be worked out. We sought to develop a type of administrative officer to an extent which was new in the Army. I want to say at once, we succeeded only to a very limited extent because time was short, and money was shorter for the Army in those days. The General Staff, which deals with the other side, had its magnificent Staff College at Camberley, where it put those officers who were to deal with strategy and tactics through a very searching course of training, and had a very fine school; but there was no school for teaching administrative officers, and in my view it was as essential to teach administration as it was to teach strategy and tactics.

That brings me at once to what I am dealing with. In the Army some of these administrative things are just as difficult and just as complicated as any that occur in ordinary civilian business. They require qualities which the ordinary Civil Servant is not trained to develop. They require, to begin with, a great deal of initiative. No doubt it is true, in peace time especially, that every officer looks to his superior; but we encouraged, as far as we could, the principle of allocating responsibility and encouraging initiative, telling a man what he had to do in general terms, having first made sure that he was competent to do it, and then showing that we held him responsible for doing it and for doing it for the least money possible and in the swiftest and most effective fashion. That was an ideal which we did not succeed in wholly living up to, but it was a principle which seemed to me to work out effectively. There is no doubt in that period some extraordinarily efficient military administrators were trained up. I hope this Commission will not think by “military administrative officers” I mean the kind of people who have come in, justly or unjustly, for a good deal of criticism before the public lately. Those are mainly men not trained for the purpose. I am speaking of the young men we took and then put through a special course of training. The thing we found was that in this, as in everything else, education is of vital importance, and then special education coming upon the top of a sufficiently generally educated mind. We had no school and we had no staff college in which to train our administrators, and there was not the least prospect in those days of Parliament giving us money for one. But we had another thing to hand: We took the London School of Economics, with which some of the members of this Commission are familiar. I myself approached the London School of Economics, and with the very great assistance which I had from a member of the Commission, Mr. Sidney Webb, I induced them to take in hand the task of training 40 administrative officers for us in each year. Courses were designed, and they were taught things which they never could have learned in the Army. I think it will be found if you enquire from others that that training was of enormous advantage in France. There these young officers were serving—officers on whom was placed enormous responsibility and also a great deal of necessity for devising initiative for themselves. Englishmen, if they have any aptitude for it, are particularly good at getting out of tight places, and these officers, trained as they were to deal with all sorts of problems, in France and Flanders showed very great capacity in doing so. In Mesopotamia it was the same. One of the officers with whom I worked partly on the administration side—I do not think he was trained in the way I have described, but he had the aptitude of which I have spoken—was the late General Maude, who achieved great things in

4 June, 1919.]

RT. HON. RICHARD BURDON, VISCOUNT HALDANE.

[Continued.]

Mesopotamia by what he had learned and felt himself capable of doing. What we did was this. In the Quartermaster-General's Department, for instance, stores had to be considered; contracts for them had to be placed; transport of them on the outbreak of war—and even in time of peace also—had to be arranged for, and all those things these skilled and young administrative officers had to carry out. They worked under Sir John Cowans, who was then Quartermaster-General, and who was in the Quartermaster-General's Department for several years, and he had great aptitude for getting on with men and taking a grip of things in this kind of way. So far as it was done, it was very well done. I am not defending all the things brought out recently before the public, but they were done by men not trained in that school, and they had not a fair chance in work for which they had not trained. I am talking of work which members of the Commission know took place in Franco, and which made fast mobility and concentration of our armies there of such valuable effect in the later stages, and also, to a much greater degree than is generally known, in the earlier stages of the war. That was the secret of the ability to mobilise the Expeditionary Force with the rapidity we did, and of the fashion in which all the details of that mobilisation came to be worked out years before the date of mobilisation arrived.

25,568. Do you think the class of men to whom you have been good enough to direct our attention is a class of men who possess the qualities of courage and of taking initiative?—Yes. I am very glad you have given me an opportunity to speak about that. There are some men who have it not in them to take initiative or assume responsibility, and they never will. I think, as a rule, in the civilian business world these men fail as they fail in the army. In the business world the other men come to the top, and are picked out and chosen and put to their work. That is not so usual in a service. It is more difficult in the Civil Service where people come in according to rules and succeed to places very largely according to seniority. In the army and navy, where selection obtains to a considerable extent, and ought to obtain to a still greater extent, it is much easier. You pick a man because he is particularly good at the sort of work you want him for. You ask him to devote himself to administration, and, if he does, you may get a man just as valuable and just as good as you will find in the business world. It is quite true he has not got what is the great impulse in the business world, namely, the desire to make a fortune for himself, but he has another motive, which, in my experience, is equally potent with the best class of men, namely, the desire to distinguish himself in the service of the State. If he thinks he will be recognised because of his public spirit and his devotion to his duty, that public spirit and devotion to duty will make him do anything: there is no sacrifice of himself he will not make. Of course, I am talking of the best type of men such as the men I came across and saw in the army. That class of man, I believe, exists in far greater number in the two services than has been supposed at the present time. I am only taking them as illustrations of sources from which you can draw. I am not suggesting to this Commission that they should nationalise under the army and navy, but I am only saying why I think there is a source which is neglected from which public servants might be drawn. You get these men and they have been trained to a sense that they must be responsible even with their own lives for the attainment of the object which you entrust to them to accomplish. If they are properly trained, they are trained not to look to this or that detail of regulations, but rather to accomplish a purpose such as, for instance, getting stores to a certain point on the battlefield within a certain time at all costs, and that induces a sense of self-reliance and initiative which, I think, has developed into as fine a skill and training as you can find anywhere. Everything depends upon taking the right men and training and encouraging them in the right way.

25,569. In your experience, how did that class of officer get on with the men with whom he had to deal and with whom he had to work?—Just the same way

as a good regimental officer gets on with them. A really good regimental officer is the friend of his men. They come to love him if he is the right kind of man, and a man who, when they advance, goes at their head and takes the risk, and will not let them take a risk which he will not take. I have known that kind of officer often go away ahead of his men at great inconvenience and some danger to himself to find quarters where his men might rest, and he himself has refused to take anything for himself or have a bed even allocated to him until he has seen every man under his command had his sleeping place and had his rations. That is the man I speak of—the officer who thinks of his men first and himself second.

25,570. We appear then to have created a sort of new class of (I will call them for the moment) officials for want of a better term. What is the future of those men if they have to remain in the army or in the navy?—I will come to that in a moment, but I wish to say we did not create them: they were there, but undeveloped. Splendid material was there, but the nation had never thought of training them in the right way. They had trained the commanding officer, but they had never trained the administrator who was really just as necessary to them. What happened was this. According to army tradition, the real fighting in the field, the strategy, the tactics, and the execution of the strategy and tactics were the important things, and everyone who took to administration was rather looked down upon—they would not have said they looked down upon them, but they were looked down upon. Therefore naturally every young officer gravitated in the direction where he would be more thought of and where he could win more honour and apparently devote himself in a more practical way to his country's service. The result was that that class of man was very little developed and very little drawn upon. They were there and they are there now. Then the individual came up, but I always used to feel we could have got ten times as many if we had given them encouragement. If promotion had been not by seniority but by selection, and by distribution of duty, and the holding responsible men who were carrying out not regulations letter by letter, but carrying out a great duty in which we relied upon their initiative, and if there had been that system of training, it would have given us ten times as many of these officers as we possessed. I want to say now that I do not think the State recognises the extent to which not only in the Army and the Navy, but outside the Army and the Navy, there are young men in whom those qualities can be brought out—the quality of initiative and the quality of devotion to duty, which are as powerful a motive as the motive of business men if they are only developed in the right atmosphere.

25,571. Should I be right in saying that, in your opinion, there is a class of man who combines the strongest sense of public duty with the greatest energy and capacity for initiative?—In my opinion there is a large class.

25,572. And that is a class that cannot only be trained in the future but which, in your view, is to hand at present?—They are to hand at present. I have spoken of the Army because I know the Army and perhaps because I love it, but it is certainly equally true of the Navy. If I may say so, the Navy has given even less attention to this question than we tried to do in the Army.

25,573. Speaking of that class, with regard to the coal industry, do you think it would be necessary, if one drew or selected from that class in the sort of way you have been good enough to tell us, to give these men some special training to fit them for the coal industry in the event of it being necessary?—I think so, and, if I may, I will just put the steps which I think would be necessary. My idea for the Army and Navy is that young men should not go into them too early. With regard to the age of entry in the Navy (it is low enough in the Army now, but too early in the Navy at the present so far as I can judge) I should like to see it begin at 17 or 18 years. I believe that is quite early enough, when a young man has a general education. That

4 June, 1919.]

RT. HON. RICHARD BURDON, VISCOUNT HALDANE.

[Continued.]

would give an opportunity for the son of the working man just as for the son of the duke to go into these services. It will all depend upon whether he feels it in him, and whether he is chosen on indications which satisfy those who have to make the selection. At that age he will have gone in with an amount of education which he does not get at the present time. I do not believe in special schools, because they are never so good as the schools which give a broad general basis on which to develop the mind. He would then go in, and his first years of course would be thorough education in his duty, naval or military. A little later he would specialise more and more in those duties. He would go into the field and go on board ship—whatever might happen—and then I should like, if he has aptitude for what I may call general staff duties as distinguished from others, to see him trained for those. If he is the sort of young officer that has it in him and if he has the aptitude for the other side equally, then encourage him to train for the administrative side. That administrative side would have to be organised and developed and recognised to an extent which it has not been up to now. Then when he was 25 or 26 he might feel, "Well, I have great aptitude for administration. I have distinguished myself so far as I have gone. But it is peace time and the Army and Navy do not seem likely to want me. I have a better chance if I can serve the State in another Department." Then I should like to see the State, having kept a watch over that class of officer and selecting the best of them, put them through a special course of training. I am not sure I know anything much better than the kind of atmosphere we had in the London School of Economics. It was purely civilian and free from militarism, and it was very good. There they were trained in making contracts and in local government, in the law of administration, in railway management and a variety of other things which they could choose, or all of which they could take. A comparatively short course of that develops enormously and very rapidly the capacity of a really first-rate man already trained in his own profession. He becomes very capable and apt as an administrator. I have seen it over and over again in officers of that kind who later in life have gone into civilian administration, and they are very good indeed. Then there is something else to be seen to. It is not at present the business of the London School of Economics to teach initiative. Initiative is a matter of the spirit and a matter of temperament. Like courage and temperament, initiative can be developed. I should like to see a school of the State teach the necessity of that and the necessity of a man relying upon himself and making his own decisions. I should like to see encouraged what the best officer already knows by instinct, the absolute necessity of treating his men as equals, getting on with them, understanding them, and making their concerns his, and working with them in such a fashion that, although he was their guide, philosopher and friend and their commander, yet when it came to a moment of decision, while they felt it was their own spirit which was embodied in him, in taking the initiative in what he was doing, he was not taking an arbitrary initiative, but an initiative based on knowledge. As you see, I put education in a very wide and broad sense as the foundation of the question whether you can train administrators for the service of the State.

25,574. I rather gather what you say is that, in your view, there is a supply of men which has hitherto been rather untapped which could be made use of should it be desirable, or should the occasion arise?—I still have very friendly relations, although they are purely unofficial, with the Army, and dozens of young officers come to me and ask, "Could you give us any suggestion or help as to how we can get into civilian life? We feel we are good at it." I have known them to be of very great mechanical skill and of very good, but the difficulty is that there is no place for great business ability in the work which they have then now, nor is it a recognised thing that you should at a certain point in your career choose a civilian career under the State alternative to your career which has hitherto obtained in the Army or Navy.

25,575. *Mr. Sidney Webb:* On another point perhaps you could help us. Assuming that any such proposal as the nationalisation of mines were carried out, could you help us with regard to the proper relation to Parliament? For instance, how could we keep it clear from what is called political influence?—I see the point of that, and I will try to answer. To my mind, the future of the question of nationalisation and its success or failure depend upon the possibility of good management. Take the coal industry. You want as much coal as you had before at least and more, if possible, and at reasonable prices. That depends upon good business management, and it depends upon first-rate administration. Suppose a Minister armed with the kind of staff which I have spoken of, not trained wholly out of the world I have been describing, but out of the business world generally, then that Minister, too, must be a man who feels that he has one thing, and one thing only, to consider, and that is to make a success of the Department which is entrusted to him. It is fatal if he allows the private influence of Members of Parliament, for instance, to guide him in making his appointments. I am not in favour of appointments made by Boards. As a rule they are very bad judges. I have seen them working very badly. I would rather put the fullest responsibility upon the man at the top and hang him for it if he fails to discharge his duty to the public efficiently. But the great thing is to get a Minister who is responsible to Parliament in the fullest sense, but who yet is not afraid of Parliament or to come to Parliament, and is not afraid to take the initiative, and then go to Parliament, saying: "This is the reason for what I have done, and I ask for your ratification." I sat for 25 years in the House of Commons, and a more generous body than the House of Commons for that sort of thing I never knew. It is what it really likes. I stood up time after time and said, "I have done this and exceeded my powers." At first there was always a small storm of abuse which I was quite familiar with—it was stage thunder. Then in the end they said if they approved: "You did the right thing, and it you had not done it we should have docked one thousand pounds off your salary." That is the real spirit of the House of Commons, and if Prime Ministers would only recognise it, the House of Commons is the most sensible body of jurymen in the world, and you may take it that the House of Commons, if it thinks you have done your best, will be most generous in its treatment of you. Therefore, I think for the right kind of Minister it is quite possible to get that freedom which you speak of.

25,576. Of course, it is suggested that sometime we may not have the right kind of Minister, and that he ought to be assisted or strengthened by a body of Commissioners, or a Council of one sort or another chosen very largely for expert reasons. I should like to ask you whether you could say anything upon the relation of such a body as that to the Minister. Can you make that Council or Commissioners authoritative as against the Minister, or must you say that they must act under the direction of the Minister?—Now you come to the crux of the whole matter. You must not say they are authoritative, or he will shelter himself behind them in Parliament, and half a dozen men are never as good as one in proportion, in my experience. The great thing is to take a really competent Minister and give him a full sense of responsibility and authority. But, on the other hand, these Ministers, as you have said, are extraordinarily difficult to get. If you could get these Ministers, and get a staff such as I have tried to describe, you might nationalise almost anything—I will not say everything, but many things. You might nationalise railways, coal mines and transport, and do it freely with the sense that you were dealing with things which the business of the State demanded should be managed up to the standard which the State required. The first thing which is essential is to get a really competent Minister. The difficulty here is that people are chosen for their powers of talking in Parliament rather than administration. I have known first-rate men who

4 June, 1919.]

RT. HON. RICHARD BURDON, VISCOUNT HALDANE.

[Continued.]

have never got to office, and have never got there perhaps from shyness, or perhaps because they did not like it, or because they have not attained that oratorical position which the House of Commons demands as requisite. But I will assume we have a very decent kind of Minister fit to do his work, and I will answer your question as best I can as to what his relation to the Board must be. Knowledge he must get, because everything depends upon knowledge, and expert knowledge can only be got from experts. Therefore the Minister ought to have, at any rate, advisers round him who can give him that knowledge, but it must be done, I think, on the footing that the Minister never ceases to feel himself responsible. I do not mean that he should not feel himself most conscious that these men know better than he knows, and that he will do wisely to be guided by them; but he must not be encouraged to throw responsibility upon them. Therefore I would not put them in any authority over him, but I would encourage him in the fullest way possible to consult them. Let me add this: I have had a great deal of experience of Ministers and of Councils, and people are fond of asking, "How often did the Council meet in your days?" The true kind of Council meets formally very seldom, but it is meeting always in reality. The Minister ought to live with it. He ought to sit in the room with it, smoking cigars with it, lunching with it, taking tea with it, dining with it, and being with it until all hours in the morning. Its members ought to be his guides, philosophers and friends, and they ought to understand one another and feel that the best thing in their interests and in his interests is for him to say at the end of their deliberations: "I will take my own way about it, but you will know it is in harmony, not only with the letter, but with the spirit of what you have been thinking."

25,577. *Mr. R. H. Tawney*: There are two questions I should like to ask you. First of all, could you tell us something more about the training of administrators? What I mean is: sometimes it is suggested the conduct of business is best done by what I may call rule of thumb. You suggest in your evidence, I think, that there is a science of administration independent of the technique of a particular trade or industry?—Yes.

25,578. Which is general, and which can be imparted by education?—Yes. May I add a qualification? I have been twice Chairman of Royal Commissions on University Education, and in all Reports to which I have put my name, I have always said that the essence of a university is atmosphere. That is what makes it a school of science or a school of knowledge in the widest sense. It is the inspiring contact of the personality of the teacher with that of the taught which makes the difference, and by the school of which I speak, the school which is to impart the science of administration, I mean a school which shall have the atmosphere of it, and the suggestion of not merely dry knowledge, but of initiative and personality at every turn.

25,579. But it is something which can be taught and not merely picked up?—Certainly—taught exactly as a university professor teaches his students.

25,580. You speak of the immense importance of selection. Would it be true to say that the quality of those selected depends partly upon the area from which the selection is made?—To a large extent.

25,581. The greater the number of entrants, the better the field?—To a large extent.

25,582. Are you satisfied that in the public services—the Army, Navy and the Civil Service—the area of selection is wide enough now?—No, I do not think it is. It is subject to this, that the essential conditions must be knowledge and capacity. There must be no advantage given to the poor over the rich.

25,583. But suppose we were organising a national mining service. It would be an immense improvement, would it not, to draw capacity from the poor as readily as from the rich?—Yes. I represented a constituency of working miners, or which, at least, contained a great many working miners, for 25 years,

and I came across men in that sense who were fit to fill almost any administrative post; all they wanted was the training and knowledge.

25,584. Probably in your experience of the Army, the same thing has struck you?—Just the same.

25,585. A great many battalions are really commanded by the non-commissioned officers?—Yes, and some of the most eminent men in the Army are men who have risen from the ranks. Sir William Robertson is a distinguished example.

25,586. *Sir L. Chiozza Money*: You said something which was very interesting to me with regard to the opportunity for distinction which was afforded by a well-constituted public service. Do you think that, at present, there is a sufficient opportunity for distinction in the Civil Service as it stands?—No; I agree very much with what was said by Sir Charles Harris, when he gave evidence here, of the difficulty of developing the kind of service the State wants in dealing with coal mines, if Parliament gives effect to such a principle—the difficulty of getting that under existing Civil Service conditions. A man enters the Civil Service, being qualified by examination; then he is distributed somewhere; then he finds himself under someone who may not be very intelligent, and a small piece of work, very often uninteresting, is allocated to him. If he is in the Lower Division, he is kept in a groove which is very much less interesting than the Higher Division. I am the last person to wish to see the Higher Division abolished. On the contrary, I think the Higher Division is the life and soul of the Civil Service, but I do want to see the passage from the Lower Division made more frequent. I want to see, in other words, the men who show, in practice, that they really have the stuff in them, brought forward. It can be done by their being taken as private secretaries to people in the Higher Division. There ought to be much less of a gap between the two, and promotion by selection ought to be very much more the principle. There is a difficulty about promotion by selection. When I was in the Army, I found promotion by selection at work, and—the Commission may be horrified—I abolished it, because the selectors selected their own friends. I do not say they did it deliberately, but simply because they did not know anyone but their own friends. I remember one very eminent Naval Commander saying to me: "They complain that the appointments are all filled from my personal *entourage*: so they are, but it is because I know these men, and I know I can rely upon them." It is too narrow. The right thing is promotion by seniority tempered by a very stern and rigorous rejection; that is to say, you give some weight to seniority because you do not want a man to be altogether disappointed, if he has toiled hard, because he is rather stupid, but you do not put him in places where you want real ability. I think by giving a great deal more consideration than Parliament, or our rulers, have given to it, you can devise a system under which you can get selection and rapid promotion from the efficient without the sense of injustice which too often obtains to-day.

25,587. Have you noticed in almost the only productive service we have, the Post Office service, they do have a form of promotion which combines respect for seniority up to a point with promotion on merit?—Yes, I understand that is so. I do not know enough to say how well it works.

25,588. I do not know whether you came across this in your investigation of administration, but I am told, for example, that in the Post Office service a man may be 27th on the list, and yet get the post that is vacant. Let us say it is an executive post in the provinces of some value. Although he may be 30 or 40 from the top of the list, he is chosen before the others?—Yes, I know that is so, and it is quite right. I know a case where it was done outside this country. Lord Cromer did it in Egypt. He picked the Egyptian Civil Service on that principle. He got the records of the men, and selected them on their records, and not on examinations. The record system is infinitely better than outside tests.

4 June, 1919.]

RT. HON. RICHARD BURDON, VISCOUNT HALDANE.

[Continued.]

25,589. On the other point, do you not think what I may call the hiding away of the successful Civil Servant, and the fact that he rarely, or never, gets public recognition, militates against the Civil Service and its success?—Very much. I should like to see the Honours List kept for services rendered to the State in administration, with a very few exceptions.

25,590. Do you not think it a pity that whereas, in this war, things of almost a miraculous character were performed in the way of administration—for instance the successful rationing of food, which was performed by a Civil Servant—scarcely one in ten of the public knows the man who did the work?—Yes. And the reason is that we have not a well-thought-out system of selection for administrative work. It is not like combatant work.

25,591. Was your attention directed to the extraordinary success whereby a policy was devised for the pooling of food and supplies between the Allies?—Yes, I know about that.

25,592. Is it not a fact that the Civil Servant who had so much to do with devising the policies concerned in that is unknown to the public, and he has received practically no recognition?—I do not know about that individual, but it may well be so.

25,593. Do you not think that there exists in the country a considerable class of talented men who condemn the ordinary operations of commerce, and prefer to go into other professions such as the law, and other professions, rather than follow commerce, because it does not offer them a sufficiently distinguished career, or one which is distinguished in the intellectual sense?—Yes. Some of them do very well out of the law, so that I do not condemn them for it. But, passing from that, I think there are a great many men who would be prepared to serve the State at moderate salaries, if they were to have the prospect of becoming distinguished in the sense of having rank and recognition. I am quite sure, just as in the Army and Navy you find men ready to go in and take a very small living wage compared with the standard of their class, for the honour and glory of the thing, so you would find it in the Civil Service, if you based the Civil Service on that foundation.

25,594. Might I put that point in another way? If one takes the London distributing coal trade, is it not possible to imagine a talented man who would condemn becoming a London coal merchant but who would not condemn becoming Administrator of the London coal service, and who would esteem it to be a much more dignified thing, and would give his brain to the one, whereas he would not to the other?—I have known several Army administrative officers who would have taken to that work with great delight and courage, but whether their courage was excessive I do not know.

25,595. What is your view with regard to the abolition or with regard to forbidding Members of Parliament from making any recommendations for the Public Service with regard to promotion?—I think it is a very right thing to lay it down. It is extremely difficult to enforce. I remember when I was at the War Office I published a ukase that not only were no ladies to make applications for the promotion of their friends, but if any application for promotion of an officer were made on his behalf by a lady, he must clear himself of the presumption that in some way he had inspired it. But it was not much good.

25,596. *Sir Arthur Duckham*: You spoke just now about the devotion on the part of the Services. Do you not consider their devotion is to a large part due to the traditions of the Services?—Yes, I think it is, and my complaint is that there has not been the encouragement of such a tradition in other branches of the Service at all.

25,597. In the Civil Service or a new branch that might be created?—A man may serve as a Civil Servant and do brilliant work just outside what is technically allocated to him and he will pass out of the Civil Service at 65 unrecognised and forgotten, because they look only at the little narrow duty they have assigned to him.

25,598. In your experience, do you find a Civil Servant can take initiative?—I think a Civil Servant is of flesh and blood like anyone else and probably lots of them have it in them, but the whole system is of a kind which discourages it. Unless you grow up in an atmosphere where it is encouraged you do not have initiative. That is where the business man has the strength and the advantage. He is in an atmosphere of initiative. The Civil Servant is not in an atmosphere of initiative. The soldier and sailor to a large extent are.

25,599. Is not the Civil Servant taught very largely the duty of passing on his responsibility to the one above him?—What happens in the Civil Service is this, and I have a picture of it before my mind from experience. The Minister says, "This has been thought out, and after consultation, this is the principle we worked out." He sends for the head of the department with whom he discusses it and who makes suggestions and then in the shape into which it has grown, the head of the department takes it away. The head of the department after thinking it over calls to him two of his sub-heads and says, "You will take that part, and you the other." They have staffs, and these staffs proceed to sub-divide it, and the whole thing gets differentiated until there is most minute work done lower down. I have often marvelled at it and thought how incompetent I should have been if I had to do it myself. But it has been so broken into fragments and so dissociated from the spirit of the whole that what you get is a collection of fragments in a basket, about any fragment of which no one can be enthusiastic except the man at the top who hopes to be able to sort them into their places.

25,600. They all return back up the same ladder?—Yes. The Civil Servant does his work admirably, but you do not ask him to do the kind of work you want where initiative is the order of the day.

25,601. And that tends to a levelling up of the people, both so far as pay and position are concerned?—Yes. A man is very much aggrieved if he is told that his fragment is different from the fragment of his neighbour and he asks, "Why did I not have that fragment?" and it leads to dissatisfaction and discontent and to an undue absence of the chances of the passing up from one class of Civil Servant to the higher class.

25,602. With regard to ministerial responsibility, you have given us some idea of how you think it would work. Do you think the Minister could have two chiefs in Parliament and a Council?—No, you would paralyse him.

25,603. Do you consider the Council must appreciate that the final responsibility lies with the Minister?—Absolutely.

25,604. Did you find in the War Office that all your members of Council recognised that they might advise you, but the final decision was in your hands?—Absolutely. They used to recognise it in excess. I used to say, "For goodness' sake, tell me where I am going wrong, or I shall break my shins later." They were very good, but I lived with them and we were always discussing things. If you can get men of that kind, it is far better than their having authority. They are far freer and do their best to help you.

25,605. You consider it is only by a similar method you can get such organisations controlled?—That is what I call getting rid of red tap and making the thing work.

25,606. Supposing the coal industry were nationalised, do you consider in that Administration there must be some examination or selection to bring in people for administration?—There are many posts connected with mines where special knowledge is essential. For instance, I think it would be very wrong if a sub-inspector of a mine were a man who had not been trained in a mine and had first-hand knowledge. On the other hand, I think it is very wrong if the Chief Inspector has not a very wide knowledge of a great many subjects which he could not get in the mine perhaps at all, but which he

4 June, 1919.]

RT. HON. RICHARD BURDON, VISCOUNT HALDANE.

[Continued.]

must bring to bear on the variety of points which he has to observe. Then again, to follow it out, supposing you come to the management of the mine: there you want a man who not only knows the mine and knows the work, and has business capacity and experience, but who is also capable of taking the initiative. A person who sits still until he is told to do something is deadly, and the whole future of the success of nationalisation in this as in everything else seems to turn on the getting of capable men. Then it is easy; but if you do not get a man who is capable, the best thought-out scheme of nationalisation in the world will not work. Therefore, you want to get capable men as managers—someone who will work with the men as I suggested the Minister should work with his Council—that is to say, live with them and make them feel that he is one of themselves and make them love him just as the soldiers love the competent company officer who, while he commands them, will sacrifice himself for them if necessary. So they should look up to the manager of the mine, not only as their manager, but one who by nature and not by accident ought to take the initiative with them. One point further—I am not suggesting the manager of a mine could be found except in a class specially trained in mine management, but when you get further and to the nexus which there will be between mines managers and whatever organisations there are over them and the Minister at Headquarters, then you want the competent person I am speaking of. You want the real good fellow who will come down and come with full knowledge, knowing what he wants and capable of sitting down and talking it over and taking counsel, and being a thoroughly intelligent medium of communication between them and Whitehall, or whatever is the site of Headquarters.

25,607. How would you select these people? Would there be an examination or would it be seeing the men and talking it over?—I have had a great deal to do with the question of selection by examination. I think it is a most second rate mode of selection. In the universities we are passing away from it, and we are now making selection according to record in the previous school of training, wherever we can. For instance, in Scotland we have changed the principle, and three years' record of good work done in the public school of education takes the place of matriculation in the Scottish universities. Here I should like to see something of the kind. You train your men and put them to some work, what you think they are best at. You observe carefully how each man does. You may find that he is likely to do still better at something else and you transfer him to that. As the men of aptitude develop, you select from them and allocate them to the various posts, and the field of selection should be very wide. A man should not be taken for this or that duty merely because he happens to be at Headquarters. There may be a mine manager or a workman who has shown great aptitude, and I should like always to keep a discretion to depart from the normal and take the man of exceptional ability and use him where his exceptional abilities will operate, but it must be a selection based upon observation and record.

25,608. Do you think under the National system that the man you describe as the mine manager—a type as to which I absolutely agree with you—would be given freedom of movement?—I think it is essential. Take the company commander who has to lead 120 men to death if he makes a mistake, but victory if he is right. If he is a real first-rate company commander the men believe in him because they know their lives and best chances are with him. Why? Because he has lived with his men and not been a pedant or given himself airs. That is the finest type of British officer. The mine manager ought to be like that. He ought to live with the men and be of their class, always talking with them; if there is a grievance he ought to foresee it. He ought to talk with them and develop them and get their confidence. In the end the initiative and responsibility must be his. Otherwise you will not get the good qualities which you have at the present time. No doubt a good deal of the efficiency of business men is due to the authority they exercise, but that authority has come

up into collision with another principle, the principle of desire for equality and better conditions, and the problem is to reconcile these two. I am suggesting the spirit and atmosphere in which I think they can be reconciled.

25,609. That is to say, a very great deal of authority would have to devolve on these mine managers?—I think so.

25,610. *Sir Adam Nimmo*: Do you think you can draw a real comparison between your ability to secure special men for the Army and the Navy and special men for the ordinary working of an industry? The point I have in my mind is this, do not men go into the Army and the Navy really for special reasons, under special motives, which would not apply, in the same sense, to an ordinary industry?—Yes, but I want them to apply to an ordinary industry. I want to make the service of the State in civilian things as proud a position as it is with the Army and Navy to-day, and for there to be public spirit, public honour and public recognition. Just as you get the engineer officer who will throw a bridge over a river with extraordinary skill, although he seems to have no materials with which to do it, so you may develop the same kind of capacity in that officer when he deals with a civilian problem.

25,611. I suppose it would require quite a different quality in a man to deal with civilian problems than with Army and Navy problems?—I think it requires the same qualities—initiative, power to take responsibility, and freedom to act. I lay great stress on that. You also want knowledge and decision, and the instinct for coming out right. I am sketching rather a high standard, and, as you know, it is difficult enough to get these men, even for the coal owners, and it is also difficult to get them anywhere, but we have never thoroughly recognised the value of knowledge and character in these things.

25,612. Taking the mining industry, is it in your mind to split it into different departments of administration?—I am not competent to give you an opinion on that. You and I sat together on the Coal Conservation Committee, and we examined together a good many problems there, but we did not go into that further than that we said mining problems must be brought under one roof, and there must be a Minister of Mines who will be the inspiring prophet of the whole matter, instead of the responsibility being scattered about among so many departments, as it is to-day.

25,613. Generally speaking, would you not say that the men who were to take the special charge of the mining industry required to be men who were familiar with the industry as a whole?—I think one of the superstitions from which we suffer is that you cannot know about a thing unless you have been in it from childhood. That may be very narrowing as well as very strengthening. A really capable man will acquire the requisite knowledge with wonderful celerity, but, of course, he must have experience, and must be trained and go through the mill.

25,614. The point I have in my mind is this, that the man who is likely to do the best work, let us say, on the administrative side of the mining industry, is a man who has got a thorough and genuine knowledge of the production side at the same time?—He ought to have that, certainly.

25,615. That is to say, in the working of an industry, you require to interweave, as it were, one department of the business into another?—Yes; you want knowledge and science.

25,616. Would you agree that in order to secure these men you require to bring them up through the industry?—Not necessarily. The highest and fullest knowledge is not necessarily the knowledge that is got by immersing yourself for the first period of your life in details. It is the knowledge which a man gets by progressive training. I should hope, if you nationalise the mines in this country, you will use many such men as you describe, but I think you will find the work will distribute itself in an extraordinary way and people will turn up whom you did not think of, who are quite as good as your specialists.

4 June, 1919.]

RT. HON. RICHARD BURDON, VISCOUNT HALDANE.

[Continued.]

25,617. How do you secure for the men you desire to bring up through the industry a sufficient incentive under a State Department?—Among the mine managers there are probably lots of men who would be only too proud to be actuated by the motives which actuated the officers in the Army and Navy, real distinction in the service of the State. I should hope every man who became a mine manager would have before his eyes that he might do his work so well that he might rise still higher in the hierarchy and to the highest in the end. That is what I meant by a thought-out system of national promotion.

25,618. You used two words in relation to selection, and said that it should be "stern and rigorous." Would that be likely to be realised in practice?—In my experience every process of selection, however well devised, only achieves 50 per cent. of what you aim at, and perhaps not so much, but it would be much better than what we have got now.

25,619. If you take the working of private enterprise, is not that just one of the very things that happens under private enterprise, that the private owner is watching the men that come under his own observation, and that he rapidly promotes those men if he thinks them specially efficient?—Sometimes he does and sometimes, unfortunately, he makes mistakes, as we know. What I want to do is to introduce that into the service of the State. I want to make the service of the State like the spirit of the private owner in that respect—looking for efficiency everywhere.

25,620. But looking at the problem as a whole and the working of an ordinary industry, do you not think that the capable man is more likely to be brought out by the motive of personal gain?—Well, I really do not. I think we lay far too much stress on that. A great many people go into business, not from the sordid love of money, but because they wish to make a fortune. It is a way in which to distinguish themselves. It is not that they want to drink champagne or eat turtle, but because they want to be marked out as people who have succeeded in life. I am suggesting an equally potent motive in life which leads to a discharge of public duty. I think you will appeal to that tremendously, and I am a great believer in human nature.

25,621. If the mines were nationalised, I think you have it in your mind that there should be quite a decided departure from the methods which have been followed in Government Departments in the past in dealing with the selection of men?—That is so.

25,622. Do you think in practice it would be possible to evolve a practical scheme, having regard to the practice that has been in operation in Government Departments over so many years?—If I were a dictator—that is to say, if I were Parliament—and I were entrusted with the task, I think I could undertake, if I were left alone, to find half a dozen men, any one of whom, put at the head of a great department and with a system such as we are discussing, would carry it out.

25,623. Do you think you would be likely to be left alone?—That is another thing.

25,624. *Mr. Evan Williams:* I gather you attach supreme importance to the proper choice of the Minister of Mines. Is there any possibility of securing that the choice should be made in the wisest possible manner at all times?—There you ask me a question which opens up a field of dubiety. I should hope it would be so, and it ought to be so, and it is most important that when the Minister of Mines is chosen he should be the most highly qualified man possessing all the various qualities that can be discovered.

25,625. In the absence of certainty that you get the right man and the right administration, is it wise to risk an experiment of so vast a nature?—You have always to do that. At every general election every Prime Minister is making terrible experiments, and you cannot avoid it.

25,626. I think you would agree that an experiment which proved a failure in the production of coal in this country would be far more disastrous than the failure of a Government?—That may be so,

but I am not expressing a view about it. Heaven forbid I should! It may be you are up against a complete change which is coming about in the mind of the world since the war, and which will make it necessary for you to take some step in the interests of your own lives. I do not know whether it is so or not; but things have changed, and when things change we must, like Englishmen, face the situation.

25,627. Do you think it would be wise to risk an experiment without making sure we have the right legislative staff?—You must make the choice; I am not expressing an opinion.

25,628. *Mr. R. W. Cooper:* Would the Minister of Mines of necessity be a party political appointment?—I understand what you mean. It must be. By the law of this country the King can do no wrong, and the reason is because he is advised by a Minister responsible to Parliament—that is to say, responsible to the nation. And the Minister of Mines therefore must be selected by the Prime Minister in the name of the King as the Minister who is to give advice on which the sovereign is to act.

25,629. You have spoken about the necessity of whoever has authority having freedom of action. Do you think it would be possible to have the same freedom, for example, of prompt dismissal for neglect or inefficiency in a State Department as in private business?—I think it is. I have turned out generals of very high rank into the street.

25,630. On the spot?—On the spot.

25,631. Of course in the coal industry there is the commercial side as well as the technical side. Would you expect, for example, in carrying on a trade like the export trade of coal, where prompt decision and a good deal of risk must be taken, to be able to carry that on by means of a State Department?—Yes. I am so anxious to bring this out. The State administration as it is to-day is not nearly up to the mark. What I want is an educated administration with a high level of officials trained in that kind of atmosphere which I described to Mr. Tawney, and it should be quite different from the State administration of to-day. As I said, if you have that, I should not be in the least afraid of nationalising. I am very much afraid of nationalising, if you do not get that. Therefore the prominent problem to my mind at this moment is not the abstract question yes or no on the question of principle, but the question whether you can make such an administration. I think I see my way up to a point at any rate to make it. I will not say I see it the whole way, because I do not know.

25,632. Even to the extent of taking, for example, the risk of foreign credit, and that sort of thing, do you think any State department could do that?—There, I think, you can draw an abstract line. You may nationalise as much as you like, but in a country like this, with its vastly complicated interest in foreign credit, there must be a huge amount of private enterprise, which can be only done by one man and one mind. But that does not mean you cannot control, in the interests of the State, the sources of production at home. You can dovetail the two in. It is only a question, really, of sufficiently thoughtful working out.

25,633. You think by a sufficiently well-thought-out system, the State might, in effect, carry on the business of a foreign merchant?—I do not say that, but I do say this: the State might say, "Well, we can produce the coal in the interests of the nation at such and such a price. We do not want to have bad mines in this country. We do not want to have coal so cheap that it can only be won at the cost of the lives and health of the miners. We would rather deal with it in some other way, but we think we can produce coal with our resources well-organised, and with better organisation, by much than exists at the present time, in such a way as to get at a price which makes foreign trade possible." That is done, and the State says the price below which it could not sell, and above which it is not going to allow it to be charged to the foreign merchant. Then come in the foreign merchant and buys. The State is a producer.

25,634. By "foreign merchant," which was a somewhat loose expression, I meant the Englishman, or

4 June, 1919.]

RT. HON. RICHARD BURDON, VISCOUNT HALDANE.

[Continued.]

the colliery owner, or the merchant, as at present, who sells the coals and delivers them abroad to Germany, for instance?—I was assuming, for the sake of argument only, that you carried out nationalisation, and the State is a good producer of coals and sells coal at a reasonable price. It may be that the State would say: "We prefer to sell to someone who will take the foreign trade in hand." If the State takes the foreign trade in hand, it may be very much more difficult. I do not know, and I have not thought it out, but it does not follow, because you nationalise, that you are going to eliminate the foreign merchant and the English merchant dealing with people abroad.

25,635. On the question of salary, do you think the State would have to raise the scale of salary to make it correspond with that which prevails in private employment?—I am all in favour of paying good salaries, because, in the main, you get what you pay for, and it is still more clear that you do not get what you do not pay for. That is human nature, and it is as strongly implanted in the miner as the State official. The State official, hitherto, has been the patient beast of burden who has been underpaid, and whose salary has risen very slightly compared with the cost of living. Equally good salaries do not mean the salaries which rich men require in order to live as rich men. Your general in the Army, your colonel, your captain, your admiral in the Navy, your commander, live on what the rich man often calls very little indeed, but their reward comes to them in another way. They have social advantages which he has not. They are rewarded by the public, by honours, and by positions which tell. I do not like that being a monopoly of the fighting services. I want to see it extended to the other administrative services of the State, and I think it can be. It has been partly extended to the Civil Service, and I want it extended to those larger Civil Services of which we are speaking.

25,636. I suppose you would admit that glory has a great deal to do with the halo which attaches to the Army and Navy?—I think there are many kinds of glory. The glory of a popular preacher is very great, but he does not demand a large salary. The glory of a successful politician may be very great, and often he is as poor as a rat, but he does not mind. He has much more. He can dine with millionaires each night if he pleases.

25,637. *Mr. Arthur Balfour*: You would not hold that the coal industry should be run under the same kind of rules and regulations as the Army?—No. I am obliged to you for giving me an opportunity to make that clear. I have only talked of the Army because the Army is what I know, and it is an institution I am very fond of. I only took it as an illustration of which I have had experience. You must, of course, shape your own organisation according to the functions which that organisation has to perform, and I have been only indicating that I think in the Navy and Army there is a source on which you can draw, which has been hitherto left intact.

25,638. Now with regard to this new class of organisation which you think should be trained, it would take some years to train a sufficient number of people to take up a wholly new industry?—One is prone to think that, but it is wonderful what a lot of competent men there are. I should like to put everyone through an administrative course at the London School of Economics or somewhere else before he went through this. Unfortunately our industries have not encouraged the teaching of administration. *Mr. Tawney* knows better than I, but I do not think at Oxford or Cambridge there is any systematic training in administration. There is a little at the other universities. At London there is, and there will be more, because I happen to know that the University of London has had very considerable funds just placed at its disposal for the development of its Economic Faculty.

25,639. If you turned a General into the street, or more than one General because you thought he was not sufficiently competent, that was a very simple operation. But supposing that was done in a business and the next day you had a strike through

the action of the Trade Union, how would you deal with that?—A strike, like everything else, usually arises from people having let a position grow up which they had not foreseen. I do not say that is always the case, but it is very often, and your really competent person will be like a pointer in search of game, always looking out for the centre of strikes and going very cautiously when he hears of it. The kind of man I am speaking of is a man who rather recognises it as one of the first duties to feel himself as one of his kind in close relations with his men.

25,640. Does it not often happen that a strike is caused by the rejection of a gentleman who is rather voluble, like the orator in the House of Commons and who through his volubility has a certain standing with the Union?—I saw a great many labour disputes when I was a member of the House of Commons. I saw them amongst my own constituents and elsewhere, and my experience is that if you are right and a man is really incompetent and you explain it, the men will be just as strong as you in getting rid of the incompetent.

25,641. You have a three-cornered proposition in the coal industry, and only a two-cornered proposition in the Army. You have the Trade Union, the people working and the owner?—Of course you have the difficulty that the strike may arise outside your own works. It may come from the action of the Trade Union, but that is only transferring the problem to a larger sphere. I believe if there were less suspicion on the part of the men and if they did not disbelieve nearly every word that was said to them, and if they had not in the past a certain amount of experience to warrant them in scepticism, things might be easier. I believe the solution for industrial conditions all over the world is that employers and employed should be very much more in consultation and that they should feel that the industry is a thing which concerns them commonly and they should not be antagonistic.

25,642. *Mr. Frank Hodges*: Would you care to give an opinion on the propriety of the desire of the workmen to take a bigger share in the control of the industry in these days?—I am very anxious to keep myself clear of the main question because I am really not an expert on this question of nationalisation, but I have seen a good deal of workmen and I am very much impressed with this: the lower you go in the social scale as a rule the less articulate people are; they do not talk or express themselves so easily. That does not mean that they do not know and think, and when I have got to be real friends with the workman I have generally found he knew quite as much as I did about the particular thing I was interested in. We are very often apt to think that because the workman says nothing, he is not interested. He is interested and if you can gain his confidence and mind, you will find his objects and purposes are not very different from yours. If you can get him to believe that you and he have a common object, I do not think he is a very difficult person to deal with. We are rather like two foreign Nations at present, each very suspicious of each other's designs and motives.

25,643. Of course, you know the activities of the Workers' Educational Associations, Ruskin College and the Central Labour College have resulted largely in workmen holding the belief that they should be articulate in industry and take a share in the administration of industry. Do you think that is proper?—It is a very legitimate desire when a man's livelihood and what he and his family depend upon are involved in industry that he should be interested and that he should have the chance of knowing what he is doing. I think the intelligent workman is the first to recognise the distribution of functions. He says, "I do not want to make contracts for the sale of coal. God forbid! I know nothing about it. I do not want to make the plans of the mine—that is the work of the mining engineer. I do not want to be responsible for detecting whether ankylostomiasis is showing itself in the mines. I should not find it out. But there are things as to which I do want to have my share. I want to have a voice in it being brought to consciousness whether the mine is properly and adequately

4 June, 1919.]

RT. HON. RICHARD BURDON, VISCOUNT HALDANE.

[Continued.]

inspected and looked after or not; whether proper care is taken of the workmen." In fact, there is a whole sphere of common interests which you can define, which do not mean what I call taking the higher control of the mine out of the expert's hands, but which do mean that in the sphere where workman and employer are concerned in common there might be a great deal more interchange of view and counsel and participation than there is at the present time. In other words, we are passing to a region of democracy in industry.

Chairman: Lord Haldane, I only desire now to read a letter I ought to have read at the beginning of your evidence in order that it may go on the shorthand notes. It is a letter which the Secretary of the Commission wrote and it says:—"My Lord,—The Coal Industry Commission are anxious to have some evi-

dence upon the question whether the Civil Service, under its present or any future organisation, will be competent to carry on the coal industry if nationalisation were decided upon. They believe that your lordship's experience and knowledge gained in many spheres of the public service, and as Chairman of the Machinery of Government Committee, would be of great value to them in coming to a proper determination. I am directed by the Chairman to ask whether your lordship would be good enough to give evidence on these points at 11 o'clock on Wednesday in the King's Robing Room at the House of Lords. The bearer of this letter will wait in case you wish to send a reply." That was signed by the Secretary and you were good enough to say you would come, and we are very much obliged to you for the assistance you have given us.

Witness: Thank you, Sir.

(The Witness withdrew.)

Sir WILLIAM SLINGO, Sworn and Examined.

Chairman: This is the evidence of Sir William Slingo, giving us the Post Office information that has been asked for by various members of the Commission.

Sir William Slingo is Engineer-in-Chief to the Post Office, and is responsible for the provision and maintenance of all engineering plant in connection with the telegraph and telephone services.

He has had nearly 50 years' experience with the Post Office, and taken part in the transfer of the following undertakings to the State, viz.,

The system of the Telegraph Companies in 1870,

The system of the Submarine Telegraph Company in 1889,

The Trunk Line system of the National Telephone Company in 1896, and

The local Exchange system of the National Telephone Company on December 31st, 1911, and he says the acquisition of the Telegraph systems led to a very great development of the service.

Those being the qualifications of Sir William Slingo, and the details he wishes to speak about, I will ask Mr. McNair to read the remainder of his evidence.

Secretary:

"The payments made to the Telegraph Companies in 1870 were based on agreements and subject to ratification by Parliament, and the payment made to the Submarine Company was £67,163.

The payment to the National Telephone Company on the transfer of the Trunk Line system was based on a valuation of plant made by Mr. (now Sir) John Gavey on the part of the Post Office, and Mr. Sinclair on the part of the Company.

The payment to the National Telephone Company for the Local Exchange system was based on an inventory of plant made by Mr. Gill for the National Telephone Company and checked by me for the Post Office. A staff of 700 officers and men was employed on the work, which occupied a period of 15 months. Upon the basis of this Inventory, the Company and the Post Office set separate and independent values, but they were so divergent that the matter had to go to arbitration by the Railway and Canal Commission. The claim made by the Company amounted to 21 millions, but the valuation of the Post Office was about 9½ millions. As a result of the arbitration, the amount paid was 12½ millions.

The system was largely extended between the transfer and the outbreak of war, but a certain measure of estimated financial return had to be assured before extensions were authorised. It was intended to renew a very large number of exchanges and a considerable portion of the outdoor plant, and this would have undoubtedly been done but for the war. The Staff of the Engineering Department numbered on January 1st, 1912, about 9,000 men. In the autumn of 1912, it numbered 16,000, and on August 4th, 1914, it numbered 25,000. There was an immediate heavy

drain of men and material to provide for war needs, and altogether upwards of 12,000 men joined the Colours. As a consequence of the war, all development for commercial purposes was arrested, and even maintenance work was considerably curtailed. Development is now being resumed, and a heavy programme has been undertaken for the current year.

The transfer to the State of the telegraph and telephone undertakings has been beneficial to the community in that a more extended service has been provided. Unification of plant has been rendered possible and wasteful duplication is avoided. Similar results could, of course, have been achieved if a Trust or Commission had been set up to control the work, the essentials being that powers should be vested in a single authority, and that unification of treatment for the various parts of the country should be established and maintained. Unity of control, either under the State or under some form of trust, is in the case of a telephone undertaking very desirable from the point of view of both the user and the supplier. Where conversations are carried on between towns a distance apart, it occasionally happens that some disturbing factor is present, and if more than one administration control the service, the tendency always is to assume that the "other" party is in the wrong, whereas with one administration it is possible to carry an investigation to a satisfactory conclusion and thus eliminate trouble.

From the financial standpoint also it is possible to lay out plant more economically if only one administration is concerned; economy of staff is also another factor that must not be lost sight of.

On the other hand, the difficulties of assessing a correct value for labour and supervision are enhanced as the opportunities for comparison or contrast with other similar industries are restricted. State employment is not an unmixed blessing either for employer or employee."

25,644. *Sir L. Chiozza Money:* At the head of your *précis* you say that you are Engineer-in-Chief to the Post Office. Is it true that you have just retired from that position?—The statement was correct when the matter was written.

25,645. You have just retired from the service?—Last Saturday night.

25,646. I take it that you come here chiefly to give evidence on the technical side of the work rather than on the financial side?—That is so.

25,647. Still, you have some knowledge of the financial operations?—General knowledge.

25,648. Has your attention been directed to the fact that the late Postmaster-General, Lord Gainford, in giving evidence here, said that he was under the impression that the telephones were worked at a loss when the war broke out? Is that a true expression of Lord Gainford's, that the telephones were working at a loss when the war broke out?—No, I do not think so. Of course, it all depends on what is meant by loss.

4 June, 1919.]

SIR WILLIAM SLINGO.

[Continued.]

25,649. Is it a fact that in the commercial accounts presented to Parliament of the telephone system very liberal allowance is made for depreciation of capital?—Yes. The allowance made for depreciation, for example, in the year ending 31st March, 1915—that is the first war year—was £1,600,000, the following year £1,700,000, and in the following year again £1,700,000, and for the last year to the 31st March, 1918, £1,726,000.

25,650. Is that writing off based upon a very conservative view of the life of the plant from an engineering point of view?—It is based on what I think may fairly be described as a conservative standpoint. It is perhaps erring slightly on that conservative side, but on the other hand we have to bear in mind that the value of the plant upon which this depreciation fund was based was purchased on pre-war prices, and this depreciation fund will now be inadequate to meet the cost of replacing the plant at the present enhanced value. Of course, if in time the prices should fall again then there will be a re-adjustment of the proportion.

25,651. At any rate the fact that a liberal depreciation was allowed helps the financial operations of the department by presenting what is at any rate not only a true statement of account, but shall I put it rather a truer statement of account than would have been obtained if the concern had been under private auspices?—I think so? I see in the year ending 31st March, 1914, the net revenue contributed to the Exchequer was £239,000 after paying interest on all loans and all borrowed money, after allowing for depreciation, after allowing very heavy cost for pension liabilities and other charges on a conservative basis.

25,652. So that the late Postmaster-General hardly did justice to his late department when he suggested that the telephones were working at a loss when the war broke out?—If you assume that, you want to make an addition to all your interest paid, and all your other outgoings—if you assume you must make another 5 or 10 per cent. profit, then it would be working at a loss.

25,653. As a matter of fact, you did pay interest on all your capital?—£691,000 was paid as interest.

25,654. It was after making that allowance that that balance is shown to which you have referred?—Yes.

25,655. When the National Telephone Company's system was taken over by the State that was on the last day of 1911?—It was at midnight.

25,656. Is it the fact that the National Telephone Company had allowed a very large part of its plant to run down?—Undoubtedly, as a dying concern the company would not and did not spend that money which otherwise it would have spent upon bringing the plant up to date, or even upon the renewal of plant which had served its useful life.

25,657. Is it the fact that in the short period that elapsed before the war broke out, which was 2 years and 7 months, you had already in London re-installed some of the main exchanges?—Yes, that is quite true.

25,658. And you spent on that a very large sum of money?—Yes.

25,659. Did that amount to the complete re-installation of the service in the districts?—I will give one illustration. The Avenue Exchange was a new building specially erected, specially equipped, and the company's corresponding exchange was dismantled and the plant scrapped.

25,660. Is it a fact that these operations would have continued during the last four years but for the war?—Undoubtedly.

25,661. They were stopped by the war?—Undoubtedly.

25,662. So that at the present time you have actually exchanges running which are not only inefficient, but are practically in the state of inefficiency left by the National Telephone Company's plant?—There are one or two still left.

25,663. That is owing to the war?—Yes.

25,664. Is there any doubt that, had it not been for the war, that plant would long ago have been scrapped?—Undoubtedly it would.

25,665. Is it also a fact that your service was largely stripped of men by the war? How many did you lose?—Considerably over 12,000 men joined the Colours.

25,666. Is it the fact that, as with other Government Departments, they were stripped to an extent that did not occur with many private undertakings?—I am not in a position to know what happened with private undertakings, but 50 per cent. of my men were taken, and they formed the backbone of the Signal Service in France. If it had not been for my men I think I am entitled to say that the Signal Service could not have carried out its work.

25,667. So that you, as it were, suffered special disabilities through the war?—Certainly.

25,668. Do those disabilities still remain to a considerable extent?—Yes; we have had some 5,000 out of 12,000, roughly speaking, returned.

25,669. Now may I ask you what is being done—what plans have been made to bring the service up to the state of efficiency which you would have desired and which would have been done had it not been for the war?—The men who have returned have been largely replaced, in fact, almost entirely, on what we call capital work—that is to say, on development. The number of men who were employed last October on works as distinguished from maintenance was 4,800, and in April it was 8,038.

25,670. You have doubled the number of men on the capital expenditure?—Very nearly doubled it.

25,671. Have you the automatic service at work anywhere?—We have them in about 14 different exchanges.

25,672. In any towns?—Yes, they are practically all in towns, from Paisley down to Portsmouth and Newport. The largest of them, and with one exception the latest, is Leeds, which was opened in May last year.

25,673. How is the automatic service working?—It is working exceedingly well—that is to say, it is giving great satisfaction to the subscribers, which is our measure of success.

25,674. May I ask how have you got on with the automatic telephones as compared with the private automatic companies of America—are you behind them or in front of them?—There is a little difficulty in the position there, because in America they have a private company with an enormous capital and a lot of the plant is fairly new. They are particularly anxious, therefore, not to prejudice the capital which is sunk in that plant, and not to scrap it by the introduction of the automatic service until they can see that the plant which is to be scrapped is paid for.

25,675. In other words, the ordinary financial condition of a private concern of that kind in this case makes against the introduction of the automatic telephones in America?—It makes against it there, and that is because of the fact that they have this huge capital sunk, and they must see their way to recoup that before they can, from their point of view, legitimately scrap the plant.

25,676. So that you hope to get ahead of them with regard to the automatic service?—I think that proportionately we are ahead of them.

25,677. Already?—Yes.

25,678. In spite of the war?—Yes.

25,679. When do you think you will be able to get the automatic service at work in London?—If it were my job now, and I had a free hand, I should be starting with it in 18 months' time.

25,680. Is any of the plant on order?—No. The question is now under consideration in the Department.

25,681. What stands in the way—the Treasury?—It is a Treasury restriction which, for the moment, is holding up the question.

25,682. Is it a very large sum that is involved?—Yes; my rough estimate for London is approximately five million pounds.

25,683. It would cost five million pounds to introduce automatic telephones?—Yes.

25,684. Would that make a very great difference, in your opinion, in the use of the telephone service in London?—I am certain it would.

4 June, 1919.]

SIR WILLIAM SLINGO.

[Continued.]

25,685. The experience you have gained goes to show that this automatic service ought to be substituted for the ordinary system of working?—I have not an atom of doubt that the automatic system would remove the great bulk of the objections that may be now raised to the telephone system.

25,686. Is it true that you are going to America?—Yes, now that I am free.

25,687. May I ask why you are going?—We always consider that the British Telegraph Service is a long way the first in the world, but we do not consider, on that account, that we have a monopoly either of brains or of material, and I think America is very much in the same position with regard to telephones. They think they are at the top, but they would not claim that they have the monopoly. Now, I have done certain work in connection with telephone development which has not been done over there, and they are asking me out there to give them the benefit of my experience and knowledge. I am going out in a consultative capacity.

25,688. So that the American telephone companies, about the efficiency of which we hear so much, are not ashamed to take advantage of your assistance?—No, I think not.

25,689. Now, that brings me to a point that is of great importance to this Commission. Is it a fact that you find any difficulty in getting good brain power for the State in connection with the telegraphs or the telephones? Please treat this as impersonal. I want you to regard your position as you had it with the Post Office there for a good many years. Have you had any difficulty as an administrator in getting capable engineers, and, secondly, in getting good work from those capable engineers?—Not at all. When you consider the size of the staff upon which we have been able to draw in the past, even the ordinary laws of probability should give you a sufficient recruiting ground to find the men who are wanted for the work of the character that they have been doing in a subordinate capacity all their lives.

25,690. Do you consider that you have got in that range of scientific work as good men as are commanded by the private capitalists outside in similar trades?—I am constantly being asked to nominate engineers for work outside, and I have two cases in hand at the present moment. One is in the East, another one in the North of Africa; but I have a difficulty in finding men who will accept the jobs. I have no difficulty whatever in finding men who can do the work.

25,691. Do you mean finding men in the public service who will consent to leave it?—That is the difficulty.

25,692. Why will they not leave it?—One man is now getting about £700 a year, and he will not go elsewhere under £1,400 or £1,500.

25,693. Do you mean to say that a man of that type considers his £700 in the public service is as good as £1,400 outside?—That is what it amounts to.

25,694. *Mr. Arthur Balfour*: Of course, you had only charge of the telephones before the war for two years and seven months, but do you consider that during that time it gave as good a service as the

National Telephone Company did previously?—Certainly. There were the same people doing the work and as a rule using the same plant.

25,695. Are you aware that it did not give the same satisfaction to the public?—I take it that that was very largely because the public were anticipating more than they were justified in expecting.

25,696. Are you aware that the Post Office to-day is collecting a larger sum from subscribers than the National Telephone Company did?—If they are collecting more it is because the telephones are used more.

25,697. Is it not because they are insisting on the measured rate?—For new subscribers.

25,698. And thereby have increased their revenue?—I do not think they have.

25,699. Is it a fact that they have introduced the measured rate and thereby increased the revenue?—It was introduced before the transfer.

25,700. The flat rate was more general?—There were flat rate subscribers perhaps, but we are not turning them down in London.

25,701. If you had had a Board of Directors they would have taken your advice and would have been working on the £5,000,000 scheme for London by this time?—Well, the war is only just over.

25,702. But they would have taken your advice promptly?—Possibly.

25,703. Therefore we are having delay through Government control?

Sir L. Chiozza Money: Still, you must remember that he gave a point on that.

Chairman: What is the answer to that? The question is, are we having the delay?

25,704. *Mr. Arthur Balfour*: Owing to Government control?—There is undoubtedly a difficulty in meeting the Treasury control, and because the particulars of the estimate have to be based on previous known facts, and in the case of the automatic we have not the previous known facts yet.

25,705. You know that the automatic telephone was running in Chicago 20 years ago?—Of a kind.

25,706. Satisfactorily?—Of a kind.

25,707. It worked satisfactorily?—That I do not know.

25,708. I have used it, and it was quite satisfactory. Do you consider that the telephones in this country are as good as in America?—I do.

25,709. Have you had much experience of the telephones there?—I know that in America the telephone user would be content with a service which the British would not for a moment.

25,710. Have you had experience there?—Yes, I have been out there, and I am going again.

25,711. Have you been out there for a long period?—No, not for a long period. I am a British Civil Servant.

25,712. I have had considerable experience of it, and I say it is considerably different to what you get in this country; but I take it you do not agree with that?—I do not.

Chairman: I am very much obliged to you for coming here to help us.

(The Witness withdrew.)

Chairman: I now propose to circulate the papers with regards to the diminution of output.*

Mr. Evan Williams, one of the Commissioners, asked, and other Commissioners supported the application, for some statistics with regard to the output of coal this year in order that it might be seen, and put quite beyond dispute, what the position was with regard to output. In compliance with that request, I asked the Coal Controller, *Sir Evan Jones*, to be good enough to get out the accurate figures upon the question, and they were got out last night. I should have read them the first thing this morning, but owing to the holiday yesterday it was difficult to get them printed; and they have only just arrived a minute or two ago, although I had a copy myself

late last night. I propose to draw attention to them, and when *Sir Richard Redmayne* goes into the box, he will be prepared to answer any questions which any members of the Commission desire to ask about them, but I thought it right that the members of the Commission and the public should have this important information as soon as possible. The document which explains the tables is headed "Coal Mines Department, 3rd June, 1919," so that it is brought up to yesterday. The following information is supplied as regards output of coal based upon the latest information obtainable. The output for the first 20 weeks of 1919 was at the rate of 242 million tons per annum, as compared with 287 million tons in 1913. The average number of men employed

4 June, 1919.]

[Continued.]

during the 20 weeks of 1919 was 1,111,000, being exactly the same number as the average employed during the year 1913. The average weekly output for the four weeks ending the 24th of May, 1919, during which period there were no holidays and few stoppages, was 4,813,000 tons, or at the rate of 238 million tons per annum, after allowing 5 per cent. for holidays and stoppages. Now I want for the sake of clearness to point out those three periods. First of all, in the year 1913, the output was 287 million tons. Taking the first 20 weeks of 1919 and striking the average, you get 242 million tons for the year 1919, but when you consider, taking the four weeks in May, during which period there were no holidays, and taking that as the basis, it comes down to 238 million tons, so that it is 287 million tons, 242 million tons and 238 million tons. The average weekly output of the six weeks ending the 15th of March, during which conditions were fairly normal, with no holidays and few strikes or stoppages, and the average output for the four weeks ending the 24th of May, when similar conditions prevailed, and the Sankey wage was in operation, and the average number of persons employed in the respective periods are as follows. Now this is a table of vital importance in the opinion of the Coal Controller. For the six weeks ending March, 1915, the average number of persons employed was 1,081,000, and for the four weeks ending May 24th, that is after the Sankey wage was in operation, the average number of persons employed was 1,124,000. Now comes the average output per week, and we are going to compare what was the average output per week before the Sankey wage and after the Sankey wage, and the average before the Sankey wage was 4,852,000 tons. After the Sankey wage it was 4,813,000 tons, so that it has gone down, and there are 40,000 more men employed. 40,000 more men employed, and yet the output has gone down. Now with regard to the output per man per week before the Sankey wage, it was 4·5; it has gone down to 4·3, and finally the output per actual man per shift before the Sankey wage, it was 92 and afterwards 90. Now, going on with the note of the Coal Mines Department of the percentages of absenteeism due to sickness, injury and voluntary absence, taken as the percentage of the possible number of shifts which could have been worked, that increased from an average of 10·7 in 1913 to an average of 12·5 in the first of the weeks of 1919 and to an average of 13 per cent. in the four weeks ending the 24th of May. The average number of days per week on which pits raised coal decreased from 5·58 in 1913 to 5·2 in the first 20 weeks of 1919. The average output per man for the period of four weeks decreased from 19·8 tons in 1913 to 16·8 tons in the first 20 weeks of 1919, and 17·1 tons in the four weeks ending the 24th of May, during which period there were no holidays and few stoppages. The average output per actual man shift worked was one ton for the year 1913, ·89 of a ton for the first 20 weeks of 1919 and ·90 of a ton for the four weeks ending the 24th of May. The estimated output for the year ending 1919 on the basis of the average weekly output of the first 20 weeks, and allowing for the reduced hours after the 16th of July, is, say, 230 million tons, or, calculated on weekly output for the first 20 weeks, the output for the remainder of the year being based on the average weekly output for the four weeks ending the 24th of May with an allowance of 5 per cent. for holidays and stoppages is, say, 228 million tons. The estimated output for the 12 months—now this is a very important figure; you recollect that the output for 1913 was 287 millions—the estimated output for 12 months from July, 1919, after the reduced hours had come into force is, say, 217 million tons, calculated on the output of the first 20 weeks, or only 214 million tons if calculated on the weekly output of the four weeks ending the 24th of May, 1914, with the allowance of 5 per cent. for holidays and stoppages. The consumption of inland coal and for bunkers was 210 million tons for 1914, the average for the pre-war period was 209 million tons, and for the period of 1919, 196 million tons. This is to show what the effect would be on our export trade if the diminution does not take place and an increase made. The exports of

coal in the year 1913 were 77 million tons, and in 1918 34 million tons. I want to draw particular attention to this. In order to provide approximately the same quantity of coal for inland consumption and bunkers for the 12 months from July, 1919, all present restrictions on consumption must be fully maintained, and in addition exports must be reduced from a rate of 34 million tons per annum to a rate of 23 million tons per annum. I just want to go back and remind the Press and the public that the exports of coal in 1913 were 77 million tons, whereas if we are to maintain inland consumption on this diminished output, the exports will have to be reduced to 23 million tons per annum next year. It is estimated—and here again I want to draw particular attention to a very important fact—that the deficiency on the working of the industry on the basis of the estimated output for the period of 12 months from July next, after providing for the guaranteed profits to owners at the rate of 1s. 2d. a ton, will be £46,600,000. That is the deficiency, equal to 4s. 6d. a ton on output, and for the calendar year ending 1919, it is estimated that the deficiency will be £37,000,000. Seven schedules have been prepared setting out the details on which the conclusions contained in this memorandum are based. These schedules are attached hereto. Now will you kindly look at the first schedule? I am not going to occupy your attention very long with that. It is a statement showing the output of coal and the number of persons employed in the United Kingdom from 1913 to date, and if you will be good enough to look at the bottom, you will see the various returns: Board of Trade, employment, Coal Mines Department, and so on, from which it is prepared, but I do desire to draw your attention, at least I am asked to draw your attention, to table 2, and that is a comparison of the weekly average for six weeks before Easter this year, during which the conditions were fairly normal, there being no holidays and few strikes and stoppages. It is a comparison with those four weeks with an average of four weeks ending May 24th, when similar conditions prevailed, and the Sankey wage was in operation. That is a very important table indeed. Will you please look at column 2, which gives the average number of persons employed, and you will see that the average for the six weeks before Easter was 1,081,500, the average number of persons employed for the four weeks after the Sankey award was given and ending May 24th was 1,124,000. So that that means to say that 40,000 more men were employed. I am giving you rough figures—40,000 more men employed. The output of coal for the average 6 weeks was 4,852,000, the average for the 4 weeks, 4,813,000 tons. Now that means this, that although 40,000 more men were employed, about 40,000 tons less coal were got, the difference between 852 and 813. The output before the Sankey wage per man per week was 4·5, after 4·3. The output per man per shift before the Sankey wage was ·92, after ·9. Absenteeism before the Sankey wage 11·6, after the Sankey wage 13: average number of days per week upon which pits raised coal before the Sankey wage, 5·56 and after 5·46. I have the Controller at my right-hand side here, and I wish he would tell me if I am accurate in the information I have given.

Sir Evan Jones: Yes, that is accurate.

Chairman: Now if you will kindly turn to table 3, that table, which I do not propose to go through at any length, shows how the estimated output for the year 1919 is arrived at in two ways. First of all, perhaps the Controller will just tell me, because I have not studied that table, I think on the first you take the output for the first 20 weeks of 1919, and base it on that, deducting 10 per cent. for the period of the allowance for the shortening of the working day by one hour.

Sir Evan Jones: Yes, I have taken that from the percentage in the report.

Chairman: Then another calculation, which I will not trouble you with, shows you the same thing, only it is 228 instead of 230. Now will you go, please, to table 4? That shows the estimated output of coal for 12 months from July the 12th, 1919, to the 15th of July, 1920. You will see how it is done. There, again, you have two systems of calculating—(1) upon

4 June, 1919.]

[Continued.]

the results of the 20 weeks of 1919, and (2) upon the results of those four weeks since the Sankey award. Now I want to read out table 5, which shows our export trade, and shows the amount of tons which we exported in the third column. Seventy-seven million in 1913, 62 million in 1914, 46 million in 1915, 41 million in 1916, 38 million in 1917, and 34 million in 1918. Now 1919 is an estimated figure, and it is estimated in this way, that if we have to keep a certain amount for inland consumption and for bunkers we shall not be able to export so much as we should do, and it is estimated that the exports for this year 1919 will only be 28 million; that is all we can afford to export on the present diminished output, whereas from the 16th of July, 1919, to the 15th of July, 1920, again on estimates, we should only be able to export 23 million tons. Of course, that is an estimate. If the output goes up a different state of things would apply, but Sir Evan Jones, the Coal Controller, reminds me that even the 23 millions can only be exported if we retain the whole of our present restrictions for England and home trade. The next table is a very important one, because that shows the deficiency in money that will be incurred unless the output by some means or other is increased. Table 6 is a statement of the estimated deficiency on the working of the coal industry for a period of 12 months from the 16th of July, 1919, to the 15th of July, 1920. Now I am not going to read out the whole of that, because it is very difficult to digest these figures—there are millions of tons and thousands of pounds—but I am going to give the result of the figures so that that may be clearly seen, and the result is got out after the various figures which form the table are worked out. The statement of estimated deficiency on the working of the coal industry for a period of 12 months from the 16th of July, 1919, to the 15th of July, 1920, is £46,600,000. As I say, I do not propose to read the reams of figures which justify the Coal Controller as he thinks, in bringing out that total, but the Press, to whom we are very much indebted for the very clear and lucid way in which they have reported our proceedings, will no doubt print as much of that table as they think desirable, but the gist of it is this, that if the present state of things goes on the deficiency will be £46,600,000. Table 7 is a similar sort of table, but instead of carrying it to the middle of the year 1920, it carries it for the present year 1919. That figure is £36,000,000, but I do not want to trouble you with that. It is worked out in the way you will see described here. I am very anxious, and no doubt the members of the Commission will be very anxious, to study those tables, and when Sir Richard Redmayne goes into the box he will be prepared to deal with them and assign any reasons which he thinks are the reasons for the deficiency and any remedies which he thinks are the remedies for combating this state of things.

Sir L. Chiozza Money: As this is going out to the public and Press, may I ask Sir Evan Jones if he attaches any importance to the fact that the latest figures are better than the figures on which he bases his estimated deficit of £46,000,000.

Sir Evan Jones: They are only better in one respect: the output per man per shift has increased from .89 to .90.

Sir L. Chiozza Money: No, your estimate is based upon the first 20 weeks in 1919, but the four weeks of May are better than the 20 weeks of 1919, and, therefore, if you take the four weeks of May your estimate would come out at less than 40 million pounds?

Sir Evan Jones: You will find that is not the case if you look at Table 3. I have taken the most favourable output, which is that based on the first 20 weeks of 1919.

Sir L. Chiozza Money: That is my point. You did not understand me.

Chairman: I think you will find that he understands it.

Sir Evan Jones: From the output for the four weeks to May 24th, which was during a period without holidays and very few stoppages, I have deducted, as I show on the Table, 5 per cent. as a

likely figure for the rest of the year, which brings it below the average for the first period.

Sir L. Chiozza Money: Does it do more? It is perfectly true that the present figures, to repeat the Chairman's expression, are better than the first 20 weeks in 1919.

Sir Evan Jones: No; you must compare like with like. I have compared like with like in Table 2, for I give a comparison for the four weeks ending May 24th with the six weeks under like conditions ending in March.

Mr. Frank Hodges: Might I ask the Coal Controller a question?

Chairman: Sir Evan Jones had these figures worked out under his supervision, so that any question of figures please put to him.

Mr. Frank Hodges: During the first 20 weeks of this year the Federation had to go before a Conference to ask that Conference if it was prepared to accept the Sankey Report before they took a ballot. At that Conference the workmen in certain coalfields were under the impression that their contract of service terminated. The result was that the whole of the mines of the Kingdom were practically idle for one day, which would mean one million tons of output at the rate of one ton per man per day, and for the succeeding three or four days the men dribbled back to work; so that if the Controller has not taken that into consideration in the first 20 weeks ending May he has omitted a factor which is in excess of any strikes you could have in any given period.

Chairman: Sir Evan Jones will tell us what he thinks about that.

Sir Evan Jones: I have taken an average of those 20 weeks just exactly as the output goes. The table that shows the percentage of absenteeism does not bear out your statement. The percentage of absenteeism is the percentage on the actual shifts that must be worked.

Mr. Robert Smillie: No, the actual shifts that are worked.

Chairman: We are only here to get the truth, and we all agree that it is most important.

Mr. Robert Smillie: It is only absenteeism if the collieries are working and certain men remain absent.

Sir Evan Jones: One of the footnotes on table 1 gives my definition of absenteeism—the number of shifts lost through sickness, injuries, etc., and voluntary absence from work shows the percentage of the possible number of shifts which could have been worked. What that means is, supposing a pit was working and a man absented himself, he is absent.

Mr. Robert Smillie: Not if the pits all over the country were idle on a given day.

Sir Evan Jones: If they were absent for a holiday or a strike, then it is not taken.

Mr. Robert Smillie: The idleness that Mr. Hodges speaks about here is not absenteeism. It would mean a very considerable reduction in output for that period.

Mr. Sidney Webb: May I point out that it seems to me, when we are talking about the figure of the percentage of absenteeism for the men, we have not got it. The figures are filled in here as though we had got it; the 13 per cent. is repeated as if that is a real figure, but when you look at the footnote, you will see it is not a real figure; therefore, it is rather important that we should not draw inferences from that.

Sir Evan Jones: I think you will find that the result of that would be negligible. The latest actual figure of absenteeism that we have had was for the week ending April the 26th. If we argue on the same basis of what was actually occurring before, it is probable that that would go on increasing, as it has been increasing, for the rest of the year. I consider that, taking it at the same figure, I am giving the most favourable aspect of it.

Mr. Sidney Webb: I do not want to dispute the estimate at all, I am only saying that we must not draw any inference from the absenteeism in May till we know what it is.

4 June, 1919.]

[Continued.]

Sir Evan Jones: Because in that case the amount is not the actual figure for that period, I have put this footnote.

Mr. Sidney Webb: Is it not the fact, keeping away from the question of profit and cost, and merely on the question of the amount of coal, which is a separate thing, that a larger aggregate production of coal was taking place during May than during any four weeks since the war began, with, I think, one exception?

Sir Evan Jones: No. If you take the six weeks—

Mr. Sidney Webb: Pardon me, keep to the four weeks ending May the 24th, table 1: there were produced 19,251,000 tons. I believe that only in one month, and that the month of February, they ever produced since the war began as much as 19,251,000 tons, and in that one month, last February, we produced 19,470,000 tons. With the exception of February, it looks as if there has not been a month since the war began when more was produced.

Sir Evan Jones: Have you taken into account the number of men employed?

Mr. Sidney Webb: I am on the question of the amount of coal. It is a relevant fact that in no month, with one exception, during the whole 4½ years since the war began, has there been so much coal produced as during the weeks ending the 24th of May.

Sir Evan Jones: You will notice that for the years 1915, 1916 and 1917 I have not given it monthly.

Mr. Sidney Webb: But I have reckoned it out.

Sir Evan Jones: On the average, I suppose.

Mr. Sidney Webb: Yes, for the 13 months, and I ask you whether it is not the fact that at no time since the war began have we produced more than 19,251,000 tons in four weeks, with the exception of the four weeks in February.

Sir Evan Jones: Will you look at the year 1916? There it is 255,846,000.

Mr. Sidney Webb: During the month of May, whatever inference we may draw actually, more coal has been produced during that four weeks than, with one or two exceptions, in any four weeks since the war began. That is what it looks to me like. So far as it goes it is an encouraging fact.

Mr. Herbert Smith: It is fair to ascertain what is the cause of this, and I thought that there should be an inquiry into it, because I asked for particulars of the number of shifts that the men had to go home because there was no work for them to do. Now I have made inquiries of one where there were 255 shifts lost one week, and they lost over 300 the following week. I want an inquiry into this thing, because it is set going at a moment to damage our men's characters, and I ask for an inquiry right through the Federation, name any pits you like.

Mr. Robert Smillie: Has the Coal Controller got the figures for individual mines? You have some, and you say with very few exceptions that the figures compare with returns you have from mines. Probably there have been cases in which there has been a serious reduction in output per man, and, if so, I should like to ask whether an inquiry has been made in the individual cases.

Sir Evan Jones: No, it has not come before me.

Chairman: I think it is only right to say in order that the matter may be cleared up that these figures as figures only speak for themselves, but there may be many reasons why the output has gone down. I am not going to say what my own opinion is naturally, but there may be many reasons: want of clearance may be a reason which prevents the men producing as much as they would otherwise produce. It may be that work of an unproductive character has been carried on, that I know nothing at all about, but Mr. Herbert Smith is quite right in saying those are the facts, but that, as far as his constituents are concerned, it is due to no fault of theirs, and when Sir Richard Redmayne goes into the box, he will give what of course the Coal Controller cannot give at all, because he naturally does not know that sort of thing—he will be able to give the reason, and I very much hope that the information that Mr. Herbert Smith may have with regard to men being

turned back or with regard to proper clearance being given, will be brought out, because all we want to do is to get at the bottom of this and satisfy ourselves that the output will be properly maintained.

Mr. Robert Smillie: Unless Sir Richard Redmayne makes inquiry into cases where there is a serious fall in the output he cannot get it.

Mr. R. H. Tawney: I ask for an inquiry or for a return of the cases where the men were sent back from work. Is it in the possession of the Coal Controller or not, because obviously these figures are one-sided?

Sir Adam Nimmo: If the men are sent back from work they are not included in the absenteeism list for that day.

Chairman: No, they are not included.

Sir Evan Jones: In the particulars which have been handed to Mr. McNair I put a column giving the number of man shifts lost through the failure of the employer to provide work for the men.

Mr. R. H. Tawney: That is what we want.

Mr. Evan Williams: On this side we want the whole truth.

Mr. Herbert Smith: But that has not been supplied.

Mr. Sidney Webb: Has there ever been an inquiry into the number of man shifts lost through failure of owners to supply the work? I take it there has never been an inquiry. We have gone on for years talking about the absenteeism of the miners, but we have never said anything about the absenteeism of the owners.

Sir Richard Redmayne: We have inquired into case after case—hundreds I may say—of high absenteeism, as to what is the cause. But the first portion of your question was to the effect, have we made inquiries as to the number of shifts that have been lost through faults of the management? No, not, detailed—but there have been innumerable inquiries as to that and everything else.

Mr. Sidney Webb: Which department of the Government looks after the conduct of the management of the men? Which Minister is responsible to the House of Commons for seeing that the mines are properly managed?

Sir Richard Redmayne: That is a matter for the Coal Controller.

Mr. Sidney Webb: Then I should like to ask the Coal Controller whether there has been any inquiry as to the shifts lost through the management or preventable causes by the management.

Sir Richard Redmayne: Yes, scores.

Chairman: You are rather anticipating Sir Richard's evidence.

Mr. Sidney Webb: We want to give Sir Richard Redmayne 24 hours' notice of what we want to know. Would Sir Richard Redmayne kindly bring those instances with him to-morrow?

Sir Richard Redmayne: I do not remember a single one.

Mr. Sidney Webb: They would be recorded in the Home Office.

Mr. Frank Hodges: I would suggest if any value is to be attached to these most interesting figures it can only be of real value to this Commission either at this stage or at a later stage in this inquiry if they could be ascertained accurately from particular collieries: for example, a charge has been made of declining output at a certain colliery, and I have telegraphic evidence giving reasons why; but it is too late for an inquiry to be held now into that particular colliery, because we have to report by the 20th.

Chairman: What I think would be valuable, if you would allow me to suggest it, is that when Sir Richard goes into the box you should put that class of question to him. This is a general thing that it is impossible to test without a prolonged inquiry; but it will be contended on one side that the men are not putting their backs into it; then on the other side of the picture you would say, "Look at this telegram which I have, which shows that it is not a question of the men not putting their backs into it, but it is through a want of clearance or stoppage." Those single instances will be what we call a *caveat emptor*. That is a caution to people

4 June, 1919.]

[Continued.]

against forming a judgment on this Table without knowing what the real facts are. You are perfectly right. You will say this is not the men's fault at all; they were willing to work, but they could not. Somebody else who does not know the facts will say they are going on' canny, and you will say No, that is not so.

Mr. Sidney Webb: Is it not possible to get a return as to the number of shifts which through the fault of the management have been lost? Is there no possibility of getting that return?

Mr. R. W. Cooper: Might I suggest that you should say simply the causes as to the loss of time?

Mr. Sidney Webb: Other than the men. Has no such return been obtained while we have been going on for months?

Mr. R. H. Tawney: I asked for that return many weeks ago.

Mr. Sidney Webb: Could we not have an accurate return of what shifts were lost, irrespective of the cause?

Mr. R. H. Tawney: I do not want the cause. You do not give the cause in the case of absenteeism, with regard to the men; you say they are absent, but the same applies to the owners. It may be their fault or not. We only want to know the facts. Do you not get a return of it?

Sir Richard Redmayne: Yes—a record of all the shifts lost at the collieries.

Mr. Sidney Webb: That has not been produced.

Sir Evan Jones: Do you want the number of shifts lost through disputes, etc. each week, because I have that return here?

Mr. Sidney Webb: "Disputes, etc." is a curious title.

Sir Evan Jones: It is a return I called for to verify anomalies in the tables which I was preparing. It gives it for three years, 1917, 1918, 1919, the number of persons employed per week and the number of man shifts lost on account of disputes.

(Adjourned for a short time.)

The Right Hon. CHARLES WILLIAM BOWERMAN, Sworn and Examined.

25,713. I think you are a Privy Councillor, and you have been a member of Parliament for Deptford since the year 1906?—That is so.

25,714. I think you were General Secretary of the London Society of Compositors from 1892 to 1906. You were President of the Trades Union Congress of 1901, and you have been Secretary of the Trades Union Congress since 1911?—That is so.

25,715. We have had a considerable volume of evidence here from the consumers' point of view upon the question of nationalisation. What we did was this, we asked the Associated Chambers of Commerce to nominate 4 or 5 gentlemen who would come here and tell us the views of their constituents on this question of the nationalisation of the coal mines. We had a gentleman yesterday from Leeds, another gentleman from Birmingham, another gentleman from Glasgow, and another gentleman from London, who told us the views of their various constituents. Of course, as you will understand, they represented the views of the employers' side of the question, and we thought that we ought to have before us somebody who could represent in the various trades the other side of the question, and, therefore, we have asked you to be good enough to come here and give us either your personal views, or your views in a representative capacity of what labour generally thinks of this question of nationalisation. I have not the honour of having a *précis* or proof from you, but I should be greatly obliged to you if you would tell us what in your view are the proper considerations to be adopted on this question.—Rather than give my personal view I would prefer to give the view of organised labour, as represented at the annual meeting of the Trades Union Congress, and if I give you the purport of resolutions passed affirming the principle of nationalisation of mines, railways, land, and so on, and give you the dates of those congresses, the number of delegates present, and the members they represent, probably that will answer your purpose.

Mr. Sidney Webb: That is very interesting, but apparently there is information which exists about two time lost through absenteeism by the men, also time lost through disputes, but no return appears to exist with regard to the time lost through other causes. Is that so?

Sir Evan Jones: I am under the impression myself that in this return the term "disputes" here is generally.

Mr. Sidney Webb: It is extraordinary if a return is made of the time lost through all causes that it should be headed "disputes" as though blaming the quarrelsomeness of the men.

Mr. Robert Smillie: The miners' representatives here are concerned in this as much as the employers.

Chairman: That is quite right.

Mr. Robert Smillie: If a shift is lost through any cause it means a loss of the aggregate output. We want to get at the loss per individual person, and we want to find out whether there are collieries in the country at the present time where if they could take away 400 tons more per day the men would give it to them.

Mr. Sidney Webb: Let us ask Sir Richard Redmayne to come prepared to-morrow with all the information which the Home Office has with regard to that point. There have been inquiries apparently about particular cases.

Mr. Frank Hodges: Cases where the employers exercised sabotage.

Mr. Arthur Balfour: Do I understand Mr. Hodges to say that he thought there were cases where the employers restricted the output?

Mr. Frank Hodges: Where they exercised sabotage.

Mr. R. W. Cooper: Will you kindly speak English, and say what you call "sabotage"?

Mr. Frank Hodges: Where they restricted the output themselves.

Sir Adam Nimmo: It is absolute nonsense.

25,716. Yes. After you have done that I shall ask Mr. Smillie to ask you some questions. I expect you know him?—I have that pleasure. If I may refer, first of all, to the Leeds meeting in 1904, when a resolution was passed calling upon the trades represented at the Congress to use their best efforts towards furthering the nationalisation of the means of production, distribution and exchange. That is general in its terms, and includes, of course, mines. That resolution was carried unanimously after a very interesting discussion, and there were present 453 delegates from various parts of the United Kingdom, representing 1,422,518 organised workers, men and women. Then in 1905, at the Hanley Congress, a resolution was submitted—let me say not by the miners, but by another important body affiliated with the Congress; another trade altogether—"That this Congress requests the Labour group in Parliament to introduce a Bill with the object of nationalising all railroads, canals, mines and minerals in the United Kingdom." That was passed in an assembly of 457 delegates, representing 1½ millions of workpeople. In the following year, 1906, at Liverpool, a resolution in precisely the same terms was also passed unanimously, representing about the same number of members, but with an added delegation, a total of 491. Then in 1912, at the Newport Trades Union Congress, rather a lengthy resolution was passed. Probably you do not want me to read it?

25,717. If you kindly would?—I will with pleasure. The resolution was: "That in the opinion of this Congress all land, minerals, mines, railways and canals should be nationalised in the interests of the nation, commerce and the well-being of the people generally, and further, having regard to the admittedly unsatisfactory position of the railways, from the standpoint of the trading and travelling public and the employees, this Congress emphatically expresses its opinion that the policy of joint working agreements, tending, as it must, to the formation of combines, and subsequently to the development of

4 June, 1919.]

RT. HON. CHARLES WILLIAM BOWERMAN.

[Continued.]

one great trust or amalgamation under private capitalist control, is not calculated to advance the best interests of either the public or the employees, and instructs the Parliamentary Committee to urge upon the Government the necessity of promoting legislation for national ownership in lieu of the policy laid down in the Government Railway Bill now before Parliament." No doubt you will remember that: Mr. Sidney Buxton was the author of it. There was a very animated, lengthy and interesting discussion on that resolution, and strange to say, out of 495 delegates, representing over two million members, at this time, in 1912, only one delegate arose in Congress to speak against the resolution; therefore one may say that it was practically carried unanimously.

25,718. *Sir L. Chiozza Money*: Who was that?—My recollection is that he was a member of the Dockers' Union. I will give the figures of the voting—it was one vote per thousand members: the voting was, in favour of the resolution, 1,789,000; against 16,000. In other words this particular member had a proportion of the votes of his own union because he was opposed to the opinion of his other colleagues. Then in 1916, at Birmingham, a very long resolution was passed, but I do not propose to read it to you. It was very comprehensive in its character, and urged the setting up of a Ministry of Labour: there was the question of housing, and with regard to agriculture, advocating control and direction of land and security of tenure; the nationalising of shipping as far as possible, nationally owned and controlled storehouses for frozen meat, dried fish and all kinds of storable food. If that had been possible before the war, in my opinion it would have been a very good thing for this country. Then it winds up by advocating the national ownership and control of all railways, waterways, and mines. That resolution was brought forward on the motion, not of the miners, but of the Boilermakers' Society at a meeting of 673 delegates, representing 2,850,547 workpeople. So you see there was a progressive increase in the number both of the delegation and of the membership represented. Then, if I may come now to 1918, at the Congress in September last at Derby, where there were 881 delegates present, representing 4,532,085 organised workers of the United Kingdom. This was the motion brought forward by the miners. It is a matter of four lines only, and reads as follows: "This Congress is of the opinion that it is of the utmost importance that the mines and minerals of the country should be owned and democratically controlled by the State, and instructs the Parliamentary Committee to take the matter in hand and press for the realisation of that object." The word "democratically" was introduced. That was not in the motion as tabled by the miners, but a member of the Parliamentary Committee, who was the representative of his Union at the same moment, moved the insertion of the word "democratically"; that was carried, and on that occasion carried with unanimity. Now that is very shortly the history of the discussions of Congress on the question of the nationalisation of mines and minerals and railways.

25,719. *Chairman*: Now I want to ask you one thing: I know it myself, but I want to get it on the notes. You send out a form of agenda so that people know what is to be discussed, and come there prepared. It is not like starting a discussion on a subject which has never been down on any agenda?—No. For instance, if I may give an example: On Monday next week resolutions will be due from the Unions, and then those resolutions will be sent out in print within a week or ten days, and the Unions will be asked to send in amendments if they so desire, and the propositions with the amendments will be sent out to the Trade Unions certainly a month before the delegates assemble; in other words, to give the Unions time within which to consider the propositions and instruct their delegates accordingly.

25,720. *Mr. Robert Smillie*: What proportion do you think, as near as possible, of the organised workers of the country are connected with the Congress?—It is rather difficult to say, but I would suggest 90 per cent., if not more. The increase in the late years has been rather remarkable.

25,721. I think you mentioned 4 million just now?—I would not like to say the proportion, but the representation at Congress has practically doubled within the last four years.

25,722. I suppose that might be taken as 50 per cent. of the workers of all kinds in the country, not of the organised workers?—When I said 90 per cent. I had in mind what I should call artisan craftsmen as distinct from labourers.

25,723. The organised trade unionist artisan class you had in your mind?—Yes.

25,724. I suppose the number represented there would be about 50 per cent. of the workers of the country?—I would say Yes to that.

25,725. They are consumers of coal, are they not?—All of them, I should think.

25,726. For domestic purposes?—Precisely.

25,727. Besides that a very large proportion of them are engaged in industries in which coal is the raw material used?—Yes, a fairly large proportion.

25,728. Would you be justified in saying that they take a fairly accurate interest in the discussions of all questions of that kind before they send out to their branch delegates to vote upon it?—I have not the least doubt that is the case. I give that reply on account of the extremely interesting discussions that took place on this subject, not only last year, but on two or three preceding occasions, which rather conveyed to my mind that the subject had been well thrashed out in their lodges or branches.

25,729. I suppose we may take it that if there is any union which is affiliated to the Trade Union Congress which opposed that resolution for the nationalisation of mines, they would send forward an amendment to the agenda?—Quite so. As a matter of fact the only amendment that was brought forward last year was the addition of the word "democratically."

25,730. That was the only amendment that you had at the last Congress you held?—Yes.

25,731. Do you take it from that, that none of the societies were opposed to the nationalisation of mines, or you would have expected an amendment from them?—Undoubtedly.

25,732. May we take it that the resolution was carried unanimously at the last Congress?—Quite so.

25,733. The Congress representing the largest number you have had?—Yes.

25,734. What is the number of the Parliamentary Committee?—16: we can increase that to 17 if the vote is sufficiently large.

25,735. Those are selected at the Congress itself for the following year?—Yes.

25,736. Your position as Secretary is a permanent one, but the others are selected from year to year?—Elected year by year.

25,737. And they are elected in a way that prevents any particular industry having a preponderating number on the Parliamentary Committee?—Yes; only one in a trade, as a matter of fact, can be represented, that is to say, two members of one trade cannot be represented on the Parliamentary Committee except during the past three years when, if a Society has a certain membership, 500,000 or more, it gives it the right to send a second representative forward, provided the Congress elects him.

25,738. What are the duties of the main committee?—To take the resolutions as passed by the Congress, and to do their best to see that legislative effect is given to those requiring legislation. Our practice in the early part of the session is to ask the Ministers of the different departments concerned to receive the committee as a deputation in order to place before them and to discuss with them the resolutions passed by the previous Congress.

25,739. You would expect a Parliamentary Committee collectively and individually, the members of it, to carry out the mandate of the Congress?—Unquestionably.

25,740. The Parliamentary Committee have not decided to give evidence before this Commission against nationalisation of the mines?—No.

25,741. Are you aware that Mr. Havelock Wilson, a member of the Parliamentary Committee, and the

4 June, 1919.]

RT. HON. CHARLES WILLIAM BOWERMAN.

[Continued.]

secretary of the Seamen's and Firemen's Society, has given evidence here against nationalisation?—Not, I take it, as a member of the Parliamentary Committee.

Chairman: No, he gave his evidence in his private capacity.

25,742. *Mr. Robert Smillie:* I did not put it so, but he is a member of the Parliamentary Committee?—Yes.

25,743. It is a fact that, according to your evidence, the Seamen's and Firemen's Union had an opportunity of sending forward an amendment or a resolution to the last Congress against nationalisation of the mines?—Quite so.

25,744. They would have the opportunity of having before them your agenda in which the resolution for nationalisation of the mines was put down?—Yes.

25,745. Did you receive from them any amendment to that resolution?—No. The only amendment was the one I have suggested, namely, the inclusion of the word "democratically."

25,746. That was the only amendment that you had?—Quite so.

25,747. May I take it that the members of the Parliamentary Committee, individually as well as collectively, are expected to act loyally to the findings of the Congress?—I think they can be brought to book at any succeeding Congress if they act disloyally.

25,748. Have you or the Committee at any time approached Ministers on the question of nationalisation, either of the mines as a separate resolution, or a general resolution for the nationalisation of land and mines?—Yes, we met the Prime Minister, I think it was last year, on the question of the mines, railways and canals, and I thought that we received a very satisfactory reply from him, particularly with regard to canals and waterways, but this year, perhaps, I might say, we have not had an opportunity of meeting the Prime Minister upon the miners' resolution passed at Derby, because, as you know, he has been in Paris, and he has been unable to receive us up to the present moment, otherwise the last resolution that I have read would have been submitted to him.

25,749. I suppose, because of the national crisis of the last four or five years, the Parliamentary Committee have not been in a position to press, as they would in normal conditions, the claims of the workmen for legislation?—The Committee have carried out the instructions given to them by Congress as far as they could; they have met the Ministers, including, as I have said, the Prime Minister last year, but many of them took up the attitude that obviously being in the middle of a great war they were unable to do that which, under normal circumstances, they might otherwise be prepared to do.

25,750. As a matter of fact, you have put before us to-day, so far as you can, the views of the 4 million organised workers of this country as expressed at the Congress last year?—Undoubtedly as expressed by the resolution passed last year.

25,751. *Sir Allan Smith:* You say, as expressed by the Congress. How do the 4 million workers express their views at the Congress?—Through their various unions, their executives; through their branch meetings, their lodgo meetings, and so on.

25,752. Do you suggest that the resolutions that have been carried at the Congress are binding on the individual members of the trade unions?—I will put it this way—

25,753. Would you answer that, if you please?—If a man is sent forward in a representative capacity to a Congress to represent 5,000, 10,000 or 15,000 or 50,000 men, and he receives instructions from his executive committee to support a certain resolution, then it seems to me that he is binding the whole of his membership.

25,754. To that extent, and to that extent only?—To that extent I still look upon it as a binding vote on his part, binding the Society he represents.

25,755. Would you, therefore, consider that the various trades unions which, as you say, are parties to these votes, would be bound to honour these votes irrespective of their members' views?—I take it that they are expressing their members' views when they

receive the instructions of their own executive committees after holding meetings of the members and going forward to a Congress and expressing a view in a certain direction.

25,756. How does a trades union express its view?—They have not board meetings to fall back upon. They convene either a general meeting or a special delegate meeting.

25,757. Of what?—Of the members—not the general public—and the lodges or branches; or take the case of my own trade, the printing trade, what we call our chapels. The various offices depute men to attend those special meetings, but before those men attend the special meeting the subject to be discussed at that meeting is discussed by the men themselves, and they give their representative or representatives instructions.

25,758. Who are the men themselves?—The members of the union.

25,759. Do the members of the union discuss a thing to appoint members to go and discuss it with the members of the union?—I will try and make myself clear.

25,760. I ask how do trades unions express the views of their members?—I will give my own case, which I know most about. We hold quarterly meetings.

25,761. Of what?—Of the membership.

25,762. As one meeting?—We hold the quarterly meetings every quarter.

25,763. Of what?—If you will give me time I will try and make it clear to you. It is a quarterly meeting of the membership. There are 600 different offices in London, varying from five men to 500, and each office appoints representatives, one for each 12 members in that office. He is sent forward to a delegate meeting, which is held once per quarter. Those men know what they are to discuss when they get to that meeting. The men who send them know what their representatives are to discuss, and they go forward to this delegate meeting or annual meeting or special meeting, as the case may be, to record the opinions of those whom they represent.

25,764. Do those delegate members know what is in the mind of the members of the union?—Undoubtedly.

25,765. Is that the case in all the trades unions?—I should think so; but, again, I speak for my own. I should say the principle applying to one union would apply to all.

25,766. I should have thought that you from your position would know more about the other unions?—Then I say definitely, the principle of delegation of representatives which governs the Society of Compositors governs the whole of the unions.

25,767. You say that?—That is my answer.

25,768. What is the use of the ballot in the trades union movement?—It is very useful.

25,769. For what purpose is it used?—Let me put it in this way—again speaking for the printers. The executive can vote a sum of £30, but for anything beyond that they must go to a ballot. That is a case in point. If the members want to extend the provident benefit or the unemployment benefit beyond a certain period, a ballot is necessary, so as to give every member an opportunity of recording his vote.

25,770. If the members of the Compositors' Society wish to create a stoppage for the nationalisation of mines, would there be a ballot?—I think there would be.

25,771. According to your rules would there be a ballot?—There would have to be in the case of the Compositors' Society a ballot.

25,772. Do you know whether that applies to other Trades Unions as well?—I am bound to say I am not conversant with the rules of every Union.

25,773. But you were able to pronounce quite categorically that as you vote at your delegate meetings so all other Unions vote?—Yes, I take it so.

25,774. Can you be equally categorical in this case, that if any Trades Union wished to push nationalisation to the extent of a stoppage of work that they would require to put that issue to the ballot of the membership?—I think that would be the case.

25,775. Would you give us an indication as to the average percentage of workers who ballot on any

4 June, 1919.]

RT. HON. CHARLES WILLIAM BOWERMAN.

[Continued.]

subject?—That is a variable quantity. I have known cases in my own Union where out of 11,000 men, leaving out the superannuated men, some 9,000 have voted. I have known other occasions when probably only 7,000 have voted. It depends on the nature of the particular question submitted.

25,776. Is it usual to have such a high proportion?—Again I cannot speak of the domestic policy of all the Unions.

25,777. I suppose you have seen many ballot results published recently?—Yes.

25,778. Take, for example, the ballot on the 44 hours' week, which was published the other day. What proportion did the ballot represent of the voting power of the Union?—Without going into that, I have sometimes thought it regrettable that more members did not interest themselves in a ballot vote.

25,779. Would you suggest that one-third of the membership is a good ballot, having regard to the experience of ballots as we have had them for some years?—I should say Yes. If they do not vote I take it they are content to leave it to the judgment of those who are prepared to vote.

25,780. Do you suggest that all the people who wish to vote on a particular matter do so?—My reply is that they have the opportunity.

25,781. To that extent the value of the resolutions of a Trades Union Congress have to be somewhat modified?—No, I do not admit that. My feeling is that if there were any strong feeling against the resolution or against any subject embodied in a particular resolution at Congress that that objection would make itself known by way of resolutions from the Unions following the meeting of Congress.

25,782. Is the Trade Union Congress seriously considered by Trade Union members as a whole?—If that is a serious question I will answer it.

25,783. Please do; I would like your answer?—The fact that the membership has doubled itself from 2½ million to over 4 million in five years speaks of the earnest views the Union takes.

25,784. Then your answer is yes?—Yes.

25,785. Can you tell me of any large and important trade unions that are not affiliated to the Trade Union Congress?—No, I do not know that I can. I will mention one who was out of the Congress for some few years, the engineers; but they are back. The ironfounders were out for some few years, but they are back.

25,786. So at the moment you know of no trade union of any importance outside the membership of the Trade Union Congress?—No, the ones outside are in the main very limited in membership.

25,787. Is it not the case that this resolution for nationalisation of various operations in the country is a good old hardy annual of the Trade Union Congress?—It is not a hardy annual. I could state every subject that has been before Congress for 10, 15, 20 or 25 years. I have given you the dates when the various resolutions dealing with the nationalisation of mines, etc., were submitted; I think altogether there were six.

25,788. What was the first date?—1904.

25,789. Is that the first date on which any resolutions with regard to nationalisation was considered?—That was the first resolution in which it was considered in any definite shape.

25,790. Is that the first date that any resolution has been put before Congress?—As far as I know, yes.

25,791. You suggested something was put before Congress in another shape. Did that apply to nationalisation?—No. With regard to nationalisation, these resolutions are the only resolutions that have been passed on the point. You do not want me to give the dates again, I take it, but I will with pleasure; 1904, 1905, 1906, 1912, 1916 and 1918.

25,792. Supposing you go to the *Primo Minister*, or any head of a department, and he gives you a negative answer, what does the Parliamentary Committee do?—The Committee, of course, communicates that decision, call it a decision if you like, or the result of the interview, to the union concerned, and later on to the Congress itself. Then it remains for either the union or the Parliamentary Committee to bring forward the question again at the succeeding Congress, and that is a process that has been carried on, slowly, it is true, but eventually successful. Old Age Pensions is a case in point. We advocated that for many years until at last we were able to realise the desire of the members.

25,793. Supposing Congress considered the decision of the Minister and proceeded, how would it proceed to enforce its wish?—Through Congress.

25,794. Supposing the Minister refused and Congress was not satisfied, if Congress thought wise to bring pressure to bear how does it bring pressure to bear?—By way of argument and reasoning with the Minister.

25,795. With Ministers sometimes arguments and reasoning are not of much avail. Supposing your case failed again, how would you proceed so as to show the power of Congress?—We are hopeful with the Congress growing in numbers and in influence that the Ministers are impressed accordingly.

25,796. You have not nationalisation yet; but, notwithstanding that, you have been at it since 1904. Is there any way at all that you can bring pressure to bear on the Government otherwise than by deputations and resolutions?—Through the Trade Union movement.

25,797. How can you bring pressure to bear through the Trade Union movement? What would you do?—That is a question. If the Trade Union movement was put into such a position by continual refusals on the part of Ministers, then undoubtedly the membership would have to consider it and consult their members upon it.

25,798. Quite. If the Congress fails it has to go back to the Trade Union members?—Yes.

25,799. Therefore Congress has no power whatever beyond the ultimate vote of the members of its Trade Unions affiliated?—That is so.

Chairman: We are very much obliged to you, and we thank you very much for the assistance you have given us.

(The Witness withdrew.)

Mr. FREDERICK MILLS, Recalled and Further Examined.

Chairman: You have already been sworn. You were good enough to put in a document* yesterday which we had not seen before, and which some of us desired to read before you were asked questions about it. Probably all of us have read it now.

25,800. *Mr. Frank Hodges:* The document you put in did not bear out the evidence that you were giving. As a matter of fact, the evidence you were giving when the examination came to an end was evidence as to an interview between yourself and the Miners' agent upon a dispute which has recently occurred in the Ebbw Vale district, and you quoted from what was alleged to be a shorthand note of an interview. When I read through it I find it is the report of the minutes of meetings held as far back as December 23rd, 1918, in which you were endeavouring to set

up a sort of Whitley Council?—You must have been reading the wrong document. There are two documents—one dated December 23rd, 1918, and the other the 19th May, 1919.

25,801. I have been reading the one dated 23rd December. I did not have any other.

Mr. R. W. Cooper: I have only the 19th May, 1919, one.

Chairman: The one I read was where a number of other Trade Unions are shown to be represented. There is a list of the gentlemen at the beginning?—That is December 23rd, I think.

25,802. *Mr. Frank Hodges:* I want to find out, if possible, the cause of this recent strike which has lasted for somewhere in the neighbourhood of four weeks. I put it to Mr. Mills yesterday that that

* See Appendix 74.

4 June, 1919.]

MR. FREDERICK MILLS.

[Continued.]

striko was duo to the desire on the part of the company to cut piecework rates. I notice Mr. Evan Davies, the Mine Agent, in the interview said on page 1: "I can only say, Mr. Mills, that the stoppage did take place, duo to a few men working for less than the minimum wage at Waunlyd Colliery." Apparently your efforts at setting up a Joint Whitloy Council as far back as December 23rd did not obviate this striko?—Because the Council has not yet been set up; it has only been partially set up.

25,803. Do you hope when you set up this machinery that strikes in your district will be less frequent?—I have every hope.

25,804. What has been the position with regard to output in your district during the last three months; has output increased or fallen apart from this striko?—I have not the figures before me, but I think it is lower than it was.

25,805. What do you ascribe that to?—General disposition of some of the men not to put forth their best efforts.

25,806. What evidence have you of that?—We have many evidences of it. The fact that there is continual trouble in regard to allowances and so forth is increasing all the time and we find a great deal of absenteeism. I have not the figures before me because I did not know I was going to be examined on such a subject, but I have with me some correspondence I had with the Coal Controller last year which sets forth the matter and I think that is still going on.

25,807. I am asking you what evidence you can put before the Commission that the cause of the decline in output at the Ebbw Vale collieries can be ascribed to the lack of effort on the part of the men?—We have the figures. I did not bring the figures with me. I have the figures of last year setting it forth.

25,808. Do you trace these facts and do you go right down to the individual man and ascertain if it is a fact or not than an individual man is producing less than before?—The colliery managers do.

25,809. Do they report to you?—Yes.

25,810. Have you a sample of a report which you can put in?—I have the report* I sent to the Coal Controller in December, 1918, which shows that the output of the Ebbw Vale collieries on a Monday is 4,350 tons; on a Tuesday 5,628 tons; on a Wednesday 5,714 tons; on a Thursday 6,149 tons; Friday is not a fair day because it is an hour longer. As a matter of fact it is 6,653 and Saturday 4,736 tons, Saturday being a short day. That has been distinctly traced to the absenteeism of the men in the forepart of the week, and the sustained effort does not come until the middle of the week and it is accentuated on Thursdays and Fridays.

25,811. That is not an answer to my question. Will you follow me a little closer. I put it to you that you made the declaration that the output has fallen during the last 3 months, that is the aggregate output or the output per man employed?—Yes.

25,812. I am not testing the output of a Monday as compared with a Saturday. You said the output per man has dropped?—Pardon me, I do not think I did. I think you asked me had the output come down? I said I had not the figures but I think it has for the last three months. I certainly did not know it had come down per man per day. I only instance these figures of last year because they are continuing.

25,813. You are not prepared to say your output per man has come down?—No.

25,814. Would you be right in saying it has gone down each week?—I think not.

25,815. Do you know in your collieries there have been constant and regularised complaints against the Company on the part of the men for the failure of the Company to provide timber in adequate quantities?—Yes, I know that that complaint has been made.

25,816. Do you know that that complaint has been recorded by the colliery firemen every day upon their books for the last three or four months?—I do not.

25,817. Would you be surprised to know that that could be proved?—I should not.

25,818. You would not be surprised?—No. I do not think it follows there has been a shortage of pit wood, because I know there has not.

25,819. I put it to you the colliery firemen can be called and their books can be called for to be produced before this Commission which will show they have reported regularly that there has been an insufficient supply of timber and consequently there has been a reduced output of coal?—I do not mind these books and men being called. All I can say is there has been no intention on the part of the company to keep the colliery short of pit wood.

25,820. Whether it was the intention on the part of the colliery or not, is it the fact the firemen have recorded daily in their books that the pits have been short of timber?—I do not know that.

25,821. I put it to you as the head of this firm you ought to know?—I know it has been alleged.

25,822. By whom?—By the miners.

25,823. And by the miners' leaders as well?—Yes.

25,824. Mr. Evan Davies in this very interview with you makes the allegation?—I am quite aware of it.

25,825. On page 3 he says, "We have cases of men at the pit who could earn 25s. a day, but as the result of the shortage of trams they are working for the minimum wage only." That is shortage of trams. Higher up he says, "I believe there has not been a sufficient supply of timber going down the mine"?—It does not follow it has been want of timber.

25,826. Have you followed up that complaint?—I see you had Mr. Evan Davies, the miners' leader, there?—Yes, and I am told the statement is quite unjustified.

25,827. Have you inquired as to whether there is a report appearing daily in the firemen's books stating there is a shortage of timber?—No, it would not occur to me to do so.

25,828. I suggest further there has been a shortage of rails although you produce rails at Ebbw Vale?—Yes, it shows how absurd it is to make such a suggestion.

25,829. In the interview between the miners' representatives and yourself with your managers the allegation is put forward in all seriousness both by the men and their leaders?—Yes. I do not doubt its bona fides. That was not my point at all, of course.

25,830. It is my point for the moment that you who are producing steel rails as it were, are in a position if you wish to produce steel trams and you have your own collieries inefficiently equipped?—We deny that absolutely.

25,831. Although you do not deny the fireman's report?—I do not know anything about the fireman's report.

25,832. Would it be a surprise to you to know that this is the view of the Ebbw Vale men with regard to the supplies of material that you afford, that there is apathy and indifference with regard to the staff in endeavouring to get adequate supplies of these things in the workings?—Of course, it is quite open to the men to say that. It is quite open to the staff to say it is not so.

25,833. There is a feeling amongst the Ebbw Vale miners that you are deliberately attempting to keep down output?—Of course, that is too absurd even to repeat in this room.

25,834. It may appear to you to be absurd, I put that this is something that has been put before you by the men on the spot with their leaders present?—May I tell you why I called that conference?

25,835. I am not talking of that conference?—You are quoting from it.

25,836. This was really a deputation?—Then say deputation. The reason I called that deputation was to try and find out if I could why, even if what you say is correct, it was necessary for the men to take the law into their own hands and stop work either without the knowledge and consent of the management or of the miners' agent or any of their under-agents. On the front page of the document you will find the miners were represented by Mr. Evan Davies, Agent; Mr. Jack Griffiths, Assistant Agent; Mr. Ben Griffiths; Mr. Tom Lawrence; Mr. Percy

* See Appendix 75.

4 June, 1919.]

MR. FREDERICK MILLS.

[Continued.]

Clarke, and Mr. Fred Miles. Now look at page 7 of the document dated May, 1919. Mr. Davies says, "We agree there have been unauthorised stoppages, and if there is any question at all about dishonour it is with the general body of men who adopt this attitude of not adhering to what they authorise us to accept here on their behalf. We have tried to get them to carry out the agreement loyally, but, perhaps for the want of the men's respect, or for some other reason—I do not know what it is—we have failed, and there is no one in this room who feels that more than I do myself." The reason I asked for this deputation to meet me was to point out to the men that by their action in ignoring their own leaders and coming out on strike without saying a word to anybody was because they had rendered 5,000 other men in other industries idle, and those men have been idle ever since and must be so until after Whit-suntide. That was the reason I wanted this out. I wanted the cards all on the table. I pointed out even if they were short of rails, which we deny, or even if they were short of pitwood, which we deny, the remedy was not for them to call a stoppage without notice or without any authorisation, but the remedy was for the miners themselves and their leaders to come to the general office where they have access at any time and explain their position. That is what I am out to stop.

25,837. That is very interesting. Suppose you have a set of circumstances like these: Here you have a body of men who complain bitterly that they are short of rails, sleepers, trams, partings, fitters' tools, and you get individual statements like these, "I have been in at work all day long, and I have not seen the haulier and cannot get a tram." If all that means a reduction of the workmen's wage below the point equivalent to the minimum wage, can you imagine any miners' leader being able to keep his men at work?—I can.

25,838. I cannot. I have had some little experience. I would not attempt it myself. Speaking as a miners' leader, I would not attempt to do it as it would be useless?—The miners' leader did not know the men were coming out on strike. He had not the remotest idea himself.

25,839. He knew the cause and laid it before you?—Afterwards.

25,840. The cause was your inability to supply the men with such tools, trams, sleepers, timber, etc., as would enable them to get a decent day's wage, the result being that in each case these men were on the minimum and their output went down accordingly?—That was not the case; that was an allegation made afterwards. The case was a very different one.

25,841. As a fair-minded man, you would be the last man to allege the falling output per man in your collieries was due to the desire on the part of the men to produce less than they originally did?—I think some of the men are deliberately doing it in our collieries.

25,842. Have you traced such a case to its origin; have you investigated such a case?—It is not my business personally to do it; the mine managers have.

25,843. If you make a statement in an open Commission of that kind that you believe certain men are deliberately keeping output down, it is for you to prove to the very hilt such a case before you utter that belief?—I believe the whole of this document is proof of it, if you will be kind enough to read it. This document, dated May 19th, is a deliberate case. I have other cases, of course. May I read you one? There is one at our Six Bell Pit under John Lancaster & Co., Ltd. This is the manager's letter: "In our three-quarter seam the coal is stiff, and the output per collier per day worked is 15 cwts. of large coal. A coal-cutter was introduced, and the first week the coal was cut by machinery the men were able to fill 3 tons 8 cwts. per collier per day. They now refuse to use it, their absurd argument being that if we could afford to pay an allowance for 15 cwts. per man per day, surely we can afford to pay the same allowance for 3 tons 8 cwts. of coal per man per day; and this in face of the fact that the men's wages increased several shillings per day when the coal was cut by machinery."

25,844. What is the date of that letter?—May 31st, last week. This is a case where the men are deliberately holding back the output.

25,845. I should not arrive at that conclusion for the moment I should say it is due to your inability to come to satisfactory monetary terms with the workmen. If you can come to satisfactory monetary terms with the men with regard to payment per ton got, you will find there will be equal willingness to meet you?—Why should they not work the machine in the meantime?

25,846. There are two points of a general character that are in your *précis*. It is under the heading of labour unrest and the remedy. You say: "Remedies for labour unrest have been suggested and, in some cases, tried, in order to obtain for labour a direct interest in the capitalistic system, notably profit-sharing, doomed to failure because, firstly, the units of labour are like shares, fixtures, and, secondly, it is not possible to share losses." Have you read the coal owners' scheme for dealing with the future governance of the industry?—Parts of it.

25,847. Have you paid any attention to the profit-sharing proposals contained in it?—Yes, I did read that.

25,848. Was that statement made after having read it?—This statement was made in February of last year.

25,849. Therefore your verdict on profit-sharing was made before the scheme was printed?—It was made years ago; you know that.

25,850. I know it was made in 1913. Do you still hold the view that the element contained in the coal owners' proposition, the element of profit-sharing, is also doomed to failure?—I do not think the coal owners' profit-sharing scheme is the same point as I have alluded to on page 8. The coal owners' profit-sharing scheme is merely another name for fixing wages on prices, as I understand it; it is merely a variation. If you ask my candid opinion, I am no great believer in the efficacy of it.

25,851. Your memory will take you back to the old sliding scale days. Do you notice any real difference between this and that?—Not a great deal.

25,852. A few pages on, under the heading of labour unrest, you say at the bottom of the page: "Labour has shown in this war that it is capable of directing industries." Would you enlarge upon that for a moment?—When the war broke out, for my sins, I suppose, I was made a member of the Munitions Board in South Wales. I had to set about the establishment of shell making factories, and it was part of my principle to appoint a Labour member on each of these boards, and it was because of their attitude on those boards I came to the conclusion I expressed there.

25,853. Can you take your memory back to that paragraph in Lord Gainford's *précis* where he said that under no consideration would he permit or would the Coal Owners' Association of Great Britain permit the workmen to have any executive control in the industry in future?—I am disposed to agree with that with this exception. I should take what advice I could get, but I think the final word must rest with the owner.

25,854. With the owner?—I should call myself in that case the owner.

25,855. How does that quite square with your appreciation of the ability of the workmen to direct industries?—Under your own scheme when he has absorbed the majority holding in the company then he can take it all; I should have quite sufficient faith then that he could carry it through.

25,856. You have faith even in his capacity to undertake executive work?—Yes.

25,857. *Mr. Robert Smillie*: Some of your answers are so serious that I wish to ask you a few questions. Did you examine at any time the reports of your firemen?—Never.

25,858. Have you certificated managers under you?—Yes. You must understand I am not in any way a collier. I was not brought up to be a collier.

25,859. Do you hold a certificate?—No.

25,860. What is your position?—Managing director of the Company.

4 June, 1919.]

MR. FREDERICK MILLS.

[Continued.]

25,861. Do you take any part in the management?—In the management of the Company?

25,862. In the management of the mine?—No; none at all, except in a general capacity.

25,863. As managing director of the company do not your managers report to you the state of affairs?—Yes, every month.

25,864. Have they reported to you the colliery firemen have been signing in the books they are short of timber?—No, I should not expect them to.

25,865. Would you expect the managers to take some action?—Certainly, it is their duty.

25,866. Will you make enquiries whether it is true the colliery firemen reported from day to day or succeeding days with regard to being short of timber?—I should be very pleased to do so.

25,867. Do you know the reason why the firemen report shortage of timber in the books?—I presume because there is a shortage of timber in their opinion or judgment.

25,868. Surely that is not the answer. Do you know it is laid down by law?—Obviously.

25,869. Then give me an answer?—Because in his judgment he requires more timber down the pit for the safety of it.

25,870. That is not the reason. The law lays it down that the fireman when he makes his examination has to enter in a report book a report of how he finds the mine; the presence of gas and the presence of danger. Is it not to call the attention of the manager there is danger because of want of timber?—Obviously.

25,871. If that report is made is it the duty of the manager to take action?—Obviously.

25,872. Will you make enquiries whether or not the colliery firemen have been repeatedly putting that into their books?—As I said before, I shall be pleased to do so.

25,873. Do you know the Inspector of Mines would consider it his business to prosecute the manager if day after day he found when he went to the colliery the reports of shortage of timber?—Yes.

25,874. Do you know that that would leave the manager open to prosecution?—Quite. I wonder if I might answer very shortly by saying I agree with you, and on pages 9 and 10 of this report of May, 1919, I deal with the very point you are raising. May I read it to you: "It is surely wrong to imagine that I, as the head of this concern, would deliberately keep you short of pitwood, or trams, at a time when we are spending millions; you can see for yourselves the millions that are being spent, and I cannot imagine anybody thinking me so crassly stupid as to assume that I would try to save a few pounds by a few tons of pitwood at a time when we are spending hundreds of thousands of pounds in other directions. Therefore I say that where you have got a shortage of trams, or shortage of timber, you have several ways of ascertaining all the facts and whether they are preventable or not. You have the Government inspector; it is his duty to see you have the timber, and that you set it up, and it is absurd, to my mind, for the miners to stop work because the miners' leaders, the miners' committee, the pit committee, the managing director, the general colliery manager and the Government inspectors are not doing their duty." Surely that is an answer to the question.

25,875. That is not an answer. Your attention was called to the shortage of timber?—Yes.

25,876. Did you make any enquiry as to whether that was true?—The colliery manager was sitting beside me at the time and said it was not true.

25,877. Did you make enquiries whether the firemen reported in their books it was true?—I should hardly consider it my business.

25,878. What was the duty of a collier if he found he was short of timber?—I do not know the direct functions of people underground.

25,879. Do you know the Mines Act lays it down?—Yes.

25,880. That a collier, if he finds a danger arising from any cause, like lack of timber or presence of gas, must at once withdraw from the place and report to the colliery fireman?—That may be so. You do not suggest he did that on this occasion.

25,881. I suppose if it is true the colliery fireman reported in the books a shortage of timber from day to day, that it was the duty of the man to withdraw from the place if they were down the pit?—I understand you to say that. I say, surely you do not suggest on this occasion it happened.

25,882. On what occasion?—I will deal with the cases where the firemen registered the shortage of timber?—It is the duty of colliery managers and miners' agents to settle a point like that.

25,883. It is the duty of the managing director to see they were doing their duty?—The colliery manager was sitting beside me at this interview and he heard the allegation made and denied it there and then and it was not disputed.

25,884. So far as the union of the men is concerned, if the miners' agent had good ground for believing there was a shortage of timber, he would advise the men to stop work until there was a full supply of timber?—He did not do it.

25,885. That would be his duty?—He did not do it.

25,886. Do you complain the men stopped without the advice of their agent?—If there was a shortage of timber, would you complain of the men's stoppage?—If there was a shortage of timber or a danger in the mine, I should not. It has happened before.

25,887. If the colliery firemen reported there was a shortage of timber, would you expect the men to work?—I understand from you—I do not know—that they did report. I say to that, that the colliery manager and the miners' agent both considered the report and said there was not sufficient justification for stopping the mine.

25,888. I thank you for your evidence. That is the strongest evidence we have had in favour of nationalisation of mines?—I am obliged to you.

25,889. *Mr. Evan Williams:* Have the workmen through their Joint Committees with the miners' agents in a constitutional way ever approached the manager with regard to the shortage of timber or shortage of rails?—I have no doubt frequently.

25,890. They have done?—I dare say.

25,891. Do you know if they have or not?—Not of my own knowledge.

25,892. Was there any statement made to that effect at this interview?—No.

25,893. Is it not the fact that a large number of stoppages have taken place without notices of Ebbw Vale?—A great number. I think we registered 140 pit day stoppages during the war and frequently since.

25,894. Was the reason given before the men went on strike?—None. Every one unauthorised by the miners' agent.

25,895. Was an excuse or reason given afterwards or an allegation made afterwards?—Always afterwards.

25,896. No written allegation beforehand?—Not in any case.

25,897. Is not that rather characteristic of a large part of the miners in South Wales?—Particularly in the Ebbw Vale.

25,898. What do you attribute that to?—I think it is due to the fact that since the war commenced the men have asked and always been given what they have asked for. If not given it at first they strike and get it time after time.

25,899. Do you attribute to extreme propaganda what is going on in the district?—I think there is propaganda.

25,900. Of a revolutionary character?—I think stopping a mine is a revolution.

Mr. Frank Hodges: I must draw attention to the report of this interview. Mr. Davies said he pointed out to Mr. John, the general manager, and Mr. Griffiths and Mr. Mills on one occasion the difficulty they had to get the necessary clearance.

Mr. Evan Williams: I am talking about timber.

Mr. Frank Hodges: This is one of the difficulties in the way of output.

25,901. *Mr. Evan Williams:* Was the propaganda of a revolutionary character?—Among certain classes of the men I think it is.

25,902. The trouble is not really industrial in the ordinary sense but more political?—It seems to have that tendency to my mind.

4 June, 1919.]

MR. FREDERICK MILLS.

[Continued.]

25,903. And stoppages are brought about for no other reason than to further the extreme political propaganda?—It is partly that and partly due to a certain amount of jealousy of the understrappers of the miners' agent. For instance this particular strike which Mr. Hodges asked about was brought about by two men, one of whom I think I said last night was what they call a coloured gentleman with a recognized Welsh name, who promised the men he would get them what they wanted if they followed his advice and not the miners' agent's advice. I call that political propaganda.

25,904. Is it your view that under nationalisation this unrest that is due to political action and of the other character would be put an end to?—I think it will be vastly increased.

25,905. Do you know there are miners' agents in official positions in South Wales who advocate strikes day by day for four days a week for political objects?—Yes. I read an article only to-day where Mr. Winstone, the President of the South Wales Miners' Federation, on Monday night last, I think it was, advocated a strike to bring the men back from Russia, that is to say, to strike one day a week for that; another day a week they were to strike for something else; another day a week they were to strike for some other political purpose. I have not the report before me; perhaps you have.

25,906. Four days a week strikes to be taken for purely political objects?—Yes, three or four days were mentioned.

25,907. What is the effect in your view of nationalisation on that kind of agitation?—If that is to go on the result would be hopeless—disastrous.

25,908. Would nationalisation put a stop to political action of that kind?—I think it would tend to increase it rather than otherwise.

25,909. Your characteristic policy you told us was the acquisition of the capital in the industry by the miners themselves?—That is what I hope to see.

25,910. Would you say that was the tendency of the extremist action?—No. I am bound to say I have never heard that advocated by the miners' leader certainly.

25,911. Is not the policy of the extremists who bring about these stoppages to destroy capital rather than own it?—That appears to be the tendency.

25,912. Now with regard to the question of the introduction of machinery at the Six Bells Pit. You were paying allowances in that working because the coal was stiff?—Yes.

25,913. To meet the stiff coal you put in machinery?—Yes.

25,914. Which enabled the men to turn out 3 tons 8 cwt. a day against 15 cwt.?—Yes.

25,915. Did you continue to pay them the price list tonnage rate?—Yes.

25,916. Was it what you had done because it was stiff coal worked by hand?—Yes.

25,917. Are there any other instances of that kind?—There are several instances that have occurred in the same neighbourhood, and eventually the men have decided to work the coal-cutting machinery without the allowance, but not until they had stopped working though. The present case is before the Conciliation Board now for settlement.

25,918. One word with regard to the owners' scheme. Would you agree to the payment of wages in any form as a sort of profit-sharing?—Yes.

25,919. You know previously in South Wales wages were determined by selling price alone?—Yes.

25,920. Are you against the principle of bringing in the other factor of cost?—No, bring in as many factors as you like.

25,921. You are in favour of bringing in all the factors?—Yes, any factor that will help.

25,922. And give the whole information to the men with regard to cost, prices and everything else?—I am all out for giving every information. I have nothing to hide at all.

25,923. Is it your opinion that the owners' scheme will not solve the difficulty?—I do not think it will.

25,924. Why?—I do not think the men are interested to the extent that they would be if they were financially interested in the industry.

25,925. Do you think there is a chance of their becoming financially interested?—I do not see why they should not.

25,926. You are prepared to give them the opportunity?—Yes.

25,927. Do you see a tendency for them to avail themselves of it?—I say out of our 10,400 shareholders a great number are obviously workmen.

25,928. Assume they do, would wages be regulated in any better way in the future as put forward in the Coalowners' Scheme?—I think wages will be settled more amicably around a Board nearer home where we have a knowledge of the factors. If the men were interested financially in their work there would be a greater tendency to put their backs into the work and do the work.

25,929. The figure there brought into consideration is that proposed by the Owners' Scheme—Yes, to all intents and purposes.

25,930. Your process would be a very gradual one?—All things are gradual.

25,931. Wages have to be regulated in the meantime?—Yes.

25,932. Have you anything to put forward or any other constructive suggestion to make with regard to the regulation of wages in the meantime?—I think we must take the selling price and the cost into account in attempting to regulate wages.

25,933. *Sir Arthur Duckham*: You are one of the witnesses who have come before us who controls combine works such as coal, steel, iron, and so on. Can you give us any assistance as to how these different interests would be separated or taken care of under a scheme of unification, say of coal mines in any area or under nationalisation?—I do not see how you are going to nationalise our coal mines at Ebbw Vale and leave out the iron and steel works. Might I describe them roughly? Between our Victoria Pit and the Waun Lwyd pit, which are half a mile apart, we have probably £3,000,000 worth of iron and steel plant on our own freehold. When I tell you the process is that coal is raised at the colliery, it is made into coke and from coke into pig iron; that the waste gas from the pig iron manufacture is then used to generate electricity, which in turn works the original coal, or the next lot of coal from the colliery, so that the whole business is so intermixed I do not see how on earth you are going to separate the coal from the iron and steel.

25,934. *Chairman*: Like Siamese twins?—Yes. If you separate them they probably both die.

25,935. *Sir Arthur Duckham*: You use about half the coal you raise in your own works?—At the moment about half. We use about 1,000,000 tons a year and we raise close on 2,000,000 tons.

25,936. In any scheme of unification, would it be at all possible to keep the coal separated that you raise and book up what you use for your own purposes and what you sell?—I am afraid I do not understand the question.

25,937. It might be advisable that your interests should be connected with some other enterprise?—Yes.

25,938. You might have only a colliery industry?—Yes.

25,939. Could you tie up your colliery interests to the other interests on the basis of coal raised? You know how much coal you raise, because you know how much you use in the works. Could you charge it to your works and charge the other out in agreement with the other people who are working with you, that is to say, the amalgamation?—Such a thing is possible, I daresay, but it would be very difficult.

25,940. With regard to the coal that you raise and use in your own works, do you charge yourself approximately the same price you charge the other people?—We do so now. We used not to do so. We do so by the instructions of the Coal Controller.

25,941. You do so and that would be proper finance?—No. We are such large works that the amount we use of coal bears such a large proportion to the amount we sell and the only thing which is transferred from the colliery to the iron works is small coal. We used an artificial price for the purpose of obtaining a level price.

25,942. You have an artificial price not controlled by the market?—Yes.

4 June, 1919.]

MR. FREDERICK MILLS.

[Continued.]

25,943. You could not do so by the splitting up of these interests?—The small coal when it is once raised from the pit is never weighed until it appears in the form of pig iron. The coke made never goes into a truck. It is conveyed by a mechanical conveyance right into the blast furnace.

25,944. You do not quite know what fuel you use?—We know approximately, but it certainly is not weighed.

25,945. Now reverse the question. Take the other view. If, say, the Miners' Federation Bill was carried into effect and the whole of your works were nationalised, everything included, what sort of effect would that have on your iron and steel industry your relationship to other people who have iron and steel works?—You say if the whole were nationalised, the iron works as well?

25,946. Yes, the iron works, the steel works, and the whole of your plant at Ebbw Vale?—What effect would that have?

25,947. What effect would it have on the iron and steel industry as apart from your works?—It depends upon whether the Government could run it or not. I am afraid I do not follow the question.

25,948. Have you seen the Miners Bill?—I have not seen the Miners Bill.

25,949. The suggestion of the Miners Bill is that they should take over the minerals, iron, coal, and so on, and the works attached thereto.

Mr. Robert Smillie: Is that so?

Sir Arthur Duckham: I do not say you do, but there is power to do it.

Mr. Sidney Webb: Are you suggesting it is intended?

Sir Arthur Duckham: There is power in the Bill.

Sir Leo Chiozza Money: There is a special disclaimer clause put in.

Sir Arthur Duckham: Mr. Chairman, is there not power to do it in the Bill?

Chairman: I think there are powers. I do not say that they will use them.

Sir Arthur Duckham: There is a disclaimer clause. They can disclaim anything.

Mr. Sidney Webb: The title of the Bill limits it.

Sir Leo Chiozza Money: It is only fair to tell the witness how the powers are described in the Bill. It is a Bill to do so and so, and the powers shall be so and so.

Mr. R. W. Cooper: There is no doubt about the powers.

Chairman: It says in section 5 (1), (a): "On and after the appointed day, save as in sub-section 3 of this section, provided every colliery and mine (including all mines, quarries and open workings of ironstone, shale, fireclay and limestone, and every other mine regulated under the Metalliferous Mines Regulation Acts, 1872 and 1875, but not including mines, quarries or open workings of minerals specified in the first schedule to this Act), whether in actual work, or discontinued, or exhausted, or abandoned, and every shaft, pit, borehole, level, or inclined plane, whether in course of being made or driven for commencing or opening any such colliery or mine, or otherwise, and all associated properties (including vessels, lighters, railway rolling stock and all works, including works for the manufacture of by-products, in the opinion of the Mining Council belonging to any mine undertaking or connected with any colliery or mine, and every house belonging to the owners of any such colliery or mine, which in the opinion of the Mining Council is usually occupied by workmen employed at such colliery or mine) (all of which are herein included in the expression 'mine'); and (b) all coal, anthracite, lignite, ironstone, shale, fireclay, limestone, or other mineral, excepting the minerals specified in the first schedule to this Act, whether at present being worked or not worked, or connected or not connected with any mine, beneath the surface of the ground (all of which are herein included in the expression 'minerals'); and (c) all rights and easements arising out of or necessary to the working of any mine or the winning of any mineral, including all mineral wayleaves, whether air leaves or water leaves, or rights to use a shaft, or ventilation or drainage or other royalties, lordships or rights in connection therewith, whether above

or below the ground and all of which are herein included in the expression 'rights') shall be transferred to, vested in and held by the Mining Council in their corporate capacity in perpetuity, and shall for all purposes be deemed to be royal mines, and the minerals and rights thereof respectively (2) The Acts contained in the 2nd schedule to this Act are hereby repealed (3) Provided that the Mining Council may at any time before the appointed day." It gives them the power. They need not do it.

Mr. Robert Smillie: I do not agree it gives them the power.

Sir Arthur Duckham: As drafted it gives them the power and the Chairman agrees to that.

Chairman: We will see what Mr. Slessor says about it.

Mr. Sidney Webb: Take the title of the Bill.

Chairman: We know the title of the Bill. It is on the 13th day.

Sir Arthur Duckham: I would rather take your ruling on the thing as it stands than take Mr. Slessor's opinion.

Chairman: I have not the remotest doubt—there are very few things I have not a doubt upon—that the Bill as drawn gives them power. At question 22,049 on page 916 Mr. Slessor says exactly what I say: "Supposing you had a company which owned coal mines and they used the coal for making steel in the same area. I have in my mind a colliery company like the Ebbw Vale Company. They have a large number of colliers who dig the coal and a large number of other workers who assist in making the steel. How does your draft provide for a case like that? What is to be done with the steel works? (A) That is a question, I think, in which the Mining Council have discretion. If they desire to take over the steel works as well as the colliery, they can do so; they can take it over as an associated property under clause 5 (1) (a) if they wish. It depends upon whether it is in their opinion an associated property. If they do it, they have to compensate separately for it." Mr. Slessor very rightly pointed out if they liked they had a power under the Disclaimer Clause to say they would not do it. They can do it if they like. As a matter of fact I put the question having the Ebbw Vale in mind.

25,950. Sir Arthur Duckham: I want to direct your mind to that position. If the whole of your works are taken over and nationalised can you help us by telling us the effect that would have upon the works of a similar character that were not nationalised, such as works that were not attached to ironworks or minerals?—They would be in competition with the State-owned factory. That is all as far as I can see, and it would depend upon the capacity of the State to run a composite concern like that. I have very grave doubts of their capacity to do it.

25,951. On the other hand you do not see how they can be separated?—I am certain they cannot be separated.

25,952. They could not be taken over at all or run as a composite concern?—Yes.

25,953. Chairman: Supposing it should happen—nobody knows yet—that the mines were nationalised, I gather from your answer in a case like yours you would prefer them to take over the whole of the works and not merely the mines?—I prefer them to leave us alone.

25,954. That is not an answer. If the mines were nationalised, it is a big "if," but if the mines were nationalised I suppose you would prefer in a case like yours that the whole of the works should be taken over, and not merely the mining part?—Either that you leave us alone with the mines, which is a conceivable alternative.

25,955. How would you define that where the steel works predominate? Supposing there was a mine which had thousands and thousands of tons of output a year and one small steel works adjoining, what would you do then?—You would have to determine whether the steel works were worthy of being the cause of exemption or not. In our case, where the industry is very nearly equally divided in point of importance, you can only regard it as an industry

4 June, 1919.]

MR. FREDERICK MILLS.

[Continued.]

as a whole. You have either to take it all over or exclude it all.

25,956. I put the Siamese Twins to you on purpose. Your works are so inextricably combined you say if you sever them they both are killed?—Yes.

25,957. What is the case with regard to coke ovens?—Undoubtedly coke ovens belong to blast furnaces. They do not belong to collieries.

Chairman: We are very much obliged to you.

(The Witness withdrew.)

MR. JOHN HORACE BOWDEN, Sworn and Examined.

Chairman: Mr. John Horace Bowden speaks as to the advantage public controlled electrical works have over privately controlled works. His evidence is of a very useful, but very technical, character.

Mr. John Horace Bowden is M.Inst.M.E., M.I.E.E., Chief Engineer and General Manager, Metropolitan Borough of Poplar, Electricity Department (since 1904); Member of Council of the Incorporated Municipal Electrical Association; Ex-President of the Associated Municipal Electrical Engineers (Greater London). He says:—

Capital Expenditure.—The cost per kilowatt installed in respect of companies throughout the Kingdom was £79·3, and local authorities £52·6, a difference of 50·7 per cent. in favour of public control.

In the Metropolitan area companies spent £82·98 per kilowatt, and local authorities £57·48, a difference of 44·36 per cent. in favour of public control. The cost to local authorities with company inception was £114·29 per kilowatt, a difference of 99 per cent. in favour of purely public control.

In the Provincial area the comparison is £87·3 per kilowatt by companies, and £50·6 per kilowatt by local authorities, a difference of 72·5 per cent. in favour of public control.

In Poplar the cost was £36·66 per kilowatt, which, compared with the average expenditure by Metropolitan companies, is 126½ per cent. in favour of public control.

Working Expenditure.—The average cost to companies throughout the Kingdom was 1·7d. per unit, and to local authorities 0·77d. per unit, a difference of 52 per cent. in favour of public control.

In the Metropolitan area the cost to companies was 1·113d. per unit, and to local authorities 0·804d., a difference of 23·12 per cent. in favour of public control. The cost to local authorities with company inception was 1·093d. per unit, which is 20·9 per cent. in favour of public control.

In the Provincial area the cost to companies was 1·23d. per unit, and to local authorities 0·757d. per unit, a difference of 62½ per cent. in favour of public control.

In Poplar the cost was 0·597d., which is 86½ per cent. better than the cost to the average of Metropolitan companies.

Management Charges.—Throughout the whole area the companies spent 0·223d. per unit, and the local authorities 0·135d. per unit, a difference of 64½ per cent. in favour of public control.

In the Metropolitan area companies spent 0·212d. per unit, and local authorities 0·121d., a difference of 75½ per cent. in favour of public control. Local authorities with company inception spent 0·203d., or 4½ per cent. less than companies.

In the Provincial area the cost was 0·252d. per unit in respect of companies, and 0·135d. per unit in respect of local authorities, a difference of 86½ per cent. in favour of public control.

Poplar management cost 0·059d. per unit, being 260 per cent. better than the average of Metropolitan companies.

Depreciation Account.—The amount set apart by companies throughout the area was 1·78 per cent. to capital expenditure, and by local authorities 3·28 per cent., being 84½ per cent. in favour of public control.

In the Metropolitan area companies set apart 2·01 per cent. and local authorities 4·22 per cent., being

110 per cent. in favour of public control. Local authorities with company inception set aside 2·62 per cent., which is still 30 per cent. in favour of public control.

In the Provincial area companies contributed 1·55 per cent. and local authorities 3·37 per cent., a difference of 117·4 per cent. in favour of public control.

Poplar contributed 4·55 per cent., or 126 per cent. more than the average London company.

Interest and Dividends.—Throughout the whole area companies required 5·15 per cent., and local authorities 3 per cent., a difference of 84·3 per cent. in favour of public control.

In the Metropolitan area companies required 4·97 per cent. and local authorities 2·52 per cent., a difference of 97 per cent. in favour of public control. Local authorities with company inception required 3·3 per cent., which was still 50 per cent. less than companies.

In the Provincial area the figures were: companies 4·5 per cent., and local authorities 2·84 per cent., being 58·4 per cent. in favour of public control.

Poplar paid 2·89 per cent., or 72 per cent. less than the Metropolitan companies.

Revenue.—The average price charged per unit throughout the country by companies was 2·392d. per unit, and by local authorities 1·492d. per unit, being 60½ per cent. in favour of public control.

In the Metropolitan area the charges were 2·39d. per unit by companies, and 1·692d. per unit by local authorities, being 41½ per cent. in favour of public control. In the case of local authorities with company inception the average charge was 2·52d. per unit, or 5½ per cent. more than by companies.

In the Provincial area, companies charged 2·377d. per unit, and local authorities 1·462d. per unit, being 62½ per cent. in favour of public control.

Poplar received 1·03d. per unit, which is 132 per cent. less than the average price received by Metropolitan companies.

Load Factor.—Over all the undertakings included in the statistics the Load Factor varies from 6½ per cent. to 32½ per cent. The average of companies was 19·73 per cent., and local authorities 22·16 per cent., being 12½ per cent. in favour of public control.

In the Metropolitan area the average of companies was 20 per cent., and local authorities 21·77 per cent., a difference of 8·9 per cent. in favour of public control.

In the Provincial area the company average was 19·03 per cent., and local authorities 22·29 per cent., being 17½ per cent. in favour of public control.

In Poplar the Load Factor was 27·2 per cent., or 36 per cent. better than the average of Metropolitan companies.

It is an indisputable fact that public control of electricity supply has produced better results in every respect than company control.

Legislation in the past has encouraged the development of electricity supply by local authorities.

Where the supply has been undertaken without the assistance of private enterprise the capital cost is considerably lower.

Private companies conceived by manufacturers have been saddled with excessive capital expenditure through lack of competition.

Goodwill super-imposed upon excessive capital expenditure on undertakings taken over by local authorities from companies had rendered it impossible

4 June, 1919.]

MR. JOHN HORACE BOWDEN.

[Continued.]

to supply the public at cheaper rates before the expiration of 42 years, although actual working expenses have been considerably reduced.

Electricity supply should ultimately become a department under a Ministry of Coal.

All coal should be worked and graded at the colliery and the highest calorific value should be transmitted to the longest distances.

Coal refuse should be distilled, and energy produced therefrom at the pithead, in order to save cost of transport.

Under a national scheme of coal distribution, the electrical engineer would be relieved of the necessity to become a coal expert.

With the full development of electricity supply a large revenue to the country could be raised with the minimum cost to the country by varying the price of electricity one tenth of a penny per unit, which would produce a revenue of £45,000,000 per annum."

"COMPARATIVE STATEMENT ILLUSTRATING THE DIFFERENCE BETWEEN COMPANY AND PUBLIC CONTROL.

The figures relate to the year 1913-14.

	Provincial.		Metropolitan.		2 Local Authorities with Company inception.
	93 Companies.	203 Local Authorities.	13 Companies.	13 Local Authorities.	
Capital per kw.	£87.3	£50.6	£82.98	£57.48	£114.29
Depreciation, &c.	1.55%	3.37%	2.01%	4.22	2.62%
Income per unit sold.	2.377d.	1.462d.	2.39d.	1.692d.	2.52d.
Working expenses per unit sold.	1.23d.	0.757d.	1.113d.	0.904d.	1.093d.
Management cost per unit sold.	0.252d.	0.135d.	0.212d.	0.121d.	0.203d.
Interest or dividend.	4.5%	2.84%	4.97%	2.52%	3.3%
Load factor ...	19.03%	22.29%	20%	21.77%	18.99%

25,958. *Sir Arthur Duckham*: I would like to have time to consider this. I have been through electrical factories a good deal. With regard to these figures, do you know of any public electrical undertaking that is a charge on the rates or has been a charge on the rates?—Yes, certainly.

25,959. A considerable number?—There are some undoubtedly.

25,960. How do you account for that if they are so much more satisfactory than these companies?—All these figures are given over averages. We must take averages with regard to companies and local authorities.

25,961. Did you take them over a year?—Over the years 1913-14.

25,962. In the report of the Coal Conservation Committee were these figures brought out that the public undertakings were so very much more reasonable?—We endeavoured by the evidence we gave before the Coal Conservation Committee to put forward a large number of figures. I do not think the figures have ever been got out before over the whole country in the three different series as they are here. I would like to say that in putting this as it is here and calling it a *précis* of the evidence it is a little disjointed, because in the full evidence which I sent to this Commission I endeavoured to put forward the reasons for putting these various figures.

Chairman: You gave in your *précis* the full evidence. The reasons for it we accept, and any gentleman who challenges them can see them. It consists of hundreds of thousands of figures, and there is not time this year to go into it.

Sir Leo Chiozza Money: Can it be printed in our proceedings?

Chairman: Any gentleman who challenges Mr. Bowden's conclusions can do so. Mr. Bowden has

expressed his conclusions in a clearness beyond any challenge. If you leave them standing as they are they speak for themselves. If we go through the whole of his *précis* I shall cease to understand them.

Sir Arthur Duckham: If they are public I should like to have them so as to go through them.

Chairman: We cannot go through them here.

Sir Leo Chiozza Money: *Sir Arthur Duckham* has thrown doubt upon these figures. They are well known in London. I have known the results have been better than public companies.

Chairman: Mr. Bowden has given chapter and verse for everyone.

Sir Arthur Duckham: I am not an expert on these things like *Sir Leo*.

Chairman: I should rather challenge your statement that you are not an expert.

25,963. *Sir Arthur Duckham*: There is only one question I will ask you. Would you be willing as an engineer to accept under a nationalisation scheme of coal distribution any coal they like to send you?—I have stated the reasons that the coal which ought to be sent out ought to be suitable coal.

25,964. You would leave yourself in the hands of the distributors to take all the coal they sent you?—By distributors whom do you mean?

25,965. Any sort of distributor, whoever he may be?—I should not care to do that.

25,966. You would still be a coal expert in some sense?—I would only judge the coal suitable for my boilers.

25,967. When you work you take a heat balance through the works with regard to the calorific value of the coal coming in and the power going out?—Yes. When I say coal expert, we have now to test every coal; we have to take samples of every coal.

Chairman: I rather gather *Sir Duckham* thinks this has taken him by surprise?

Sir Arthur Duckham: Yes.

Chairman: *Sir Richard Redmayne* says the same thing. I propose to let *Sir Arthur* have this to-night and *Sir Leo* to-morrow, and this witness can be recalled on Friday. You cannot go through it now.

Sir Arthur Duckham: I cannot go through it now. It is extraordinarily difficult to follow these figures; especially if this is being brought forward as an argument in favour of nationalisation.

Chairman: It is.

Sir Arthur Duckham: If these figures are being put forward in favour of nationalisation I cannot go into it now. You see the magnitude of the figures which are put forward. I think it is a document we must certainly go into closely. If they are put forward in the way they are put forward in the *précis* they ought to be gone into very carefully.

Sir Leo Chiozza Money: This other pamphlet which has been circulated has been public property for some time and has not been challenged. It is the same figures which we have in Mr. Bowden's evidence. I am surprised *Sir Arthur Duckham* does not know of them.

Sir Arthur Duckham: I am not prepared to go into it now.

Chairman: I have been looking through these figures and there are reams of them. (*To the Witness*.) Yours is very important evidence, and I am sure you wish to assist us in coming to a right conclusion upon this question. Nobody can cross-examine upon these figures straight off.

Sir Leo Chiozza Money: Not only are the witness's figures cut down, but his arguments. I should like to have an opportunity of examining him.

Chairman: If that is so we must put off the date of our Report.

Sir Leo Chiozza Money: I ask for ten minutes in which to explain the very things which *Sir Arthur Duckham* asked to be explained.

Chairman: Very well.

25,968. *Sir Leo Chiozza Money*: (*To the Witness*.) First as to the quality of the brains of the public electricity service. Has the public electricity service throughout the country any difficulty in getting first-class engineers to serve it?—I think not.

25,969. With regard to the capital of private electrical undertakings, is it a fact that the capital

4 June, 1919.]

MR. JOHN HORACE BOWDEN.

[Continued.]

isation of such enterprises suffer severely because the concerns are usually linked up with some manufacturing undertakings and are compelled to take a certain amount of material, whether it is the best kind or not?—There is no doubt about that, especially in the early stages.

25,970. Is it a fact you have known in your own experience in the past?—That is so.

25,971. With regard to the relation of these electrical undertakings to nationalisation and coal supply do you think it would be of great advantage if the electrical power was linked up with a nationalised coal supply?—I do.

25,972. With regard to what Sir Arthur Duckham asked about your selection of coal, is it a fact you now labour under great difficulties in getting suitable coal from coal merchants and factors?—That is so.

25,973. Will you explain that?—That is very largely due in my opinion to obtaining the best price that it is possible to get for the coal irrespective of whether the coal is good or indifferent in value. They simply get rid of it, and it travels in many instances, that is to say, some coal travels long distances when it might be utilised quite close to the mine and the good coal is probably used by these people able to get hold of it in the immediate neighbourhood.

25,974. The incentive of private profit making prevents you getting the coal you want?—To a very large extent that must be so.

25,975. Sir Arthur Duckham said there would be difficulties under nationalisation but they are exceeded under private ownership?—Yes.

25,976. Would it be less under nationalisation? Do you think the Minister of Mines would think it his duty to supply cheap power to the people and give you the right kind of coal?—It would be his duty to send the most suitable coal to the most suitable market.

25,977. Do you find, after you have taken the trouble to make contracts to get suitable coal, that the price is raised against you, so to speak? Is it the fact you find, after taking the trouble to get the right kind of coal, the price is raised against you?—That has happened on many occasions.

25,978. You find you are really defeated in getting the coal you require for your technical purposes?—That is so.

25,979. With regard to the relation of the Minister of Mines and the Electric Supply, is it your belief that there ought to be a direct relation between the two?—I am firmly convinced it would be to the in-

terest of electricity and the mines if the two were linked in some sort of national control.

25,980. Would you think if a Minister of Power, as I might call him, had for his object the conservation of the power requirements in the country, would give his mind to the development of electricity and send the coal to the proper place for the transformation into electricity?—That is the most important thing. If electricity increases, as it is prophesied it will, it will use half the coal of the output of the country.

25,981. With regard to these figures that have been challenged as soon as you produced them. Did you compile these figures?—The whole of the figures relating to London were obtained from the London County Council's annual returns.

25,982. On the London figures, is it not the fact those London figures have been public for some time?—Yes.

25,983. Do you think they ought to surprise anybody at this Commission? Have they been public property for some time?—Many years.

25,984. Now, with regard to the provincial figures?—They are published every fortnight in the "Electrical Times" and other papers.

25,985. You have taken these to be records and simply compiled statistically?—Yes.

25,986. You are not responsible for the accuracy of the figures except the classification in the classes you have given us?—Yes.

25,987. Does the summary you have handed in therefore represent actually the mere classification of the London County Council's figures, and, secondly, the classification of figures published fortnightly in the "Electrical Times"?—Yes.

25,988. That is the origin of the figures?—Yes.

Sir Arthur Duckham: I have not challenged these figures. Sir Leo is out of order in saying I challenge them. I cannot ask questions on these figures until I have studied them, and I could not even after I have studied them. I do not think it is necessary to call Mr Bowden again.

Chairman: That is a matter for you.

Sir Arthur Duckham: After hearing Sir Leo's cross-examination I do not think it is necessary.

25,989. Chairman: Mr. Bowden will come back if any gentleman of the Commission desires him to do so. I do not desire to ask any questions. We understand the way you got your figures is that you took them from public sources, and, as an arithmetician and classifier, you put them out in the classes we have before us?—Yes.

Chairman: We are very much obliged to you for the assistance you have given us.

(The Witness withdrew.)

Mr. GEORGE DOUGLAS HOWARD COLE, Recalled.

25,990. Chairman: (To the Witness.) You were good enough to give us the advantage of your evidence upon some of the matters connected with this enquiry upon the 2nd May last, and at Question 13,278 you were asked, "(Q) I have worked in various concerns of this sort that have committees and profit-sharings and that sort of thing. The great difficulty is this matter of responsibility for the orders at the time. Somebody has to be chief; somebody has to be captain of the ship. Do you agree there should be somebody who would be captain of the ship?—(A) In that sense, yes. I certainly agree you must have some means of settling on the spot things that need settling. (Q) It would never be done otherwise?—(A) No. (Q) You have not tried to run an executive thing by committee, I suppose?—(A) Yes, I have had a good deal of experience in trying to run offices on these lines. (Chairman:) Mr. Cole, you must come again on Tuesday. You have given interesting evidence with regard to some individual Pit Committees, I think you said, in Derbyshire which had a share in the direction and which have been a success. Could you bring with you on Tuesday the names of those Committees and tell us something about them? Obviously that is important to this inquiry?—(A) It is difficult to do that for this reason. My knowledge of those Committees is

based on discussions with the Derbyshire Miners' Association of those things happening. I do not know the names of the pits the various people are employed in. I only know what they told me. I can try to get it from the Derbyshire Miners' Association. (Q) Then we have to ask you to come back after Tuesday? (A) I will see what I can get, but I cannot promise it by Tuesday. (Chairman:) If you cannot promise it by Tuesday we may have to call you again on Tuesday week, if necessary. That piece of evidence is most important." Will you tell me more about this which you swore on that occasion?—After giving evidence on that Friday, I went to the Miners' Federation, as I thought they would be better able to get information than I should and asked them to make enquiries in Derbyshire and secure any information. I heard from them a few days ago that they had been unable to get any information of value. Thereupon I wrote to the Commission saying I had unfortunately no further evidence to offer upon the question.

25,991. I do not understand that quite. You see you made some very definite statements about conversations you had with regard to these pit committees. I want you to tell me about that?—About the conversations?

4 June, 1919.]

MR. GEORGE DOUGLAS HOWARD COLE.

[Continued.]

25,992. Yes, about the pit committees. You were told they were such admirable things, and it is most useful to understand the working of them. I suppose you had some foundation for that?—I can tell you the substance of the conversations I had away back in 1916 or the beginning of 1917.

25,993. Where were these pit committees installed?—What I did was that I addressed a meeting of the Derbyshire Miners' Council held at Chesterfield. I cannot remember the exact date. It was either 1916 or the beginning of 1917, and in the course of the discussion and in the course of informal talking afterwards, a good deal was said about the working of particular pit committees.

25,994. Can you tell me the name of a single one of them?—I am afraid I cannot.

25,995. Have you written to the Miners' Agent in Derbyshire?—I asked the Miners' Federation to get the information for me and I only heard from them two or three days ago that they had been unable to get it.

25,996. I thought you were going to be good enough to get it on your own account from Derbyshire?—I would have done that, only I thought I should get it more effectively through the Miners' Federation, and I only knew two or three days ago that they had failed to get it.

25,997. It is such a very valuable suggestion to some of us who have been thinking upon these matters, and who relied upon your promise to give us assistance. Can you not do anything more than that?

(The Witness withdrew.)

Mr. GEORGE KNOX, Sworn and Examined.

26,005. *Chairman*: I believe you are the Principal and Professor of Mining of the South Wales and Monmouthshire School of Mines, and you have held that position since the foundation of the school in 1913?—Yes.

26,006. Previous to that were you for 10 years head of the Mining and Geological Department of the Wigan Mining and Technical College, for two terms Lecturer in Mining at the Victoria University, Manchester, and for 11 years County Mining Lecturer in Ayrshire?—Yes.

26,007. Are you a Fellow of the Geological Society, a certificated colliery manager, a member of the Institute of Mining Engineers, a member of the Council of the South Wales Institute of Engineers, and a member of the British Association Committee on Fuel Economy?—Yes.

26,008. You say in your proof:

"He will state that he is Principal and Professor of Mining of the South Wales and Monmouthshire School of Mines, and has held that position since the foundation of the school in 1913. Previous to that he was for 10 years Head of the Mining and Geological Department of the Wigan Mining and Technical College; two terms lecturer in mining at the Victoria University, Manchester, and eleven years County Mining Lecturer in Ayrshire.

He is a Fellow of the Geological Society, a Certificated Colliery Manager, a member of the Institute of Mining Engineers, a member of the Council of the South Wales Institute of Engineers, and a member of the British Association Committee on Fuel Economy.

Witness is prepared to give the history of the foundation of the South Wales and Monmouthshire school of mines by an associated body of coalowners in the South Wales coalfield for the purpose of providing advanced full time courses of combined practical and technical training in:—

- (a) Mining Engineering.
- (b) Colliery Engineering (Mechanical and Electrical).
- (c) Chemical Engineering.

and less advanced part time (one day of eight hours per week) courses for colliery managers, undermanagers, surveyors, mechanics, electricians and coke oven foremen."—Yes.

Have you the name of the Derbyshire agent with whom you had a conversation?—Amongst the people I had conversation with was Mr. Frank Hall, secretary of the Derbyshire Miners' Association.

25,998. Have you written to him?—No, because I only heard the Miners' Federation failed to do it recently.

25,999. Do you know his address?—Yes.

26,000. Is it possible for you to write to him?—Certainly.

26,001. You are leaving it very late. I relied a great deal upon your promise to assist us. It leaves us in some difficulty. I am very anxious to hear about these committees which I regard as most important?—All I know about the matter is that subsequently they broke down upon a disagreement between the owners and the miners as to the matters which were legitimate to come before them.

26,002. What was the dispute about?—I think the dispute was about the right of the miners' representatives to bring before the committees matters which were not connected with absenteeism purely, but which related to other circumstances of mine management affecting output.

26,003. Then I am afraid you cannot assist us further?—I will do what I can, but I do not quite see what I am to do.

26,004. Last time I was very anxious you should assist us with that evidence. It would have assisted me personally very greatly. As you cannot do it, I am afraid you cannot. I am much obliged to you.

Chairman: I will now ask our Assistant Secretary to read the remainder of the witness's proof.

Assistant Secretary:

"Witness is prepared to give the reasons which determined the adoption of the various courses of instruction referred to with a view to increasing the safety and efficiency of mining operations.

He will explain the scheme of apprenticeship adopted by the School of Mines, to take the place of the system of premium pupilage previously existing in the coalfield, for the purpose of attracting the best brains of the youth of the district, irrespective of their social position, into the mining profession.

Witness will also explain the scheme for testing and research adopted by the board of management, and their fruitless efforts to obtain financial assistance from the National Research Committee.

He will state the steps taken by the board of management of the school to establish a board and faculty of technology in the University of Wales, for the development of higher technical education and research and outline the proposal of the industrial and business interests in South Wales and Monmouthshire, to raise a sum of £40,000 per annum in support of this scheme.

In spite of the abnormal conditions produced by the war, a considerable amount of testing and research work has been carried out at the School of Mines during the past 6 years, as a result of which many precautionary measures have been taken to increase the safety of mining operations, and to prevent the waste of fuel.

The Executive of the South Wales Miners' Federation after having approved of this enterprise on the part of the coalowners, subsequently through its representatives on the Glamorgan and Monmouth County Education Committee opposed it, although the County Committee were offered a substantial representation on the Management Committee of the school.

The development of the coal mining industry of this country from the point of view of safety and efficiency, will compare favourably with that of any other mining country, but modern developments in engineering require a larger unit than the average individual colliery company if future development is to be accelerated, and waste of fuel reduced.

4 June, 1919.]

MR. GEORGE KNOX.

[Continued.]

Mine Rents and Mineral Royalties.

Witness is of opinion that to prevent the present excessive waste of valuable mineral products and to obtain the highest efficiency in mining operations, all minerals should be owned or leased by the nation.

As mineral takings must conform to the shape of the surface of the mineral royalties of which they are formed, this frequently results in very irregularly shaped areas as shown by the accompanying diagrams."

26,009. *Chairman*: Will the Commissioners look at the diagram which the witness has been good enough to produce to us? There is a map of contiguous royalties. (*To the Witness*.) Do the letters indicate different owners?—Yes.

Chairman: From A, B, C, D and E one sees how curiously they are shaped, and how they run into each other: for example, look at C, which is in the middle of a number of others. Then, look at the two little M's on the right-hand side of L. You will see that the M royalty owner has two little islands of royalty in the patch which belongs to L. Then look at the next one, and you will see the condition of things there. You will see how curiously shaped they are. They are very useful diagrams.

Assistant Secretary: "This leads to excessive waste in boundary pillars and frequently adds considerably to the cost of operating the mines.

Large faults often traverse a mineral taking. If near the centre of the taking they may have to be cut through at various places which adds to the cost of working and delay in development. If the faults are near the boundary they may never be cut through and the coal between the fault and the boundary may be lost.

Where a taking consists of a number of small royalties there is sometimes a difficulty in arranging terms with all the owners with the result that disputed areas may be permanently left unworked. If the seams are deep and the royalty small they could not be recovered, except at great cost. If the State owned all the minerals it could save the loss of coal in boundary pillars and small inlet royalties. Colliery takings could be arranged so that square (or rectangular) areas could be worked from each colliery, and where large faults are known to exist the mines could be situated so that the coal between them could be worked with the least possible amount of tunnelling.

All wayleaves or outstroke and instroke rents could be abolished in future developments.

Nationalisation.

Witness is of opinion that the nationalisation of the coal mines, if operated by Councils of expert engineers, would produce substantial advantages to the nation as a whole by:—

1. Stabilising the price of coal to the advantage of all large industrial coal users and to the community generally.
2. Stabilising wages of the miners, thus leading to more harmonious relations between the workmen and the management.
3. Cheapening the average cost of production through more regular working of the mines and the quicker and more extensive development of backward mines.
4. Economy of administration through higher technical efficiency in the smaller mines and the larger application of mechanical appliances generally.
5. Reduction of colliery consumption of coal and cheaper power production for collieries and for general distribution.
6. Working inferior coal seams along with the higher-quality coals and utilising them for the production of smokeless fuel and recovery of by-products by low temperature distillation.

7. The prevention of waste in boundary and other pillars, thus increasing the total yield of coal for a given expenditure in development.

8. Arranging colliery takings in more uniform areas, thus reducing the cost of underground roadways, haulage, administration, etc.

9. Utilisation of small coal now left in the mine for (a) coking and by-product recovery, or (b) in producers for power production, or (c) in the manufacture of briquettes with or without the use of a binder. Dry briquettes can be stocked for any length of time or in any climate without deterioration or danger from spontaneous ignition.

10. The control of freights by the State; the pooling of wagons and the distribution of the household supply of coal by Municipalities and Urban or District Councils or other corporate bodies would substantially reduce the price of coal to the small consumer."

26,010. *Mr. Frank Hodges*: Have you made a calculation as to the number of mineral takings in South Wales?—No, not as to the number. These are South Wales takings on the two maps, but the actual number I could not give you.

26,011. Would it surprise you to learn that there is estimated to be 150 separate takings in South Wales?—No, but I can quite understand that.

26,012. Would you agree that the average takings in coal, taking the whole of the 12 seams that are generally worked, would be in the neighbourhood of 40 feet?—Yes, somewhere about that.

26,013. What do you regard as the average width of colliery barriers in South Wales?—They are very variable; you get some very narrow ones, 10 or 11 yards, and some as much as 100 yards.

26,014. Would I be right in assuming that the average thickness of the barriers would be 50 yards?—I cannot say what the average thickness would be.

26,015. I think I can get an estimate of it from one of those geological maps provided by a firm in Cardiff, which gives the number of separate takings and the barriers.

26,016. *Mr. Evan Williams*: They do not give the width of the barrier?—I do not think so.

26,017. *Mr. Frank Hodges*: I think it is estimated, so far as I can remember, that the average width of the barriers is in the neighbourhood of 50 yards?—I cannot say; I should think that is rather high.

Chairman: I am told it varies from 40 to 100.

Mr. Evan Williams: From nil to 100.

Chairman: If it is nil, is it a barrier?—I see what you mean, of course.

26,018. *Mr. Frank Hodges*: It has been also computed, I believe, that there are 900 miles of barriers between those 150 takings in South Wales?—I could not say. I have never calculated it myself, but I should think they must be an exceedingly great length.

26,019. It is a matter of arithmetic. If you have 50 yards a mile long with an average thickness of 40 feet that represents roughly 1,000,000 tons?—Yes, probably.

26,020. So that if you had 900 miles of barrier you would have 900,000,000 tons of coal left in those barriers?—That is so, if that estimate is correct.

26,021. Is it because of the fact of so much coal being left to waste that you come to the conclusion that a more systematic method would have to be adopted in futuro, if there is to be economy?—Yes, that is one of the reasons.

26,022. Do you regard it that the nationalisation of minerals is essential in order that that economy may be effected?—Yes, I am of that opinion.

26,023. Have you read the Report of Mr. Leslie Scott's Committee?—Yes. Rather hurriedly.

26,024. Do you think that that would provide adequate machinery for dealing with this problem?—No, I do not think so.

4 June, 1919.]

MR. GEORGE KNOX.

[Continued.]

26,025. Why do you not think so?—As I said, I did not give it very much study, and it is rather a voluminous document, and contains a great many sub-sections; but so far as I can remember from a cursory reading of it, there appeared too much of the question of leaving it to the determination of the colliery companies which were working, as to whether an application should be made for any release in the case of a colliery, say, that would not pay, and that they might apply through the Committee to the Minister of Mines for release in the way of expenditure in working or by adaptation of the royalty, or something like that, that is to say, if a fault was cutting through part of their royalty, they might be relieved from having to get through that. That is how I understand the point. It seemed to me that what it largely amounted to was that collieries which were not paying would be ultimately dumped on the State, to be worked by the State, if the minerals had to be got, but, of course, as I said, I just read it very hurriedly.

26,026. Do you think that there would be any sort of incessant struggle between the holders of good properties in a sort of defence against any proposals put forward by people in poorer properties?—Quite naturally, I think it would be.

26,027. Is it your experience, as a man of considerable standing in the mining industry and a man of scientific knowledge, that the system of mining in this country, as represented in the present system, is good?—Well, it compares very favourably, I think, with mining in any other country, particularly with regard to underground work.

26,028. Apparently, judging from your *précis*, you think that it might be improved upon?—Yes, I do.

26,029. Do you think it could be improved upon substantially under the present system?—It could, substantially, yes.

26,030. Under the present system?—Yes.

26,031. Could it be worked at its greatest advantage under the present system?—No, I do not think so.

(The Witness withdrew.)

(Adjourned to to-morrow morning at 10.30.)

SECOND STAGE—TWENTY-FIFTH DAY.

THURSDAY, 5TH JUNE, 1919.

PRESENT :

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. ROBERT SMILLIE.

MR. R. W. COOPER.

SIR ALLAN M. SMITH.

SIR ARTHUR DUCKHAM.

MR. HERBERT SMITH.

MR. FRANK HODGES.

MR. R. H. TAWNEY.

SIR LEO CHIOZZA MONEY.

MR. SIDNEY WEBB.

SIR ADAM NIMMO.

MR. EVAN WILLIAMS.

SIR ARTHUR LOWES DICKINSON, }
SIR RICHARD A. S. REDMAYNE, } (*Assessors*).

MR. ARNOLD D. McNAIR (*Secretary*).

MR. GILBERT STONE (*Assistant Secretary*).

Mr. R. W. Cooper: Sir, before we begin, may I ask you to be good enough, before we adjourn this week, to cause to be circulated among the members of the Commission two reports—the Majority and Minority Reports of the State Mining Commission of the Union of South Africa? I have them in my hand, and they can be obtained readily at the offices of the

High Commissioner, 32, Queen Victoria Street. As I say, there are two sets of reports, one Majority and one Minority, one set was issued in February, 1917, and the other in December, 1917.

Chairman: Yes, we will try and get them to-day so as to circulate them to-morrow.

HUDSON EWBANK KEARLEY, VISCOUNT DEVONPORT, Sworn and Examined.

Chairman: Lord Devonport, I propose to have your *précis* read, and after that the Commission will ask you some questions, if you will be good enough to allow us to do so, and I will ask Mr. Sidney Webb, on the one side, and Sir Arthur Duckham, on the other side, to question you. Gentlemen, this is the *précis* of evidence by Viscount Devonport, Chairman to the Port of London Authority, and he will speak as to the taking over of very large concerns, namely, the London and India Dock Company, the Surrey Commercial Dock Company, and the Millwall Dock Company by the Port of London Authority, and the welding of them into one single harmonious whole. He will explain how it was done, and what the result has been. I will ask the Secretary to read the *précis*.

Secretary:—

“1. The undertakings taken over were:—

- (1) The London and India Dock Company.
- (2) The Surrey Commercial Dock Company.
- (3) Millwall Dock Company.

2. The compensation payable to the Debenture and Stock Holders of the dock undertakings was arrived at by agreement with the respective companies, and the negotiations were conducted by Sir William Plender on behalf of the Government. Sir William was instructed by Mr. Lloyd George, who was then President of the Board of Trade. The offer on behalf of the Government was based upon the average annual net revenue covering six years, which it was assumed

5 June, 1919.]

HUDSON EWBANK KEARLEY, VISCOUNT DEVONPORT.

[Continued.]

would be maintainable under then existing conditions. As a guide to future probabilities these past results of working (as adjusted by the Government Accountant) were accepted as a reasonable basis—including both good and bad years—and special consideration was given to the position and results as revealed by the accounts of the last year (1907).

The Government appointed a joint select Committee of both Houses of Parliament to enquire into the merits of the Bill setting up the authority, including the terms of purchase, which were approved after due enquiry. The deliberations of the joint Committee occupied 21 days.

The consideration took the form of 3 per cent. "A" Port Stock (first charge) and 4 per cent. "B" Port Stock (second charge) charged solely upon the income of the Port Authority, which was empowered to levy rates in order to meet all revenue expenditure and to provide for interest and Sinking Fund on these stocks. The stocks were issued in exchange for existing Debenture, Preference and Ordinary Stocks, having regard to the relative priorities and security enjoyed by the respective stockholders, and in such a manner as to produce in the case of interest and dividend yielding stocks approximately the annual income which the Dock stockholders would in all probability have been in receipt of had the Dock undertakings continued undisturbed. Both Port Stocks are redeemable at the end of 90 years from the date of issue (March, 1909) by the operation of a Sinking Fund to be created by annual instalments chargeable to revenue over a period of 80 years. A postponement of 10 years was allowed before the Sinking Fund became operative. The Sinking Fund is only now about to come into operation, and the annual sum required to be set aside to redeem the initial issues of "A" and "B" Port Stocks (about £22,500,000) in 80 years on a 3 per cent. basis, as was then computed, would amount approximately to £70,000 per annum, or for each £ of stock an annual sum of £·003,112 (about three farthings). It was also assumed that "A" Port Stock would command a market price of, say, 85-90 per cent., and "B" Port Stock a market price of, say, 100 per cent. Stock was issued to the Dock proprietors in 1909 to satisfy the purchase price, and the mean market quotations in that year were:—

"A" Stock ... 84 per cent.
"B" Stock ... 101½ per cent.

Further issues of Port Stock, aggregating £5,600,000, have since been made at rates of interest varying between 3½ per cent. and 5½ per cent., the provision of the Sinking Funds thereon being similar to that for the initial issues except as regards certain portions of the issues in respect of which shorter periods are prescribed.

The difference between

- (a) the average annual revenue, as adjusted, of the companies for the six years to 1907 before charging directors' fees, and
(b) the annual interest on the Port Stocks issued as consideration,

is shown thus:—

Company.	Adjusted Revenue.	Interest on Port Stocks issued as Purchase consideration.	Difference—Excess Companies' Income.
London and India Dock Co.	£ 636,272	£ 634,147	£ 2,125
Surrey Commercial Dock Co.	113,752	112,400	1,352
Millwall Dock Co.	55,196	57,273	—2,077
	805,220	803,820	1,400

There were certain lands belonging to one of the dock companies—covering between 700 and 800 acres—which were said to be of large potential value and from which little revenue was being obtained, that were included in the assets purchased, and large new warehouses and dock extensions had been constructed which were not revenue producing during the whole of the six years.

On the basis of the average market prices in 1909 of Port Stock the consideration paid to the dock companies as a whole represents about 26 years' purchase of the adjusted revenue.

5. The directors' fees of the three dock undertakings amounted during the six years reviewed to a sum of £15,950 per annum, and the compensation awarded to the directors for loss of office was a nominal amount of £127,600 3 per cent. "A" Port Stock producing an annual income of £3,828. The compensation so awarded in nominal amount was equal to about eight years' purchase of the annual fees, but if the "A" Port Stock were valued at its approximate market price of 84 per cent. the compensation worked out at under seven years' purchase. The rights of the staffs of the dock companies in pension and superannuation funds were safeguarded and such funds taken over and continued by the Port Authority. Certain executive officers of the dock companies received special treatment, and if the services of any of the dock companies' officers were no longer required, they were entitled to receive compensation for direct pecuniary loss sustained.

6. Since the acquisition of the dock undertakings the Port of London Authority has embarked upon considerable capital expenditure in respect of enlargements and improvements of the docks. The published accounts to 31st March, 1918 (a period of nine years), show expenditure in that period on capital account of £5,700,000. The issued capital at 31st March, 1918, aggregated £28,090,458.

7. During the same period the revenue from the docks and warehouses, etc., has considerably expanded, as the following figures, taken from the published accounts, will show. The figures represent the revenue after charging all working expenses, extraordinary outlay on repairs, and reserves for repairs, etc., postponed on account of the war, but before debiting interest on loans and Port Stocks, and appropriations to General Reserve.

Year to 31st March. Revenue after charging all Working Expenses.

Year to 31st March.	Revenue after charging all Working Expenses.
1910	£ 897,572
1911	900,700
1912	1,049,209
1913	979,898
1914	1,066,969
1915	1,097,284
1916	1,175,516
1917	1,240,197
1918	1,050,456

After debiting interest on loans and Port Stocks issued the net revenue was as follows:—

Year to 31st March.	£
1910	57,929
1911	63,231
1912	169,977
1913	73,500
1914	102,267
1915	95,903
1916	144,251
1917	208,407
1918	1,488
	£916,953

The Authority has accumulated out the revenue a General Reserve of £650,751 and carried forward undistributed and unappropriated revenue at 31st March, 1918, of £341,953."

26,032. Chairman: Lord Devonport, before Mr. Sidney Webb asks you any questions, I just want to ask you one or two myself. With regard to the staff that you took over, did you find that all the staff of

5 June, 1919.]

HUDSON EWBANK KEARLEY, VISCOUNT DEVONPORT.

[Continued.]

each one of the undertakings remained on with you?—The bulk of them did. Of course, there were some high officers that were superannuated; for example, each of the undertakings had a chief engineer and each of the undertakings had a manager and a secretary. When we became a united whole we did not want four chief engineers and four secretaries and so on, and so those were pensioned off.

26,033. Was your experience that any of them refused to come to you and objected to the transfer?—I do not recall a single case. I have just a sort of reservation in my mind that there might have been one man, but I am not quite definite upon that. As a rule, they all came over, and, of course, their positions were protected by the Statute.

26,034. Yes; I have the Statute here. It is 8 Edward VII., chapter 68. Section 59 deals with compensation to the directors of the dock companies, and section 60 is the section with regard to the employment of existing officers and servants. I need hardly ask you the question, but did you find that the existing officers and servants who were transferred to you did the work satisfactorily?—Oh, yes.

26,035. With regard to this compensation for directors' fees, could you tell me about how many directors there were of the three undertakings combined?—I have not that figure, but I think if you divide the gross amount of income they were receiving by 400 it will about tell you the number of persons. I think the fees they were getting were about £400 a year.

26,036. Did you take on, or were there taken on, any of the managing directors as distinct from the ordinary directors? Did the directors continue to help you?—Oh, no. The Port Authority was nominated for the first four years by the Board of Trade, and it was subsequently elected in part. Perhaps I might explain it so as to make the matter quite clear. The Authority consists of 30 members, of whom 18 are elected and the remainder are appointed. Before the election could take place a register had to come into being. The register consisted of payers of dues. Every payer of £10 dues was entitled to go on the register. As that only became the rule after the Port Authority was established, it is quite obvious that the first body could not be elected, because there was no register. Therefore to meet that difficulty the Board of Trade appointed the whole of the body to serve for four years. The body is now reconstituted every three years, but the first body was given an existence of four years, because it was deemed essential that they should have some considerable time to get things going.

26,037. Have you any views as to the capacity and capability of a Government Department running an industry?—Well, of course I have been in a Government Department. It did not appear to me to have quite the attributes of a first-class commercial organisation.

26,038. What were the defects?—I do not want to asperse the Civil Service, because I have many good friends in the Civil Service, but if I may express it in my own way, I should say that they lack the training essential to business handling and control. Obviously men who have been trained to business and commence their careers, as a rule, at 16 years of age must have a wider experience than men that are not in touch with business organisations.

26,039. *Mr. Sidney Webb*: You have given us information as to the method of compensation on taking over. Do I understand that the price fixed was to be inclusive of all the assets?—Yes, we bought on a basis of net revenue.

26,040. That entitled you on taking over to all the warehouses and all the plant, and even all this undeveloped land?—Yes, absolutely.

26,041. Everything?—Yes; we had no valuation at all except to arrive at an appraisal of net annual revenue, and that was taken for a period of six years.

26,042. Could you tell us what the arrangement was as to the date on taking over? Was there any interim period?—No. The figures of course were made up to the end of the particular year preceding the passing of the Act. I assume that it was taken

probably to March, 1903—I should think that was the date and those figures were adopted.

26,043. With regard to the administration, after the Act was passed the directors and the general manager and so on had no further personal interest in looking after the assets, and there must have been a period before you actually took possession?—There was a period. The Act was passed in 1903, and the Port of London Authority came into being on the 31st March, 1909. I was appointed chairman by the Government early in January, 1909. I was really the go-between between the old bodies which were dying on the 31st March and the new body which was to come into force, so that I really had executive power for that period of about three months.

26,044. Therefore, although there was never question of waste of the assets, yet you were there to see that the assets were kept in good order?—I would not like to say that, because when you talk about the assets of an enormous thing like the Port Authority spreading from Teddington to the mouth of the Thames, I do not profess to have exercised a supervising eye over that sort of thing.

26,045. My question was as to what protection was afforded to the public interest during the interval. Of course, I am not suggesting that the dock companies would have stolen the cash, but on the abstract point of protection during the interim period, what do you say?—I think you might take it that it was the combination of the directors of the dock companies, who were not vacating their office until March when we came into being, and the fact that they had touch with me as the representative of the new body that had not come into existence, although I had been appointed. That is how we worked.

26,046. Do you think that there was any disadvantage in that interim period? I mean, one can imagine that possibly it was difficult to get decisions taken. It was a going concern, and things had to be decided which would come into operation after the transfer. Was there a considerable difficulty or drawback?—No. I have in my mind a particular case of the renewal of a contract that was due to be renewed and it was submitted to me by the old body, and I gave a decision as affecting it, and that was taken without any question.

26,047. Just one other question with regard to the transfer. There must have been, of course, what one may call floating assets—outstanding port dues and other bills, and of course there were cash balances: all that passed, I take it, with the compensation?—Yes, they were assumed by the new body.

26,048. Without a separate value or compensation?—I think there was adjustment.

26,049. What adjustment? You say the compensation paid to the shareholders was a lump sum based on their past income, roughly speaking?—Yes.

26,050. Did that compensation include, let us say, the current balances at the particular date?—No, all the shareholders of the old concern got in satisfaction of their claim was the new Port Stock that was issued, but the new undertaking assumed the liabilities and the assets.

26,051. Could you give us any idea of the kind of economies you were able to effect? I do not speak as to the figures, but you consolidated the administration, for instance?—Perhaps I can answer your question when I tell you some of the economies which were assumed as being likely to take place. Of course there was the question of getting rid of all these directors with their fees amounting to between £15,000 and £16,000 a year, and it was assumed there would be a great economy there, and obviously there must be so, because we are an unpaid body acting in an honorary capacity. The circumstances during the last nine years have rather cut across the economies that we naturally anticipated might take place. For instance, we have had very large increases in wages, and as against that we have been compelled largely to increase the dues. I should say the circumstances of the last nine years have not been favourable to the sort of economies that we anticipated would follow, and we were assuming at the moment, probably erroneously, the continuance of a normal state of affairs.

5 June, 1919.]

HUDSON EWANK KEARLEY, VISCOUNT DEVONPORT.

[Continued.]

26,052. Could you help us by discriminating between the increase of expenses, such as wages and the other costs which, of course, would have fallen equally upon the other administration, and the actual kind of economies which you were able to effect, for instance, in having only one chief engineer and assistants instead of four chief engineers and assistants?—It is obvious that would effect an economy, but I am bound to say our range of wages is very much higher.

26,053. We will come to that?—You may take it there were economies in that direction.

26,054. With regard to the administration, taking the unification of direction in the place of there being four centres of the direction of the traffic, let us say, or of the business, did you find any difficulty in having only one centre?—No, that was very much to the advantage of the undertaking. Before the undertakings were unified and when they were on an individual basis there were all sorts of cut-throat competition that really brought them to their knees. All these undertakings were nearly bankrupt; in fact, some of them were absolutely bankrupt. That did not proceed from the fact that they were administering a bad venture, but I think the cut-throat competition brought about their downfall.

26,055. Then I see your net revenue, after charging all working expenses during the last nine years since the transfer, has, on the whole, considerably increased in spite of the increased wages. You have had to give, as we know, large increases of wages, as other employers have done, but you have, nevertheless, managed to increase your net revenue?—That is true, but you must throw into that computation the fact that we have raised dues and tolls, and therefore it is not quite as if it were a gain of revenue under normal conditions. The revenue, until the time of war, was increasing, and since the war circumstances have been so difficult, although we have managed, as you will see by the figures, more or less to maintain our revenue.

26,056. I quite understand that the increase in revenue is partly to be ascribed to an increase in the rate of Port Dues, and we could not at all claim that as the result of the transfer. I quite understand that, I think; but, nevertheless, the net revenue has increased after paying the increases of wages, has it not?—Yes.

26,057. Then I see also that you have carried to Reserve a considerable sum, £650,000?—Yes. That is a statutory requirement. We are bound to transfer to Reserve Fund until it reaches £1,000,000 such sums as are surplus. We have two outlets for our surplus. One, to create a reserve until it amounts to £1,000,000; and, having done that, any surplus revenue has to be utilised in diminution of charges.

26,058. That is to say, that no owner of the capital stock has any pecuniary interest beyond getting his interest and his pecuniary payments?—That is quite so, and we are not a profit-making concern.

26,059. It is carried on for the public benefit?—Yes. We have to pay statutory rates of interest on our stock, and the surplus which may be available after that is appropriated in the manner I have described, either to the Reserve, or after the Reserve is full, in diminution of charges.

26,060. Since the transfer you have very largely extended the enterprise, borrowing a considerable sum of capital to make the Port better?—Yes, we are doing it all the time, and that sum that is mentioned there, about £5,800,000, had it not been for the war, would have been £10,000,000 by now. Our programme has been at a standstill. It is now resumed. Not only would the works we had in hand prior to the war been completed, but we should have been well on the way to have spent, by now, £10,000,000.

26,061. But you have not found it necessary to accumulate that out of the profits of the concern? You have borrowed that money, have you not, by issuing stock?—Certainly.

26,062. It is sometimes contended that a larger profit is necessary than suffices to pay interest, in order to provide, out of that profit, for capital extension. You have provided for capital extension

on a large scale, simply by issuing new stock?—Yes. Of course it is only fair to say, since you put that question to me, that there are certain expenditures we make out of revenue; but in the main, of course, our capital is borrowed, and it is all subject to a sinking fund to pay it off in course of time.

26,063. You have a very largo staff, of course, and of very varied grades, from the manager right down to the labourer. Could you tell the Commission whether all those persons are paid by fixed wages, or salaries, or whether any of them receive any share of profits, or commission?—We have two classes of staff, the wages staff and the salaried staff. You will understand the distinction, I am sure. As regards the workers, they are paid on a basis, whatever is the rate that is fixed, or whatever they succeed in getting by methods that are familiar to most of us. As regards the salaried staff, there is a classification. A boy comes in as a fourth-class clerk, goes through the various grades, and gets where he can by his own ability. With regard to any profit-sharing, or participation, of course, there is nothing of that.

26,064. My question was, rather, whether you paid any of the people by commission dependent upon their achievements, as is so often done in business?—Yes. But really in a public Authority such as ours, if I were to say that such a thing had never existed, or did not exist at this moment, I should not be speaking the strict truth. I think I recall a case of a man who is out on the market at Mincing Lane, protecting our sugar interest, and tea interest, and I think he gets a small percentage on results, but that is the only case, and you may take it, when that agreement expires, it will not be renewed.

26,065. *Sir Arthur Duckham*: The compensation paid for these Docks was about £22,350,000?—Yes. At the time of taking over.

26,066. You have other docks besides these three, have you not?—No.

26,067. Is not St. Catherine's yours?—That is included.

26,068. Is Tilbury included?—Yes, that is included in the London and India Docks. We have every dock that exists from Teddington to Havengore Creek. That is 70 miles.

26,069. Did the assets that Mr. Sidney Webb asked you about include the invested Reserve of the Companies? Say the companies had Reserves in Consols or anything else, did you take them over?—Yes. There was very little of that sort of thing, but whatever was going became ours.

26,070. You state here that the division of the stock was "in such a manner as to produce in the case of interest and dividend yielding stocks, approximately the annual income which the Dock stockholders would in all probability have been in receipt of had the Dock undertakings continued." You really gave the Dock stockholders an advantage there?—Yes. They got a distinct advantage in some cases. For example, some of their lower grades of stocks had not paid interest for years, and there did not appear to be any great prospect of their ever paying interest, but, notwithstanding that, they had a market quotation.

26,071. You gave them better security?—We appropriated, in exchange for those stocks, a certain percentage of our new issue, as our accountant thought fair.

Sir L. Chiozza Money: Would Sir Arthur Duckham ask on that, if you take those previously non-paying parts of the undertaking, whether Lord Devonport thinks any economic improvement was effected in them?

26,072. *Sir Arthur Duckham*: You see the point of Sir Leo's question?—Yes, I see it.

26,073. If I may put it in this way, presumably the stocks which Sir Leo mentions were all part of the whole undertakings?—They were.

26,074. Could you differentiate between the non-paying stocks and the paying stocks?—No, we were advised by Sir William Plender that, inasmuch as the ordinary shareholders, or the holders of these particular classes of stocks that were non-dividend paying, or very intermittent dividend-paying, had rights, and would have had voting powers, we came to the conclusion that it was better to make a bargain that

5 June, 1919.]

HUDSON EWBANK KEARLEY, VISCOUNT DEVONPORT.

[Continued.]

would be acceptable than to have to fight these gentlemen before we could carry through our financial undertaking.

26,075. *Sir I. Chiozza Money*: If Sir Arthur Duckham would allow me, my point was: Do you think from your knowledge of the whole undertaking, that those particular parts which did not pay before, have improved under the Authority?—You must take the thing as a whole. I must answer you that by stating the position as a whole. I am aware that you have followed the thing, and you are aware it has been successful. The purchase price has been fully justified, and we are going uphill all the time, save and except where the war has cut across us, and stopped our progression.

26,076. *Sir Arthur Duckham*: You speak of the rights of the staffs of the Dock Companies, and pensions and superannuation funds, are also the special safeguarding of certain executive officers?—Yes.

26,077. Presumably you would consider that that is a proper step to take in any undertaking taken over by the State?—I do not know about its being a proper step to take. I am certain of one thing: When the State takes over it has to give full consideration to that sort of interest, but if I were looking at it from my own point of view, as a private trader, I should think many of these pension conditions were excessively onerous, and those who received them, in the main, were not entitled to them.

26,078. The pension conditions?—Yes. Some, of course, were, but many that received these benefits under this Act of Parliament had very slender claims. That is my individual opinion. But if you ask me whether the conditions that were arrived at in the Bill could have been altered, I say, speaking from the point of view of one who was in the Department when the Bill was passed (the Board of Trade), I am perfectly certain we could not have got on without making those concessions.

26,079. Were salaries increased at all when you took over the concern?—No, we did not immediately go to work, automatically, to increase salaries, because there was classification prevailing then among these various undertakings which we took over. When we came to the question of High Officers, we imported talent of a kind that was non-existent in the old Dock Companies, notably in the engineering department. For example, for 30 years these dock undertakings had carried out no work of magnitude such as we intended to carry out. For works of great magnitude it was apparent that we must have competent engineers. We went into the market and had a public advertisement, and we picked two very fine engineers. One was Mr. Palmer, who has retired, and is now a partner with Sir Arthur Randell, and the other is Mr. Kirkpatrick, whom you know is our Chief Engineer, and a very capable man. The salaries of these men are very much higher than the poor salaries paid by the old undertakings to the engineers who suited them.

26,080. With regard to these figures you give us of the net revenue, was that a net revenue after paying rates? You say: "after debiting interest on loans and Port Stocks." Does that revenue include the payment of rates?—Yes.

26,081. Do you mean the rates on buildings?—Yes.

26,082. Local rates?—Yes, all outgoing. I think it says "working expenses."

26,083. Yes, you see that in the top figures. Now with regard to the figure for 1918 of £1,488, is that part of a year?—No, that is the absolute final figure. In addition to that, I must tell you that we carried forward a very large sum, undistributed and unappropriated revenue, to meet deferred maintenance, so that, although that figure looks a little on the weak side, in reality it is not so. There was a good deal besides that, only that was carried to deferred maintenance account.

26,084. New one or two general questions. Do you find there are less labour troubles in the port now that the workmen are working for the Government, and not for private profit-making?—Speaking from my own experience, we have had some very serious labour troubles. In 1911, we had a demand sub-

mitted to us by the Dockers' Union. That was before the Transport Workers' organisation was formed. I advocated that these men should be met, and that we should discuss the thing with them, not only as the Port Authority, but that we should get together to meet the men, the whole of the interests in the port, including shipowners and the various independent interests such as granary-keepers and wharfingers. We met the men and arrived at an agreement by negotiation, and that was signed on Thursday, and I think votes of thanks were accorded to us for the way in which we had met them; but on the Monday they repudiated the whole thing, and that led to a labour disturbance which lasted about three weeks, and then it was all over. The terms which they had agreed to were maintained. That was the end of 1911. Then, in 1912, we had the big strike that lasted for 10 weeks. The origin of that strike was the attempt to enforce what is commonly called the "Ticket" on all workmen. As a large percentage of the men were non-union men, we made it clear that we did not interfere in any way, but we could not have the men interfered with. That led to a strike that lasted 10 weeks. That ended, as you will remember, in our point prevailing. I may tell you that we have on our authority two representatives of Labour, one nominated, I think, by the County Council, and one by the Board of Trade. They are members of our Staff Committee which is responsible for all labour questions. We get many advantages from their experience, and so on, but, honestly, I am bound to say that the anticipation that Labour representation on the Authority would prevent labour troubles has not been our experience. Still, we have to take it as it comes. We have had all sorts of negotiations with them in recent years, and I really have not very much complaint to make about it. In reply to your definite question as to whether we have had less trouble, I should think we have had more; but that, I think, is the tendency of the times.

26,085. Do you find the men work with greater will for the Authority?—I am not much in touch with the actual working. I do not think I would like to give an opinion, because I am not in touch with the actual working of the docks. The Superintendent would tell you better. I would not like to express an opinion.

26,086. What control has Parliament over the Dock Authority?—None whatever, except when we go there for increased charges or for further capital.

26,087. You have to go to Parliament for increased charges?—Yes. We work under statutory schedules in the ordinary way, and, of course, we could not exceed those. But owing to the enormous increase of wages in the last two or three years it became obvious that our schedules would not bear the increase, and so we then succeeded in getting a minute from the Board of Trade to exceed our charges up to a certain amount. Of course, the Board of Trade has some power over us, but that is not Parliament. For example, supposing a trader is aggrieved by anything we do or by anything we refuse him. If he applies for a licence for a wharf or a warehouse or riverside accommodation, and we for reasons think it is contrary to our policy to grant it, if he feels aggrieved he can appeal to the Board of Trade, and the Board of Trade can either sweep him on one side and say there is nothing in it, or they can call upon us to attend the hearing. The trader has that protection.

26,088. The Board of Trade has the final word?—Yes, the Board of Trade gives the final decision, and there is no appeal against it.

26,089. Have you seen the Bill for nationalisation of Coal Mines drafted by the Miners' Federation?—No.

26,090. In that Bill it is provided that there should be a Mining Council with a Minister as Chairman responsible to Parliament and also responsible to the Mining Council, and with half the members of the Mining Council (10) elected by the Miners' Federation. In your Port of London Authority what would be your position if half the members of your Council were members of the Dock Labourers' Union?—I should think it would be very difficult to carry on the under-

5 June, 1919.]

HUDSON EWBANK KEARLEY, VISCOUNT DEVONPORT.

[Continued.]

taking under those circumstances. I should think the persistent tendency of the Labour representatives would be in the direction of increasing wages, and consequently making things dear. I do not think we should have a state of happy accord.

26,091. You would not view it with equanimity?—I do not know about viewing it with equanimity; I should not be there, and I should not be a participator in that sort of management.

26,092. *Mr. R. H. Tawney*: You spoke of the salaries you paid. Could you give us any idea of what sort of salaries they are in figures?—Are you speaking of the higher grados?

26,093. Yes. You mentioned your two chief engineers?—I think our chief engineer, Mr. Palmer, was getting £4,000 a year.

26,094. Do you know what he was getting before?—He was in Calcutta; he came from Calcutta.

26,095. Do you know what the corresponding man was getting before under the Dock Company?—I should think at the outside £1,200 or £1,500 a year, and then he had very long service.

26,096. *Sir Arthur Duckham*: There is a question I omitted. It is interesting to us to know, in considering this matter, what is the proportion of the wages paid to the gross revenue of the undertaking?—I ought to be able to tell you, but I have not got the accounts with me.*

26,097. *Chairman*: Perhaps you will be kind enough to send us that?—Yes; if I had thought of it I would have brought it along, but I will send you the last annual accounts.

26,098. *Sir Arthur Duckham*: It would be rather interesting to compare it?—Yes, you will see it all set out there.

26,099. *Sir L. Chiozza Money*: You said, as I understand it, that there were two Labour representatives on your Board and they were nominated, as I understood it, by the Board of Trade?—No, one by the Board of Trade and one by the London County Council.

26,100. Are they directors?—No, they are members of the Board.

26,101. In spite of that nomination you have had labour troubles?—Yes.

26,102. May I ask your opinion on this point: Is it not probable that your labour troubles might have been less if these two Labour men had been nominated not by the Government, but by the trade unions, so that the trade unions and their members could feel that they had actually on the Board of Management men who could represent their point of view directly?—But it so happens that one of our representatives is a past President of the Trade Unions Congress only as recently as three years ago, and he is one of the most active and efficient members of those three great organisations.

26,103. I am not denying that. I am only suggesting that direct representation of the unions might give greater confidence to the men than mere nomination by Government Departments, however able the persons may be. It is a question of representation and the feeling of confidence in election. I only suggest it to you?—I follow your point, and I can only say as regards the Labour members that we have on the Board and who have been on the Board—two of them have died, and therefore they had to be supplanted by two new members—they undoubtedly possess the full confidence of the trade

union organisations. If you put it to me whether it would make the slightest difference to us whether those men were nominated by the trade unions or the Government Departments, I think it would not make the slightest difference; we should not mind in the least.

26,104. Do these two nominated representatives take an actual part in the direction of the work of the whole Authority? Are they in a managing capacity?—They are members of the Board.

26,105. They are not restricted to Labour questions?—Oh, dear, no; they are on important committees, and we always take care that they are on the staff committee when Labour questions are discussed and decided.

26,106. At any rate, you have there established the principle that you have two Labour men who are directly associated with the management of the whole undertaking in the real sense?—If you ask me if I have established the principle—the Government has established the principle.

26,107. It has established it and it works?—Well, it has to work.

26,108. It does work, and in practice it is found useful?—Yes. I think Labour representation has not been detrimental to us. It has its advantages. I do not know whether I shall offend anyone if I say they are always looking out for themselves and the interests they represent.

26,109. But you go so far as to say it has not been detrimental?—No, I do not think it has been detrimental.

26,110. *Sir Adam Nimmo*: Do you take any responsibility for the housing of your men?—We do, indeed. First of all, we are liable for the replacement of houses that we pull down in connection with developments. You are familiar with that obligation. Apart from that, we built a model city that cost us, I think, about £200,000, and we are extending that again very largely. We have a very large obligation relating to housing.

26,111. What proportion of your men do you house?—I do not think I could quite say that. Indeed, a good deal of the estate for which we are responsible is not necessarily tenanted by men in our employment.

26,112. Would it be a large percentage that you do assume responsibility for housing, or is it a comparatively small percentage?—Relatively to the total employment, I should say it was not unduly large.

26,113. *Mr. Robert Smillie*: Have you any single apartment houses for your workmen?—No, I should think not.

26,114. Have you any two-apartment houses in which a family live?—Would you explain to me what you mean by a two-apartment house?

26,115. *Sir L. Chiozza Money*: A two-roomed house?—Oh no, I think not.

26,116. *Mr. Robert Smillie*: You have no such thing?—No.

26,117. You would not think it right to put a family in a single apartment or two-apartment house?—No, we certainly should not, starting on that basis.

26,118. *Chairman*: Lord Devonport, thank you very much for your evidence. If you will kindly send a copy of those accounts, they will be of very great assistance.

Witness: Yes, I will.

(The Witness withdrew.)

Mr. WALTER LEAF, Sworn and Examined.

26,119. *Chairman*: Mr. Leaf, I think you are a Doctor of Literature and Chairman of the London County, Westminster and Parr's Bank?—And Parr's Bank.

26,120. You are a Fellow of the London University?—Yes.

26,121. You are one of the founders and first members and Vice-President of the London Chamber of Commerce?—Yes.

26,122. You were Deputy Chairman in 1885, Chairman in 1887, and since 1917 you have been Deputy Chairman of the London Clearing Bankers?—Yes. I may say I am now Chairman.

26,123. Certain questions were asked for your in-

formation as to the lines of evidence we desire. They are:—

- (1) The effect likely to be produced by nationalisation of mines and minerals upon
 - (a) the other industries of the country (including shipping);
 - (b) the coal export trade and thereby upon international finance.
- (2) The method of purchase, if nationalisation were decided upon
 - (a) whether by mines stock or general stock;
 - (b) what rate of interest; what sinking fund."

5 June, 1919.]

MR. WALTER LEAF.

[Continued.]

Mr. Leaf says:—

"I can give evidence only as an individual, and must expressly dissociate myself from my position at the moment as Chairman of the Committee of London Clearing Bankers. I have had no opportunity of consulting the Committee and no mandate to speak in their name; and I think it highly probable that in many points their opinion would materially differ from mine.

Nor have I any experience of the mining and allied industries. Until quite recently my only banking connection has been with London and the South-East of England.

I can only answer question (1) (a) in the most general manner.

The effect of nationalisation upon other industries would, I suppose, entirely depend upon the form in which it was carried out; and I understand that various forms have been under the consideration of the Commission. To judge between these requires a knowledge of the coal industry which I do not possess.

If nationalisation is to be carried out, the two essential conditions which must be fulfilled if no grave damage is to be done to industry in general are, I suppose, (1) that there should be a reasonable prospect that it would result at least in not less efficient production than at present, ensuring a cost to other industries for coal at least as low as that at which it could be produced under private ownership. (2) That existing interests should be purchased by the State at a price which will appear equitable in the view of the average fair-minded man. The second condition may, I hope, be taken as granted; any confiscation of the interests without fair compensation would of course be a shock to public confidence which would absolutely paralyse all industrial enterprise.

With regard to the first condition there is undoubtedly much scepticism; it will largely depend on the report of the Commission whether this can be overcome.

In answer to (1) (a), I can only say that it is in the eyes of the City of the first importance that the export of coal should be raised to the highest possible level, and that as soon as possible. In order to resume our international trade it is absolutely essential that the exchanges should be put on a proper basis. This can only be done by exporting; and coal is at once among the greatest of our exports, and the one which can be at once exported, without delays arising from adaptation of war machinery and the like. There is at the moment an almost unlimited demand for it abroad. It is therefore the article of commerce to which we mainly look at the moment to restore the foreign exchange to parity. Until this is done, our manufacturers must be at a great disadvantage wherever they have to import their raw material.

The replies to (2) (a) and (b) can only be of the most general nature. Such matters of interest and sinking fund would entirely depend on the condition of the money market at the time of issue. They would be materially influenced by the total amount of securities to be issued, and by the time over which the issues could be spread.

With regard to (1) (a), it may be pointed out that we have had various precedents in nationalisation already; for instance, the Indian railways, and the National Telephone Company. The Irish Land Purchase scheme, though perhaps not technically nationalisation, is analogous from the financial aspect.

The Indian railways were purchased by the Indian Government under the terms of their concessions. Though the terms were not identical in the cases of the different railways, the general principle followed was that the existence of the Companies was maintained, the lines being leased to them, and the shareholders being compensated partly by the issue of terminable annuities of different classes, partly by stock with a guaranteed minimum and a share of profits after the minimum had been provided

The National Telephone Company was bought by the issue of Exchequer Bonds bearing 3 per cent. interest. This is, of course, a direct Government security. The Irish land on the other hand was purchased through a special fund, which undertook the direct liability, though any deficiency must be made good by advances from the Consolidated Fund.

There is thus a considerable choice of precedents which might be followed; but none can be recommended *a priori* without close knowledge of the circumstances at the time of issue.

The choice between different methods must be governed by the primary consideration that any securities to be issued must not compete, for the present at least, with general Government borrowing. Any issue, for instance of Exchequer Bonds, on the scale that would be required for the purchase of the coal companies must be regarded as wholly out of the question. When the Government appeals to the investor, the securities offered must be alluring. In the case of securities given in payment of compulsory purchase, the amount given must be just, but it need not be alluring.

The sums required for the purchase may be divided into two classes; those which are given in exchange for capital values, such as stocks and shares in coal companies; and those which are given for income, such as royalties, way-leaves, and mineral rents.

I would suggest that the payments for all rights of the latter class might be made in the form of terminable annuities. Mineral rights being by their nature of a wasting character, there would be no injustice in principle in offering for them a terminable income. Into the principle on which the valuation for this purpose should be made it is not for me to enter; but I imagine that the valuation of such rights is perfectly well understood, and could easily be expressed in the form I suggest. By avoiding any capitalisation all questions of the incidence of income tax would be evaded.

Where payment has to be made for capital, the terminable annuity introduces difficulties. The principle has been employed in the purchase of the Indian railways. But in such a case each annual payment must be regarded actuarially as partly in the nature of interest, and partly of capital; and it is manifestly unjust that the portion which is really capital should be subject to income tax.

The difficulty has been partly evaded in the case of the Indian railways by the creation of a "Class B" of annuities, in which each annual payment is subject to a deduction for a sinking fund, handed over to trustees who invest it in order to provide a fund which will, at a given rate of interest, repay the capital at the expiration of the annuity. The same principle might perhaps be used in the purchase of the capital of the coal companies.

Terminable annuities of the first class would not in any way compete with existing Government securities. There is, of course, a certain amount of Government terminable annuities in existence; but they are not regarded as an investor's security, and are, I believe, almost wholly held by Government departments. They are a form of payment which might be made just, though they would not be alluring. No trustee, for instance, could invest in them.

If it should be decided to continue the existence of the Companies, with any necessary modifications, to work the mines under lease from the Government, the system of an issue of stock with a guaranteed minimum dividend of a small amount, say three per cent., with a share in the profits after this had been provided, to give a further dividend, as in the case of the Indian railways, would seem very suitable."

26,124. Mr. Sidney Webb: You have made a very interesting suggestion with regard to terminable annuities as a method of compensation for royalty rents. I do not know whether your suggestion carries the implication that the annuity ought to be of

5 June, 1919.]

MR. WALTER LEAF.

[Continued.]

the same value as the royalty owner has been receiving from his rents. I mean the security would be very different?—Yes. I have not been able to work out the matter, and I do not know, really, how rents are valued from my want of knowledge of the coal trade. I imagine it would be quite possible to give the same amount per annum and to adjust the value by giving it for a certain number of years. One owner who has royalties which were beginning to see their end might be given annuities for a period of five or ten years and another thirty or forty years. The valuation should be given in the number of years rather than the exact amount.

26,125. It could be adjusted that way?—Yes.

26,126. You have pointed out with heavy income tax there would be a considerable drawback?—I am not resting it on payment of capital value. When you are regarding it as payment on income the question of income tax does not come in. The question of income tax is applicable to the whole income.

26,127. As between two royalty owners having incomes of different values you suggest that a difference might be made by giving one an annuity of a shorter term than the other one?—Yes.

26,128. Do not you think the heavier income tax which would be levied on an annuity of a shorter term than an annuity over a longer term would make a difference there?—It would be the income tax for the time being which the owner would have to pay whether he paid it on his annuity or royalties.

26,129. On the further point with regard to the security, you for the moment can only take into account the difference in the value of the security of two different royalties. There is a more general question, is there not, that all these royalty rents are not regarded as quite such good securities as a Government annuity; they would not find so much money as purchasers?—Clearly not.

26,130. Therefore the compensation that would be equitably due to those royalty owners on that assumption would be not the amount of the income they are getting but a smaller amount of income because of the improved security which that smaller amount of income would be bearing?—You might do it either way, by giving them a smaller income for a longer number of years or giving them a larger income and shortening the number of years.

26,131. That would be a matter of calculation?—That would be a matter of valuation.

26,132. You have drawn our attention to the Irish Land Purchase Fund as a separate fund. That, of course, is obviously of interest, as there might conceivably be a coal fund. I see you inform us that any deficiency in that Irish Land Fund must be made good from the Consolidated Fund?—They must call upon the Consolidated Fund to advance any deficiency; it remains a liability of the Fund to the Consolidated Fund.

26,133. I suggest in effect that is regarded by the financial community as a good security, as good a security as the British Exchequer, is it not?—Curiously enough, it is not. The Irish 2½ Guaranteed Land Stock stands at the present moment at much the same price as 2½ per cent. Consols, which means it returns the investor nearly ½ per cent. more—about 9s. more.

26,134. From the point of view of the Treasury the country is paying ultimately that additional percentage because it has chosen to give the compensation in this sort of complicated way?—Yes.

26,135. We should have to take that into account if there was a proposal to take compensation out of a Coal Fund primarily?—The State would have to pay more. It would be a question for the Treasury whether they would not prefer to pay a rather higher rate of interest than make an issue which might damage the price of their principal securities.

26,136. As between two ways of issuing stock that would be a very relevant consideration?—Yes.

26,137. Assuming you could find a way of issuing the stock directly chargeable on the Exchequer, confining ourselves to a purely financial point, there would be a gain to the Treasury in paying directly from the Exchequer?—There would be a gain in price no doubt.

26,138. As regards the necessity of avoiding any competition with the Government issue, we notice that in the case of the Port of London Stock the payment was made in stock and not made in cash and a loan issued. Supposing the payment was made in stock, would that seriously compete with the Government issue? It would not be on the market?—It would be on the market as soon as issued. It might have to be a marketable stock which any owner could put upon the market.

26,139. It may be assumed it would not be put on the market altogether?—I suppose not the whole amount, but a very large amount would be put upon the market.

26,140. The owners who have been content to keep their capital in collieries or in royalty rents you think would hurry to get out of it if in Government Stock?—That would entirely depend upon what other securities were offering at the time. There might be some tempting offer which they preferred, and they would go at liberty then to realise their stock.

26,141. I suppose such an issue of stock in payment would not compete with the Government needs for other purposes to the same extent as if they issued a loan to buy up the coal and paid for the coal in cash?—That would be the worst possible form.

26,142. That would be the worst way of all?—Yes.

26,143. Rather than that it would be better to pay with stock, and possibly you suggest in separate stock?—It should certainly be separate stock.

26,144. In spite of the disadvantage that that would require a slightly higher rate of interest?—I hope the Commission will understand I have not been able to get up my evidence. If I had been able to present the case as I should have liked I should have gone straight to Sir John Bradbury and talked the matter over with him. I should like to know what the opinion of the Treasury on a point like that would be. I think the Treasury would say it was desirable to pay a little higher rate rather than to damage the credit of the Government in the eyes of the investors by knocking down the price of the various War Loan securities and other different Government liabilities.

26,145. Those suggestions are very useful. You are quite clear, I think, that without further enquiry that a payment in cash and raising of a Government Loan for the purpose would be the most injurious way?—Clearly, and quite unwise, in my opinion.

26,146. *Sir Alan Smith*: You say you would prefer to consult with the Treasury on a point of this description. Does that mean that you, who are a financial expert of standing, would prefer to discuss with a Government Department before you came to a conclusion affecting your business?—It is really not a matter that affects my business. It is a matter of Government borrowing, in which I am frequently in consultation with Sir John Bradbury, and I think the opinion of the Treasury in a matter of this sort is a dominating factor.

26,147. If we were desirous of obtaining the opinion of the Government Department we could call a witness. The difficulty is relying upon a Government Department with regard to its own business, and therefore we have asked you to assist us?—I can only do the best at very short notice. I only received a notice that the Commission wished to see me a week ago, and I have had no opportunity of consulting with anybody else.

26,148. What we should like is your own opinion and not the opinion you think would be conveyed by the Treasury. Do you seriously think from your own point of view it would be better to have a special stock?—Certainly I think it should be a special stock.

26,149. Of the nature of the Irish 2½ Stock?—I am very much inclined to say what I should prefer would be a system analogous to the Indian railways, the terminable annuities. In payment for capital it would be quite possible to have a class B annuity, I should think, in which the annuitants contribute themselves to a Sinking Fund which is placed in trustees' hands on their behalf at a rate calculated to give them back their capital at the expiration of the annuity.

5 June, 1919.]

MR. WALTER LEAP.

[Continued.]

26,150. I cannot follow you in the details of finance. I should like to see the idea in your mind in suggesting that. Do you wish to give to those who are expropriated something that will, if not satisfy them, at least carry conviction in the minds of the general public that a fair deal has been made?—Of course, I wish to do that. The Government would be taking over a revenue-producing business.

26,151. What is the revenue-producing business?—I am assuming the coal industry is producing a revenue.

26,152. What do you mean by the coal industry?—I talk about the coal mines at present. I adhere to my suggestion that the royalties should be paid by terminable annuities, what are called class A, that is to say, without a sinking fund. I suggest for the coal mines, that the payment for the shares and stocks might be made in terminable annuities with a deduction for a sinking fund that would not be a direct liability of the Government; the annuitants contribute so much out of their annual payment to trustees to accumulate to pay them off at the end of the term. The general idea, of course, is that in a revenue-producing business the payments of the annuities would come year by year out of the revenue and would not involve any direct cash advance from the Treasury.

26,153. As a financial expert, would you look with favour on the State entering into industrial enterprise, or would you prefer industrial enterprise should be carried on by private initiative?—I only wish to see the most efficient and economical method of production. I am not prejudiced against nationalisation by any means, if it can be assured it will tend to economy of production.

26,154. Do you think it will be good for the country from a financial point of view that private initiative should be restricted by the State entirely in that way?—I suppose I have a certain prejudice in favour of private enterprise. I have been engaged in it all my life, but I am quite prepared to consider an alternative. As far as I know, it has not worked badly with the Indian Railways, which is, perhaps, the chief instance we have.

26,155. Indian Railways are a different thing. The coal industry is an industry pure and simple. Railways one does not look upon in the same way as one looks upon business enterprises. Do you think the analogy is complete between the case of the Indian State Railways and the coal mining of this country?—No, I do not say it is complete. It will be a very remarkable experiment and, perhaps, a dangerous experiment to nationalise. I am not prepared to say it could not be made if it can be shown, and I may say we are looking to this Commission for light on the subject—

26,156. Please do not. You really give it as your opinion that it would not adversely affect the financial affairs if the State were to start an industry to the exclusion of private enterprise?—It entirely depends whether it would show it would tend to efficiency and economy in the enterprise.

26,157. The damage is done by that time?—Yes.

26,158. Do you think the financial security of this country would be better secured by, or better safeguarded by, the continuation of private initiative than the State conducting the industry?—We have had experience in the nationalisation of the telephones. I do not know that that has in any way damaged the credit of the State.

26,159. That is a common service again. Would you be good enough to answer the question? It is merely your opinion, and we do not ask for more than that. In your opinion, as a man of experience in financial affairs, do you think it would conduce to the financial stability of this country if private enterprise were eliminated and the State ran the industry?—The Interim Report of this Commission has somewhat modified the answer I should have given to that. I should have answered your question more decidedly two or three months ago than I am prepared to do now.

26,160. Would you answer it to-day as decidedly as you can?—My answer is, the Interim Report of this Commission has produced an opinion in my mind that

the coal industry, as at present conducted, is not conducted on the most efficient basis. I think you have gone a long way to make me prepared to look for another alternative.

26,161. Would you now please answer my question? Do you think that the financial stability of this country would be increased or decreased if it were to be known that the future was to be the State conducting the industry and not private enterprise doing so?—I do not think the financial stability of the country would be affected. I think the financial stability of the country would only be affected by the general efficiency of production, and I do not think the mere conduct of production by the State as such would affect the financial stability of the country; it is the economy of production.

26,162. You are not prepared to answer the question, evidently?—I have answered it, I think.

26,163. What would be the general effect of the knowledge that the State was coming into the industry to the exclusion of private enterprise. You cannot say whether that would adversely or beneficially affect the financial position of this country?—If you ask me in the abstract I do not think it is capable of an answer. I do not think it would affect the financial stability of the country.

26,164. In the last paragraph of your *précis* you refer to a guaranteed minimum rate of interest, say 3 per cent., with a share in the profits after this has been provided. The profits of what?—I am assuming that the companies either in their present form or in some modified form, with amalgamation or grouping in districts, are continued as separate entities and they are allowed to continue the business as such entities and under such Government control as may be thought necessary; that they would be allowed to make profits and those profits would be shared between the Government and the companies.

26,165. I do not follow you. I thought you were dealing with the payment of the royalty owners in the event of the companies being allowed to go on and the royalties being nationalised or purchased by the State?—I was referring to the companies being allowed to continue to carry on the industry.

26,166. You say this: "If it should be decided to continue the existence of the companies, with any necessary modifications, to work the mines under lease from the Government, the system of an issue of stock with a guaranteed minimum"—I understand that is with reference to the payment of the royalty owners?—Not at all.

26,167. What would you issue stock for in that case?—It would be necessary to give the companies the capital.

26,168. They have got the capital?—The capital would be taken and the stock would be issued in place of it. They would hand over the whole of their assets to the Government, and the Government in return would give them either guaranteed stock or terminable annuities.

26,169. Is that so? "If it should be decided to continue the existence of the companies." Do you mean if the State bought up all the companies and carried on under the separate companies notwithstanding the purchase?—Yes, that is the Indian Railway system.

26,170. The only other point I wish to raise is with reference to export. What is your opinion of the present International Money Exchange? Is it in a good condition or a bad one?—It is very difficult to say, because different countries are so differently situated. For instance, the exchange, taking neutral countries, in Scandinavia is in our favour at the present moment. It is against us in Spain, Switzerland and the United States.

26,171. You say Spain, Switzerland and the United States. Do we export coal to the United States?—No. Spain and Switzerland, I believe, are very much in want of coal.

26,172. Do we export coal to these countries?—Yes.

26,173. Do you think the amount of coal exported to Spain and Switzerland would be sufficient to steady up the exchange in our favour?—I should add South America, which has a very large demand for coal.

26,174. Has that demand been continued or recently fallen off; that is to say, the demand for coal from

5 June, 1919.]

MR. WALTER LEAF.

[Continued.]

those countries?—I cannot tell you; I have not the figures.

26,175. Then you give your opinion morely on the effect of the export of coal?—Yes.

26,176. Do you attach serious importance to having an increased export of coal?—I attach that importance to having the exports altogether increased, and coal seems to be the most immediately available if it can be got.

26,177. You mean the exports increased?—Yes; that is subject to the reserves for our own internal needs.

26,178. Would you suggest that the export of coal should go on even although we find we are restricted in the amount available in this country?—No, we must satisfy our own needs first.

26,179. Do you consider that where the State has expropriated certain interests in the country it would be wise to guarantee the capital of the loan issued?—Are you speaking of the coal industry, that the State should guarantee it?

26,180. If the State decides to buy out the royalty owners or if the State decides to take over the mines, having regard to the experience of the stock issued in connection with the land purchase, would you agree the State should take some means of safeguard to the coal owner or the royalty owner; that is, capital value would not be depressed if that stock was depressed?—I have tried to put the two, the royalty owner and the mine owner, on a different basis.

26,181. I am not on that point?—The suggestion is the royalty owner has not capital value.

26,182. You advocate a special stock instead of a general stock in payment?—I advocate for the royalties a system of terminable annuities, not a stock at all.

26,183. With regard to the issue of stock, you recommend a special stock?—Yes.

26,184. Is it not the case that special stocks have depreciated to a greater extent than the general stocks?—No, I do not think so. Take the Irish Land Stock.

26,185. Is that an extraordinary case?—No; Irish Land Stock has always been comparatively lower in price than Consols, which is the most comparable.

26,186. What other stocks have been issued?—There are Municipal Stocks.

26,187. I mean the Government Stocks?—I do not remember any but the Indian Railways.

26,188. *Mr. Sidney Webb*: Egyptian and Turkish Guaranteed?—I was thinking of industrial purposes.

26,189. *Sir Allan Smith*: You say the Irish Land Stock is the only special stock that has been issued, as far as you remember?—I do not at the moment remember any other.

26,190. The Irish Land Stock is the stock that has depreciated below the general stock?—It always has been. It has not depreciated more. It has depreciated *pari passu* with Consols.

26,191. Is it reasonable that the coal owners should be given a stock that would depreciate below the general stock?—If it was a Government Guaranteed Stock I do not see how it could. All Government Stocks must depreciate or appreciate *pari passu*.

26,192. You perfectly understand this stock must come on the market. Death Duties demand that the stocks shall come on the market, whether the owners like it or not. Would you be prepared to make any suggestion, if the coal owners are paid out by general stock, that the capital of that stock should be specially safeguarded?—I think it is impossible to safeguard it.

26,193. You would not make it repayable in full on demand?—That is impossible. That would be equivalent to a cash payment.

26,194. You say you are against any question of payment out by cash?—Certainly.

26,195. Why should the Government be able to expropriate individual private enterprise to the detriment of the private individual simply because they are coming into it? If the Government wishes to buy this industry, why should they not pay for it in the same way that the ordinary individual does?—I say the basis of everything is that the individual

must be paid a just price. That is what will commend itself to the average fair-minded man, and that is the standard we have to look to as being a fair and just price.

26,196. At the same time, you say you would not be a party to that fair and just price being paid in cash, if desired?—I think it would be very undesirable.

26,197. From your point of view?—From the nation's point of view.

26,198. If the nation is going to be fair and just, surely the point of view of the seller, who is the person expropriated, has some say in the matter?—If the Government will give you a stock which has a cash price that cash price must be fair.

26,199. You would not object to the Government giving a stock with a cash price?—No.

26,200. *Mr. Robert Smillie*: In the event of the Government taking over the minerals and agreeing to ask the present holders to compensate the nation for the coal already taken out, have you thought out any simple method of payment back to the State without being too harsh on the present owners?—No. That is a new point to me. I have never thought of that.

26,201. You have never thought out the question whether you have any method of protecting them against harsh payment in the event of the nation asking for compensation for royalties taken by the shareholders?—I have no opinion upon that point; it is new to me.

26,202. *Mr. R. W. Cooper*: In answer to Sir Alan Smith. I understood you to say you did not regard the mineral royalties as having a capital value?—Of course, any income can be translated into a present capital value.

26,203. Are you aware that for Death Duty purposes the capital value is constantly being ascertained at Somerset House?—Yes, and I suppose in every sale of land.

26,204. Like land?—The right is with the land, and it is sold separately or attached.

26,205. The Estate Duty is levied upon that footing?—Certainly.

26,206. With regard to your suggestion about terminable annuities, how would that work in the case of a settled estate? You know what I mean by a settled estate?—Yes. I am afraid I am not lawyer enough to answer that question. Land settlement is the last thing I should like to have an opinion about.

26,207. You have an area of coal, of which A. is the owner for life with remainder to B., who, on the death of A. will become entitled to the corpus of the property. How will your scheme of terminable annuities fit in with that state of affairs?—I do not know what would be the case if royalties came to an end during his life, or the seam was exhausted and he got no more royalties.

26,208. Do you not think a simpler plan is the ordinary business plan of ascertaining the capital value of the property and paying for it, and substituting, we will say, Government Stock for the property, and then letting the owners hold the stock on the same conditions as they held the property?—Perhaps it is the simplest; it is the most familiar, at all events.

26,209. The same difficulty would arise, but not to the same extent in the case of mortgaged estates?—Yes.

26,210. Would it not again be the simplest plan to ascertain the capital value on the ordinary principles of valuation?—Yes.

26,211. Paying for it in stock and the stock taking the position of the property?—There is no difficulty in ascertaining the capital value of a terminable annuity. That is done by the simplest of calculations.

26,212. In the case I put, if you ascertain the capital value you need not trouble about the terminable annuity?—I am thinking of the interests of the nation. I think of the Government as a borrower, and I suggest if you pay in the form of terminable annuities that can be transferred into capital value for the sake of a business or probate.

26,213. That is all right with the person getting it who is the absolute owner. I am taking the case of trustees or what is tantamount to trustees?—It is a

5 June, 1919.]

MR. WALTER LEAF.

[Continued.]

question that is arising in every case of terminable annuities, for instance, such as the Indian Railways. There are terminable annuities there. Trustees will not invest in Class A where there is no sinking fund, and Class B has been created to meet them with a sinking fund.

26,214. *Mr. Arthur Balfour*: I think you know that yesterday we had some figures with regard to the coal output?—I saw them hastily in the "Times" this morning.

26,215. In 1913 we exported 77,000,000 tons of coal, and according to the estimate, if we consume the same amount of coal in 1919-20 as in 1913, there is only 4,000,000 tons left to export instead of the 77,000,000 tons in 1913. What is your opinion about that?—I thought the figures were most alarming—calamitous.

26,216. *Chairman*: I should hesitate to cross-examine you, but I want to see that I have read aright one or two of your suggestions. With regard to mineral rights you suggest terminable annuities. Those are what you call Class A without a sinking fund?—Yes.

26,217. Will you tell me whether you would be in favour of fixing some maximum limit on the annuity. I cannot follow your point when you say the annuity in the case of a seam which is soon to be exhausted might be only for a few years. Is it possible, in your view, with fairness to fix an annuity for a maximum

for, say, 30 or 33 years? I am putting hypothetical figures. I would rather put X?—It would, I think, certainly be advisable. I have not been able to think out what that maximum would be. I suppose it might be 30, 40, or 50 years or something like that, but hardly more, I think.

26,218. The next question is with regard to the mines. I think you suggested this annuity without a sinking fund, and with a fixed rate of interest, we will say, for the sake of argument, at 3 per cent., plus a share of the profits, if any?—That would be a guaranteed stock with a guaranteed rate of interest. The rate of interest in the Indian Railways runs in some cases to 3, some 4. That is a matter for negotiation in the future.

26,219. Is there any particular name for that stock so that it can be identified?—I suppose it would be called a guaranteed stock. That is what they call it with regard to the Indian railways.

26,220. *Mr. Hodges* wants me to ask you a question. Take the case, for the sake of argument, of property in minerals which is not likely to be worked for the next 20 years, and will only come into working operation in the 21st year. Could terminable annuities fit in with a property like that?—I am not sufficiently conversant with the value of coal land. I do not know how that would be valued at all.

(The Witness withdrew.)

Sir HUGH BELL, Bart., Sworn and Examined.

26,221. *Chairman*: Sir Hugh Bell is a gentleman who speaks on behalf of the iron and steel manufacturers, and he is also Chairman of the Herden Collieries. He says:—

"I am Managing Director of Bell Brothers, Limited, a Director of Dorman, Long and Company Limited, and the North-Eastern Steel Company, as to which concerns I shall say more later; I am Chairman of the Herden Collieries, Limited, and of the North-Eastern Railway Company and other Companies.

I have been actively engaged in the manufacture of iron since 1862, when on my return from three years in France and Germany I entered the employment of Bell Brothers.

I have been requested by the National Federation of Iron and Steel Manufacturers to give evidence on the question of the suggested nationalisation of coal mines generally, and also particularly as to what would be the effect of such nationalisation upon the iron and steel industry."

(To the Witness.) You have expressed a desire to read the evidence yourself. Would you kindly do so?—I am much obliged to you for permitting me to put my *précis* before you in my own way. I think I can shorten the labours of the Commission by doing so.

26,222. Please take your time. Your evidence is important, and you represent a very large and important industry?—I will summarise what I have to say, reading those parts of my *précis* which seem to me to be necessary to support the arguments which I am attempting to lay before the Commission. You have mentioned that I represent the National Federation of Iron and Steel Manufacturers. I do not know whether you would care to have on the notes some statement what that consists of.

26,223. *Chairman*: Will you read it out so that it may go on the notes?—The number of members is 252. The approximate wages bill subject to levy is £21,000,000. The estimated nominal capital of members of the Federation is £110,000,000. The total steel production of Great Britain is 9,539,000 tons, of which 8,857,000 tons are produced by members of the Federation. The products which are dealt with by the Federation are pig iron, steel, billets, blooms, sections, plates, sheets, tinplates, bars, and rods. My evidence is divided, as you see, into four heads. The first head is a General Consideration on the Nationalisation of Coal Mines, and is

dealt with in the first paragraph of my *précis*. I need not dwell on the importance of the subject, nor for those who take the trouble to read my *précis* will it be necessary for me to go through it all.

26,224. You said you wanted to read the *précis* yourself?—Yes. I am going merely to draw attention to the heads and reads those portions which appear to me to be essential to the foundation of my argument.

26,225. What you read will go on the notes; what you do not read will not?—That being so, if the Commission will be patient with me, I will read it.

26,226. I think the shortest way is to read it and make such comments as you desire as you go along. Anything you say will be on the notes; what you do not say will not be on the notes.

"I have for more than half a century taken a deep interest not only in the business of my firm, but even more in the various difficult problems of an economic and social character which that business brought under my notice."

"I look back over that half century and see what a great improvement there has been in the conditions of labour throughout the country, and especially in my own industry."

"I view with grave apprehension the growing tendency to replace the action of economic law by Governmental interference. I find that this interference, however well meaning, is frequently ill-informed as to the most important matters bearing on the subjects with which it attempts to deal."

"I submit the question of whether any particular industry should or should not be nationalised must be determined by an examination of the case, the presumption not being in favour but against change; and I put in a quotation from the 'Economist,' which I will read: "

Government service has an inevitable tendency to introduce routine methods. The Civil Servant deals with enormous sums of money and formulates broad lines of policy, not on behalf of a private concern in which his interests are involved, but on behalf of the country as a whole and any decision taken commits his Minister before the House of Commons. In order to avoid placing their chief in a false position, the Civil Servants (and in this respect the business men became typical Civil Servants in a very short time), who obviously cannot refer every case to

5 June, 1919.]

SIR HUGH BELL, BART.

[Continued.]

their Minister without making the machine unduly cumbersome, inevitably develop for their own protection a set of rules, and their conduct becomes governed by precedent. The head of a business firm is a free agent in deciding matters of policy as they arise. The same man in a Government Department has to conform to the policy of the Department. When the Department has been in existence long enough, and rules have been established to meet all cases, initiative dies.

"In the special case of the coal mines, there are many weighty reasons why the suggested nationalisation would be against the best interests of the commercial progress of the country, and would therefore materially retard the further improvements in the general conditions of the workers which I sincerely desire should take place."

"The coal pits vary very greatly, and it requires special initiative of every kind to see that the pits are developed in their best way. I do not believe that that could be got from central government as well as by private industry."

"Again coal mining calls for constant speculation in the sinking of new shafts, whereas a highly centralised Government service does not lend itself to risk-taking."

"The magnitude of the colliery industry and its vital importance makes it an unsuitable field for such an experiment as is suggested. The coal mining industry gave employment before the war to over 1,100,000 men, and roughly one-tenth of the entire population directly depend upon it for their livelihood. Nearly the whole population indirectly depends upon it. There could be no graver decision in the whole realm of economic policy than the application of new and untried methods of organisation to so important a factor in the economic life of this country."

"The nationalisation of this industry would make about one-tenth of the male working population of Great Britain into direct State employees. It is not to be believed that the mere fact of nationalisation will make the coal miners of Great Britain into a contented body of men, completely satisfied with the distribution of the product of their industry."

"I am gravely apprehensive of the effect of nationalisation on the export trade on which the economic welfare of this country is peculiarly dependent. I desire specially to emphasise this point, as, in my opinion, it has not received the consideration it deserves."

And I deal with that in a paragraph of some importance which I do not propose to read.

26,227. *Chairman*: If it is of importance I will read it myself. What is the paragraph?

"A large export trade (which must, of course, be at competitive prices) is the chief means by which we obtain our imports of food and raw material, and coal plays a peculiarly important part in this exchange. Our essential imports (particularly wheat, meat, sugar, iron ore, hides, oil, oil seeds, timber, cotton and wool) are enormously greater in both weight and volume than our exports. The only export at all comparable in weight is coal, which before the war constituted 80 to 85 per cent. of the weight of our total exports. If coal exports are stopped, our ships must go out in ballast and charge imports with the value of the round voyage which will mean that they are imported at a higher price. (Even liners bunkering for a round voyage may be regarded as exporting coal against an import of goods.) The necessity for maintaining exports is, moreover, enormously stronger since the war owing to the fact that instead of getting a large tribute of imports from foreign countries in exchange for capital invested abroad, we have now not only sold our foreign investments but have become a debtor to many foreign countries, and must, therefore, find new ways of paying for our imports."

"In order to maintain our export trade in coal it is essential that we should secure the best possible output at the lowest possible cost, which is consistent

with the payment of adequate and liberal wages to the workers, and also that every possible effort should be made and all possible ingenuity and skill applied in securing the greatest possible demand for our products in the markets of the world."

I now proceed to considerations affecting the iron and steel trade:

"It is probably unnecessary that I should elaborate in any detail the importance of this industry and the engineering and allied trades dependent upon it, as these facts are obvious and well known. It has already been given in evidence before the Commission that the iron and steel industry consumes at least one-seventh of the total amount of coal raised in this country, and that approximately four tons of coal are used to produce one ton of finished steel and a larger quantity per ton of wrought iron. The development of the steel works during the war; which when completed will give us an annual capacity of 12 million tons of steel compared with an output of 7½ million tons before the war, means that the trade will make a much greater call on our coal resources than in the past. The iron and steel trade has therefore a direct interest in the production of a larger supply of coal for home consumption."

"Again, the iron ore mines abroad, which provide the material for nearly 40 per cent. of our production, have been seriously affected in raising and transporting minerals by the shortage and high price of British coal. Unless we can secure imports of iron ore in quantities exceeding pre-war deliveries there is not the smallest prospect of our being able to produce sufficient pig iron to supply the full capacity of our greatly enlarged steel plants. Practically the whole of these imports of iron ore are at present obtained from Spain, Algeria, Tunis and Scandinavia, and the conditions as regards the return cargoes are the same in all four cases, namely, that the ships which import iron ore usually return with coal cargoes either direct to the exporting ore country or to adjoining countries from which a short voyage in ballast is easy. In 1913, British fuel exports to Spain alone amounted to 2,823,961 tons. Unless this export is maintained, Spanish ore will only be imported at greatly enhanced prices and freight rates. The early revival of the export of coal is therefore of vital importance to the iron and steel trade."

"As regards the export of its own products, the situation may be gathered from the following figures: The American pre-war production of steel was about 31,000,000 tons a year, whereas her present capacity for production is about 48,000,000 tons. Previous to the war the United Kingdom exported about 5,000,000 tons of iron and steel and the United States only about 2,700,000 tons. America's increased output will give her an enormous exportable surplus whenever the home demand falls off. She also has the advantage in cost. At present the price of blast furnace coke in England at ovens is upwards of 42s. per ton, whereas the price of coke in the United States is less than half that sum. When it is remembered that from 25 to 35 cwt. of coke is needed to produce a ton of pig iron, the importance of this advantage in cost in its effect on America's power to compete is obvious."

"According to the Census of Production of 1907 the total gross value of the output of the iron and steel industry in Great Britain at that time amounted to about £250 millions and its export in the same year to £97½ millions. The imports at the same date amounted to £27½ millions. There was, therefore, at that time a clear surplus of exports of £70 millions. In 1913 the corresponding figures were for exports £118 millions and for imports £41 millions; an excess of £76½ millions. This excess served to pay for the various imports required in this country. I ask the Commission to consider what the effect would be if as a result of this enquiry the cost of fuel were materially increased. Approximately the same value of coal and of iron ore is required to make a ton of steel, and in the past, again speaking in round figures, about one-third of

5 June, 1919.]

SIR HUGH BELL, BART.

[Continued.]

the cost of pig iron was incurred in providing the fuel. It is, I think, evident that any serious relative increase in the cost of fuel would put this country in a very awkward position in the markets of the world, and unless our export trade can be maintained, there is absolute certainty of a large amount of unemployment in the iron and steel trade."

26,228. Before you pass from that, we have the figures, but I have forgotten them. How many wago earners are employed in the iron and steel trade?—I am sorry I have not provided myself with that figure, but I could easily get it and put it in.

26,229. I should like to compare it with the number engaged in the mining industry?—I rather think the figures are given in the census of production.

26,230. I think they are, but I have forgotten them?—As you know, it is very difficult to get them in any exact way, except from that rather obsolete document in 1907, but I will get the figures for you.

26,231. *Mr. Arthur Balfour*: It is as near as possible the same as the miners?—I do not like to commit myself to a figure, but I think *Mr. Balfour* is right. At the same time you must define the iron trade in its broadest sense.

26,232. *Sir L. Chiozza Money*: Are you including the engineers? There are not a million engaged in the iron and steel trade.

Mr. R. H. Tawney: Are you including engineers?

Mr. Arthur Balfour: No.

The Witness: I do not think you can exclude from the consideration that I am now laying before the Commission the commodities which are in the main iron; for example, a ship is certainly an iron export, and I so regard it.

26,233. *Sir L. Chiozza Money*: In that sense it would be true, but not in the other sense. There are not one million men engaged in the iron and steel trade?—I have no doubt you are quite right.

"The iron and steel trade has another special interest in the question of nationalisation arising from the fact that many of the large iron and steel works have acquired collieries for the special purpose of their business. The grounds on which this policy is based will appear when I show its practical effect on the industry as exemplified in the case of my own works."

26,234. *Chairman*: Now you come to the case of composite firms illustrated by your own business. Will you read that?—Yes, I hoped you would allow me to state it.

26,235. If you like, I will read it. I think it is better to read it all.

"Allowing for varying conditions, the features of my own business are generally typical of the results of private enterprise and management in the large iron and steel businesses of the country, and I have selected my own experience, because the facts are within my knowledge, and I shall be able to answer any questions or give any explanations which may be desired."

"The firm of Bell Brothers was founded in 1844 by my father and his two brothers. In 1854 they began the manufacture of pig iron at Clarence on the north bank of the Tees, having acquired leasehold ironstone royalties in Cleveland. In subsequent years they acquired further ironstone royalties at Skelton and elsewhere in that district. In 1864 they acquired coal royalties in the County of Durham. They also became possessed of limestone quarries in Weardale. In 1887 a series of experiments to manufacture steel from Cleveland iron was begun on a large scale in the open hearth furnace. For a variety of reasons these were suspended for a period, but were finally brought to a satisfactory conclusion. About 1895 Messrs. Dorman, Long & Company had simultaneously conducted a similar series of experiments, and in 1899 a fusion of interests took place, and Bell Brothers, which had been previously a purely family concern, was floated as a public limited company, Dorman, Long & Company and the family of Sir Lowthian Bell, my father, agreeing to take all the ordinary shares of the new company and to erect steel works at a cost not less than £300,000 for the manufacture of steel from the Cleveland iron made

at Clarence. In 1903 the whole of the shares of the North Eastern Steel Company, with the exception of a very trifling amount, were acquired. In 1917 the shares of Sir Bernard Samuelson & Company were acquired. Regarding the whole enterprise as one, the following figures show the annual productive capacity:—

Ironstone	...	...	...	1,644,000 tons.
Coal	...	...	...	1,425,000 "
Limestone	...	...	...	300,000 "
Pig Iron	...	...	...	1,026,000 "
Steel Ingots	...	...	...	811,000 "

This will be greatly increased in the immediate future by large steel works at Redcar now in process of erection and only partially at work, and probably still further by a reconstruction of the works of the North Eastern Steel Company which is now in contemplation."

"Extensive alterations and improvements are also in progress at Clarence, with a view to increasing and cheapening production. The Britannia Works of Dorman, Long & Co. are also being greatly improved. I desire to point out to the Commission that those responsible for the various parts of what I am now treating as a whole have pursued a consistent policy throughout, endeavouring as opportunity offered to secure for themselves supplies of their own raw materials, and I wish to emphasise the point that it would be impossible under Government management to build up and develop a business of this kind or to undertake the further development to which I desire to refer. As I have stated, Bell Brothers, already possessing their own ironstone mines, became colliery owners ten years later. They have again and again increased their holding in coal, and have at present a large undeveloped royalty (Hutton Henry) in the County of Durham, which it was, prior to the present enquiry, their intention to develop in order to maintain, and I may say increase, their supplies of fuel. The acquisition of the works of Sir Bernard Samuelson formed part of the same policy, this company possessing both ironstone mines and coal mines. The Britannia Works of Dorman, Long & Company had been dependent for their supplies of pig iron and fuel on outside sources, and found this extremely inconvenient. When the various developments had been completed the concern would be self-sufficing for fuel, flux and ironstone, subject to the reservation that the supplies of pure oxide of iron needed for the steel furnaces would have to be drawn from overseas."

"The event has amply justified the foresight of my father and his brothers. The tendency observable for at least the last half-century towards what is called "concentration" has been nowhere more marked than in the iron trade. Units of over-increasing size have been formed. To-day the view commonly held by those best able to judge is that the composite works will command the market. It is essential that the process should be uninterrupted from the ore to the finished bar."

"But in my opinion we may go even further and say that it is of the greatest importance that the quality of the fuel used in the blast furnace should be constant. I would prefer a somewhat less excellent coke of absolutely uniform composition and physical condition to a fuel of better average quality which varied within somewhat wide limits. It was in consequence of this view, among others, that when the question of erecting by-product ovens came up for discussion we determined to put the ovens at the iron works rather than at the collieries."

"A further reason for pursuing this course is the fact that among the by-products of the production of coke is combustible gas. This can be utilised in various ways. At the steel works I think it would be safe to say that no other fuel is required for the production of steel than the coal brought to the works to make coke for use in the blast furnaces which form an essential part of the composite plant. The combustible gas coming from the coke ovens, and the gas, also combustible, but possessing much less energy, coming from the blast furnace, ought to supply all the power required to recover the other

5 June, 1919.]

SIR HUGH BELL, BART.

[Continued.]

by-products of the coke works, to blow the furnaces, to heat the melting furnaces and to roll the steel ingots."

"To go back to the question of maintaining a constant quality of coke, this will evidently be better done by bringing fuel from the various sources from which it can be drawn to one central point where the different qualities can be prepared for use in the coke oven. This preparation consists in washing and mixing in such proportion as will secure that the resulting coke shall be, as far as possible, of constant quality. I need not labour the point, but suppose I am drawing coal from three different collieries—one containing 8 per cent. of ash, the other 10 per cent., and the third 15 per cent. I mix these three together and get coal of 11 per cent. of ash. This will suit me very much better than having one day coal with 8 per cent. of ash and the next day, perhaps, coal with 15 per cent."

"In fact the quality of the coke has such a vitally important effect upon the economic working of the furnaces that it may be broadly stated that, save in exceptional times of prosperity, the whole difference between working the furnaces at a loss and at a profit will depend upon the proper quality being maintained."

"I am, therefore, strongly of opinion that any separation of ownership must necessarily be disadvantageous to the steel manufacturer, and I view with the greatest apprehension the proposal to remove my collieries from my own management and place them in any other hands whatsoever. It will involve reversing a policy deliberately adopted more than 60 years ago and consistently followed ever since with, I affirm, the best results."

26,236. Will you kindly tell us how far your collieries are from your steel works?—Within 20 miles. If you will allow me to say so, your question is a very pertinent and germane one, because if they were, say, 100 miles away I think the considerations might have to be modified, but wherever the coal is situated, as it usually is, in somewhat close proximity to the markets, within a distance of, say, 50 miles, I believe the balance would be in favour of keeping the coke ovens at the steel works and not at the collieries. Perhaps you will allow me to add that I have not dismissed the possibility of coke works at collieries. There are certain conditions—I myself have an example of them—where the presence of coke ovens at collieries is obviously indicated. The Horden Collieries have been mentioned, I believe, in this room by Lord Gainford. At one of our collieries at Horden, the Horden Colliery itself, we have thought it well to build by-product coke ovens, because there we have a means of utilising all the power we shall require. We shall convert it into electricity, if we are allowed, and I venture to think if we are not allowed a great mistake will be made; we shall use the electricity for drawing the coal at the colliery at which it is produced and for the whole of the underground operations at that colliery. The surplus we shall send to the adjoining colliery at Black Hall and probably later to Castle-Eden, which (again if we are allowed) we shall put into order. Any surplus we shall pour into the mains of a private enterprise (again if it is allowed to continue), I believe to the advantage of all the parties concerned, including the consumers drawing their supply from the private enterprise.

26,237. Are your collieries and your steel works separate legal entities, or are they owned by the same company?—They are owned by the same company. They are owned by Bell Bros. The leases are in the hands of Bell Bros., but Dorman, Long & Co. are the capping company of the whole concern. It does not affect the question. My answer to you is, Yes.

26,238. Do you regard your collieries as merely ancillary to your steel works? Do you have collieries for the purpose of producing steel or are they two separate undertakings?—We bought the collieries to use the coke at our blast furnaces in 1864. We do not use the whole of it at the blast furnaces. We

sell some part—as little as possible, because we do not want to be in the coal trade more than we can help. Our one object is to make now steel, then pig iron.

26,239. Then what you would say, I suppose, would be that you are a steel manufacturer who has collieries for the purpose of your steel business, and you are not both a colliery proprietor and a steel manufacturer?—No. I am a steel maker, and for the purpose of my business I possess collieries. I happen to make, for example, bricks at my collieries, but they are just as much part of the steel enterprise as the finished ingot. I make bricks because it pays me to make bricks as part of the enterprise, and I should, I think you will allow, be a very unwise man if I did not take that opportunity of adding a little to my profit.

26,240. Thank you. Now will you go on:

"GENERAL ECONOMIC CONSIDERATIONS.

"The facts which I have stated place the ironmaster occupying a similar position to mine in a very exceptional position, and enable him to throw an important light on perhaps the most vital problem of all, namely, whether these industries could have paid higher wages to the workers than they actually paid under private management. The heads of a business such as I have described are familiar with the whole of the process of manufacture from the raw material to the steel bar, and are therefore able to examine the costs in a manner which is not by any means usual even in that industry, and is very rare in any other. I have studied this question for many years past. My first paper on the subject was published in 1892. The result of my examination leads me to the following conclusions, which I am inclined to think are generally applicable to all manufactured articles, and I affirm that they apply to all those which I have had the opportunity of examining. I have no doubt of their substantial accuracy with regard to coal, iron and steel."

"If we take the selling price of my product at 100, I believe it will on the average be found to be divided as follows:—

Wages	...	...	70 per cent.
Salaries	...	...	5 per cent.
		—	75 per cent.
Sundry items with which I will shortly deal in more detail	...	...	15 per cent.
Gross profit as to which also I have something more to say below	...	...	10 per cent."

"These proportions will vary from month to month and even from year to year. In my experience of the iron trade there have been many years when the Divisible Profit in contradistinction to Gross Profit has entirely disappeared, and there have not been wanting occasions when the item Gross Profit had also vanished. But on the average of years I am of opinion that these figures will prove correct, and I am prepared to submit to the Commission full evidence in proof of this view."

"It is necessary to examine each of the items in some little detail in order to justify and explain them."

"Wages.—By this is to be understood not only the wages paid directly to men in the ironmaster's employment, but also to those paid indirectly. For example, in Cleveland the railway dues on a ton of steel amounted before the war to about 10s., but of this, as near as may be, 3s. was disbursed by the railway company in wages; and so with all the other services and commodities which the ironmaster draws from other sources. We should not, I think, be far wrong if we put it that the ironmaster pays the men in his own employment 50 per cent. of his gross receipts, and something like 25 per cent. indirectly to men in the employment of others."

26,241. Now I will read the next paragraph:

"Salaries.—There is a little ambiguity in this term, and its interpretation varies from industry to industry. For example, in the case of the railway, salaries bulk somewhat larger, and there may be

5 June, 1919.]

SIR HUGH BELL, BART.

[Continued.]

other industries with which I am not familiar, in which it is smaller. Speaking generally, I define a salary as payment for services in connection with administration and not with production. There are cases on the border line in which the item may be charged to either class, but inclusion in the one or the other would make very little difference in the result. After careful consideration of the question, I am of opinion that the 5 per cent. I have mentioned is about the correct figure for my own trade. This covers all disbursements for administration, from the Director and General Manager down to the latest come juvenile clerk or sub-manager."

"Sundries.—In this item is included a very miscellaneous collection of disbursements. Among these I may mention, in the first place, royalties. This is an item which has already been dealt with by other witnesses, and I will say no more with regard to it than that it appears to me to be an economic incident from which it is impossible to escape. Another item is interest paid to others. If I may again refer to payment of the railway company, I would point out that out of the 10s. I have assumed as the charge for railway services something like 3s. 6d. is required to meet the interest and dividend payable to the owners of the railway capital. It is a matter of indifference to me, as an ironmaster, to whom this payment is actually made. If the State become possessed of the railway property they must in some way or other obtain the funds to pay, not only for the existing capital they will have acquired, but (what is perhaps of more importance) to pay interest on the large additional expenditure which stands before the railway enterprise if the development of this country is to continue. In the item 'sundries' is also included all rates and taxes for which provision has not been made in the wages and salaries. I would like to point out in passing that a very large proportion of the payments we make for rates and taxes goes to remunerating men in the employment of the local authority or of the Government, e.g., the police, the school teachers, the men serving in the Army and Navy, all the multifarious crowd (alas! now so overgrown and indisciplined) of civil servants, and last, but not least, the army of persons whose business it is to collect the money to pay themselves and the rest of the crowd."

Now will you go on with the question of profit?—*Profit.*—I come finally to the 10 per cent. which I have set aside under this head. The political economist finds great difficulty in dealing with this subject. The practical man of business finds it equally puzzling, and most of the commercial disasters depend on mistakes made with regard to it. For the purpose of this discussion perhaps the following tentative definition of Gross Profit will suffice: Gross Profit is the surplus of receipts remaining after all the current charges have been defrayed, and there has been set aside such amount for amortisation of the capital as the circumstances of the case warrant plus such further amounts, for ordinary wear and tear, as ought to belong to the period under review which from circumstances it has not been possible to spend for the purpose during that period. A concern managed under these conditions would be maintained at any time during its history in precisely the condition in which it was at any previous moment."

"But in industry that is not sufficient. It is necessary not only to maintain, but to improve. Take any industry you please and you will find that the conditions of production are continually altering. If a going concern is to maintain its position it must be prepared to spend some part of its surplus in making improvements, which will not add to its earning capacity, but will merely maintain it. It is obvious that such expenditure cannot be added to capital indefinitely or even at all. If added indefinitely, profits would ultimately disappear. If added at all, there would be a tendency in dividends to decline. All possibility of increasing the works would vanish because new capital would be unobtainable. It is necessary to dwell on this in order to justify the next proposition I have to lay before the Commission, namely, that no industrial enterprise

conducted on sound principles can with safety distribute more than between one-half, and at the outside two-thirds of its gross profits, the remainder being needed for the maintenance of the undertaking."

Shall I read the note?

26,242. Yes, if you will kindly do so?—"Incidentally, I would like to point out the effect of a very heavy Income Tax levied on the gross profits. It cuts into the funds available for the purpose to which I am referring. Assume, for example, some concern with a gross profit of 100, assume that the Income Tax stood at 10 per cent., assume that the management determined on a division among its shareholders of one-half of the gross profit, and of the retention for the purposes of undertaking the other half. The shareholder would receive 45 per cent. of the total, the management would retain 45 per cent., and the tax collector would take 10 per cent. The 45 per cent. remaining in the concern would be available for the purposes to which I have been referring. Assume that the Income Tax from 10 per cent. rises to 50 per cent. Instead of 45 per cent. for the purposes in question the management would be left with only 25 per cent., a sum quite insufficient for the purpose. I need not dwell on the matter further beyond pointing out that if the 50 per cent. Income Tax is imperative, and the 45 per cent. retention from gross profit equally obligatory, the unfortunate shareholder would be left with 5 per cent. instead of 45 per cent., and I am afraid would not be very ready to respond to the management when appeal was made to him to provide additional capital."

"I have thought it incumbent upon me to dwell at some length on these various questions in order to found on them an argument which appears to me of essential moment in considering the questions now before the Commission. I understand that one, if not the chief object which is sought to be gained by the nationalisation of mines is to satisfy the demand for a higher wage by those engaged in that industry, and that it is alleged, among other things, that one source of this additional remuneration would come from the amount of profit taken by the present proprietary. I think it will be evident from what I have said that this cannot be the case. For, supposing the whole of the divisible profit had been utilised in this way, it would not have added 10 per cent. to the wages paid. I can give confirmation of this view by telling the Commission that if my firm had paid 10 per cent. more wages than the sums actually disbursed in the last 50 years no profit at all would have been left for the owners. It may be contended that additional remuneration could have been obtained by more efficient management. In reply to this view I maintain that individual management, relying for its remuneration on its success (which for the present purpose I measure by profit), is more likely to be efficient and thrifty than the management of a department which in ultimate recourse will have either a call upon the taxpayer or an apparent power to regulate wages in an arbitrary manner and independently of economic laws. I admit that many mistakes have been made, and are continually being made, by individual management and individual managers. These mistakes, however, bear early fruit and are rapidly corrected by the pressure of circumstances; whereas under State management they would tend to be disguised until perhaps they had done irreparable injury."

26,243. Now I will read on. If you want to make any comment while I am reading it, stop me and add what you want to say:

"I may interpolate here an important consideration which calls for notice, namely, the interconnection of the wage level in different trades. The collier is asking for higher wages on the ground, as I understand it, that his employment is dangerous, difficult and disagreeable. Implicitly he is contending that his wages in relation to the services of other classes are too low. But the same view is being put forward by the railway men, who are equally demanding higher remuneration under threat of withholding

5 June, 1919.]

SIR HUGH BELL, BART.

[Continued.]

their labour. Beside all this, other classes of miners claim to receive similar advances of wages to those sought by the colliers on grounds alleged to be peculiar to them. For example, the Cleveland miners, who are members of the National Mining Federation, have demanded and have obtained the same advances. The limestone quarrymen in Wear-dale, whose interests are cared for directly by the Cleveland Miners' Association and indirectly by the Miners' Federation, are also to receive the same advances. It would therefore appear that the result of the present agitation will be to maintain the whole of the wages in the United Kingdom at their present very high rate, and possibly to raise them still further. If this occurs it will mean that unless and until productivity increases in equal proportion the cost of all commodities in the United Kingdom will be enhanced in equal proportion, with the result that the real position of the wage earner will not be improved."

"This brings me to another aspect of the question. Speaking generally, I suppose it will not be denied that the proceeds of the sale of any important article of production must suffice to pay the whole of the cost of that article, including in the term cost everything that is essential to its production. I think I am further entitled to assume that a return on the capital involved forms one of these essential items. From what I have already said it will be seen that I regard it as susceptible of proof that in the division which has taken place up to now there has on an average been no fund from which any considerable increase could be accorded to any one of the items of cost by taking it from some of the other items. This contention is not incompatible with the fact that wages have increased to a very remarkable degree since I first began to deal with labour questions. Apart from certain exceptional periods (among which I must certainly set the last five years) there has been a steady increase in the rate of wages which does not fall far short of 1 per cent. per annum. It may be asked, how is this circumstance to be reconciled with what I have said as to the impossibility of according any increase of wages out of the proceeds of the industry? The answer is that during the whole of the period in question there has been a steady improvement in productivity. I put the proposition in this way. The bargain between the workman and his employer is that in return for a certain wage paid by the employer the workman shall during the hours of his labour give the whole of his energy to the discharge of his task. The amount to be paid to him has been settled by a long process of higgling, and whatever may be said as to this in the past, no one conversant with the facts of to-day will doubt that in this process of higgling the workman stands at little or no disadvantage to his employer. Speaking with the experience of more than half a century, I express my complete conviction that the workman has secured the full amount which over time the industry in the circumstances then prevailing could afford to pay. But this mere fact made it incumbent on the employer to do everything in his power to add to the efficiency of the workman, and it is from the interaction of these two forces that the steady rise of wages has occurred. The employer has sought continually to improve the conditions under which the labourer exercised his calling so that the resulting produce should be increased. I am quite prepared to admit that to effect this he had to call for additional skill from the workman. But he was willing to pay for this additional skill. The general effect of the process may be shown by the following example: When I first became acquainted with the manufacture of pig iron the cost of labour at the blast furnace amounted to something like 6s. per ton. Prior to the war, and indeed prior to certain changes in conditions which set in some time before August, 1914, this cost had fallen to about 3s. 6d. per ton. In the interval not only had wages risen in the remarkable manner to which I have made reference, but the hours of labour had been reduced from 12 to 8 per day. I should like here to show how much can be effected when the parties are prepared to devote themselves wholeheartedly to the solution of any industrial problem. It took several

years of close and patient inquiry between the Ironmasters of Cleveland and the Blast Furnacemen's Association to find this solution, but, in fact, they found it without calling upon Parliament to interfere. Not very different from this is the history of the shortening of hours in the coal mines of Northumberland and Durham."

"This brings me to submit a consideration which is too frequently neglected by all the parties concerned in industrial production, namely, the necessity of affording to all the persons interested the fullest information possible. I have long held the desirability of this. I have never omitted the opportunity of urging it upon my colleagues, and I have been ready, as far as possible, to give information to the workmen with whom I have been connected. Before this enquiry began the Durham Coal Owners and the Durham Miners' Federation were discussing the manner in which information as to the costs of working coal in the County of Durham and the resulting profit should be officially made known to the workmen. I am sorry our negotiations were interrupted by the present enquiry. They show on the one hand how far the coal owners were prepared to go in giving information, and I venture to think that they show on the other hand how much the miners had to learn as to the nature of costs and, second, how ready they were to be instructed on the matter."

"I should like at this point to state my very strong conviction that the amount of profit earned in any particular industry, and still more in any particular establishment in that industry, is no direct measure of the wage payable to the men employed. The amount of wage is, in my judgment, determined by the general condition of the labour market, and not directly by the wages of any particular branch of it. This does not mean that if my profits are at any moment very high I will not be willing to pay wages in excess of those prevailing in the country at large. The fact is the manufacturer does not pretend to be a professor of economics, or even to be conducting a technical school of economics. He is seeking to make a profit, and he will often sin against economic laws and give extra wages to secure large profits, which he would otherwise lose, rather than risk a strike which would deprive him of the opportunity of making hay while the sun shone. In a perfect economic world this phenomenon would not occur, but in the world as we know it it very frequently happens. It is to be observed that the converse is also often true, and that in a falling market with declining profits the manufacturer will often pay wages in excess of his real capacity rather than incur the greater loss which would be involved in obtaining reduction to a figure which under the circumstances would be a reasonable one."

Now perhaps you would like to read the last paragraph?—Perhaps I may interpolate an observation with regard to the last sentence you have read. I have known pig-iron in Cleveland at 28s. a ton. I lost less money making it at 28s. a ton at the bottom of the market than I lost at 65s. in a falling market. I had not been able, in my reduction of expenses, to overtake the fall. I had been able, in the extremely depressed market, to trim the sails of my ship so that it would stand the weather.

"It may be thought that I have not suggested to the Commission any plan to alter a state of matters which cannot be regarded as satisfactory, and I admit the force of the remark. But this is because there is no Royal Road by which we can travel to a solution. To bring about the improvement we all desire will call for the hearty co-operation of all the parties involved. At present an attitude which may be called antagonistic exists between them. This must cease. To effect this it is necessary that the fullest information should be afforded by the management to all engaged in the enterprise. That the final word must rest with the manager cannot be contested. (If two men ride a horse one must ride behind and leave the reins in the hands of the other.) But this need not prevent the workman

5 June, 1919.]

SIR HUGH BELL, BART.

[Continued]

being made fully aware of all the circumstances of the trade in which he is engaged and in which, may I add, he has already so deep an interest and so large a share. We are too apt to look more at the competitive side of industry in all its aspects. We overlook the fact that commerce is not conflict but

co-operation, and that the best bargain is the bargain out of which both parties derive advantage. This view and the spirit it produces would, in my judgment, go far to find the solution for which we must all strive."

Chairman: Thank you very much for your proof.

(Adjourned for a short time.)

26,244. Sir L. Chiozza Money: Sir Hugh, you realise, of course, that the parts of your evidence which most concern us are those which have direct relevance to the question of nationalisation? May I, first of all, direct your attention to what you say on the first page of your *précis* with regard to Government interference in industry? Do you realise that when the war broke out our inadequate production of iron and steel was a great danger to the country?—We were short of large quantities of iron and steel, and of course I cannot deny that.

26,245. Is it not the fact that in 1911 and 1912 some of us had a very serious discussion as to whether the iron and steel industry in this country was adequate for its needs?—Yes, I am aware of that discussion. I did not agree with the views expressed.

26,246. You remember I tried to point out in 1911, in some articles which met with a good deal of attention in the North of England, that our inadequate production of steel was a great danger to the country?—Yes.

26,247. Do you think that is very creditable to private enterprise?—Quite.

26,248. Is it not the fact that owing to the inadequate production of iron in this country by private enterprise, the Government had to come to the rescue of the country during the war, and that in about three years it increased the production of steel by about 50 per cent.?—Yes. Now let me tell you where I think that the date of the rescue ought to be taken to—it is a good deal before 1911. The British Government and British engineers have from the very beginning placed every obstacle in their power in the way of increased steel production in this country.

26,249. I did not quite catch your answer. Do you say the Government and the engineers?—Yes, and the civil engineers.

26,250. It is not only the Government?—No, I put them both together. The discovery of the so-called Basic process was a very distinct drawback to Great Britain, because the materials which Great Britain possessed were by no means suitable for that process. The British Government and British engineers, instead of doing as was done in the case of foreign countries, namely, encouraging the manufacturers to increase the production of steel of that quality, put every possible obstacle in the way. Basic steel was absolutely prohibited. You could not use it for Admiralty and many other purposes. The Indian Government, for a long time, refused to take such a thing as a rail made out of basic steel. Every possible objection was put in the way of increasing the output of basic steel in this country. If we had been encouraged, there is no question but that we should have increased our output of steel.

26,251. How do you mean the Government should have encouraged it? After all, what was the Government control of steel in this country? It is true orders were given by the Admiralty, but the great demand for steel in this country was from private enterprise. Therefore your accusation lies against private enterprise?—I beg your pardon. The fact that the Admiralty had prohibited steel of that quality put a black mark against it for general purposes. Over and over again attempts were made to get the Admiralty to accept it, but unsuccessfully. If I may go a little further, on the outbreak of war, it was very difficult to get basic steel accepted for the purposes for which it was ultimately required, and for which it was admirably suited. If that had been done ten years ago, the position would have been a very different one.

26,252. But forgive me; the greater demand in this country was by British engineers, and not by the

Admiralty. Was not private enterprise superior to the black mark put on it by the Admiralty?—I have no hesitation in saying that the objection which was taken in Great Britain to basic steel was largely the cause of the slow increase of manufacture of British steel.

26,253. Does this also account for the fact that the magnificent iron ore deposits in the North of Europe were used so freely by the German steel industry, but not by this country? What has that to do with the basic process?—Everything. If you examine the figures—I have not them by me—you will find that the proportion of home ore and imported ore has remained almost constant between Germany and Great Britain; regard being had to the proportion between foreign and home ore, it remained almost constant. Our gradual increase in the production of pig-iron, which is the material with which I must begin, has gone, almost *pari passu*, with the introduction of foreign ore. Therefore nothing can be made out of that argument which is put as to the conspiracy, so called, of the Germans in taking foreign ore. They took foreign ore because they were making more steel, but they did not make more steel because they were taking foreign ore.

26,254. In 1900, the pig-iron output was 9,000,000 tons. In 1912, it had fallen to 8·8 million tons. During those same years Germany was enormously utilising ores from North Europe, and we were making very small use of them indeed. What has that to do with the British Admiralty?—I will tell you. In 1912 there was the Durham coal strike. I was going to interrupt you and ask you to take any other year.

26,255. I will do so. In 1900 it was (in millions) 9·0; 1905, 9·6; 1906, 10·2; 1907, 10·1; 1908, 9·1; 1909, 9·5; 1911, 9·5; 1912, 8·8; 1913 (a boom year in trade), it was only 10·5, or barely more than in 1900?—It is not at all surprising. The reason we did not make more pig-iron was because we did not have the ore.

26,256. I put it, it was more economic for this country, with its great seaboard and its access to Spain and Sweden, to get iron ore and put it near the coal than for the Germans to get ore from North Europe with a long haul to get it to their coal. Yet you did not do it?—I reply that you are mistaken in the conclusion to which you have come, and the reason the Germans made more iron was because they were raising more home ore, and the reason the English did not make more iron was because they had not the ore out of which to make more iron.

26,257. I suggest the reason was quite different, and it was that, under private enterprise, we went on for a very long period with stupid little blast furnaces which were obsolete, while on the Continent they had blast furnaces with capacity of thousands of tons against our hundreds of tons?—I deny the inference. I deny our furnaces were insufficient. I will give you my own experience in the matter. Some years ago (I should think it was about 1896) there was a great talk about the American practice. My brother and I, who were then in charge of the business, thought it would be desirable to see if we should bring over an American engineer to teach us to conduct our business. We brought one. He came to our works. I said to him: "It is no use you telling me how I can produce more iron, because I am producing as much iron as I am able to produce with the resources I possess, iron ore and so on. I want you to tell me how I can produce it any better, and what appliances I can introduce to make it under better conditions." He made a very careful examination and he told me that, subject to certain small details, he did not think I could do any better than I was doing.

5 June, 1919.]

SIR HUGH BELL, BART.

[Continued.]

26,258. What year was that?—I think about 1898. The reason of that was quite obvious. The reason why the Americans were doing things that we could not do was because their labour conditions were quite different. There was no margin of labour to enable us to effect the savings which were then common in America.

26,259. I suggest to you, from information which I received myself in steel districts at the time, that not many years ago you could not put up the latest type of furnace in this country without going to Germany for some parts?—Well, but why not?

26,260. I was told that they could not place contracts in this country?—Why is that any slur upon the British iron-master? When I was a young man, I went to a German iron works and asked them where they got their machinery from—did it come from Glasgow or Manchester? The time came when I went to an iron works and asked a British iron-master if the machinery was from Düsseldorf or Berlin? I find no fault with that. The Germans had found out something which I could not do, and I got my machinery from Germany, and as soon as I am allowed to do so, I will do it again.

26,261. You admit, do you not, that between 1900 and 1913, the iron output of this country was practically stationary?—I do not deny it.

26,262. Is it not the fact that in three short years, with Government aid, and Government stimulus, and Government bounties, we increased the steel production of this country by 50 per cent.?—And it remains to be seen whether we were wise.

26,263. I suggest that if it had not been for that wisdom on the part of the Ministry of Munitions, we should have lost the war?—I do not know. There is no doubt the conditions which had been obtaining in 1914 were entirely different from what obtained before. I think we British steel makers may claim that, as soon as the demand was made upon us for increased production, we responded with very adequate results; but what the ultimate result will be is another matter.

26,264. Not only did it save us in the war, but it also put the iron and steel industry of this country in a position where in the course of a little while the production will be larger than can be absorbed by a rapidly increasing industrial world?—I sincerely hope so.

26,265. Do you not think so?—I am not sure.

26,266. With regard to other matters tackled by the Government during the war, I see you say: "The Departments which have successfully secured 'production at any cost' would undoubtedly not have similar success if called upon to produce at competitive market prices." Are you aware that, with very few exceptions, and exceptions so few that they prove the rule to the contrary, the national factories which were run by the Ministry of Munitions during the war produced more cheaply than private contractors, and that that is the verdict of the Auditor-General?—I do not mind whether it is true or not. The question is whether when things become normal that will be true, and I do not believe it will.

26,267. Do you think the same will happen in times of peace?—No.

26,268. You admit it is a tribute to what a perfectly scratch Government Department was able to do in the way of hasty organisation, having to work with any manager and clerks and offices they could get hold of. That is true, is it not?—No. It was not anyone they could get hold of. I was not one of them, but they were the best brains in the country. The Government called for the aid of every person who occupied a distinguished position in the trade and put them on to do this job.

26,269. I am sorry if I expressed myself not quite accurately. I was not doubting the accuracy of what you say. I know it very well, but what I mean is that it was a scratchy organisation, where the sub-agents, the clerks and the material all had to be hastily got together when the best young men went to the war, and therefore conditions were wholly

against Government enterprise, and not in its favour. Is not that true?—Well, you are stating it.

26,270. Well, is it not true?—I do not think so.

26,271. Do you not think that the same brains and the same public spirit that came to the aid of the country during the war could be enlisted in time of peace to help the nation?—No, I do not.

26,272. Do you know Lord Devonport, sitting in that chair preceding you, told us that they got for the purposes of the Port of London Authority two of the most capable engineers?—I heard Lord Devonport say so.

26,273. Did he not say that they were paid better than the engineers who used to be employed by the little dock companies?—I daresay.

26,274. And that they did very much better work because they had a better opportunity?—I daresay. The London Docks is an example of what I speak of in my *précis*, namely, the tendency towards the concentration of industry. I admit and agree that the amalgamation of all the little private enterprises and the unification of all the London docks may have been a very good thing. I have every reason to believe that Lord Devonport was perfectly frank and sincere in saying he believes it is. But there have been other views expressed on the subject. With that we are not concerned. I do not deny the large enterprise has better opportunities and pays better salaries than a small enterprise, and that the reorganisation of the docks of London was quite a thing to be undertaken by some large organisation, and that that large organisation would bring to the consideration of the question submitted to it the application of better principles than could be applied in the case of any single one of the docks.

26,275. Do you know it was suggested by the late chief engineer of the Post Office that not only were they able to find good men to serve them, but those good men would not leave the public service even to get a better salary outside it, and when opportunities offered he had difficulty in persuading them to do so even although it was to their pecuniary advantage?—If any person stated that as a fact, of course, I accept it, but it is rather contrary to my own experience.

26,276. Are you aware that with regard to electricity supply, one of the few industries to be tackled by public enterprise, we have it given in evidence that the public undertakings employ a smaller quantity of capital per kilowatt and supply electricity to the public at a much lower price than private enterprise?—I confess that surprises me enormously. I should like to have the thing investigated.

26,277. Here are the figures collected by the London County Council with regard to the capital per kilowatt for the years 1913-14. For 13 companies in the Metropolitan area it was £82.98, and for the local authorities £57.48. Does that surprise you?—Very much.

26,278. And the price charged in the case of companies is 2.39d., and the price charged by the local authorities 1.692d.?—I have heard that.

26,279. Would you not be inclined to revise your *précis* if you thought those facts to be true?—No. I think it would require a great deal of examination before I was satisfied as to that. The figures surprise me very much, and I should like to examine them further. I have something to do with the production of electricity. We produce it at our works. We produce it under conditions which make these figures very surprising to me, and I should like to see them further examined. I should be very glad if I had had the opportunity of hearing Sir Arthur Duckham cross-examine the witness of yesterday on the subject.

26,280. I should have liked it also, but we did not have that advantage. I am only suggesting to you, assuming those facts were as stated, would they not make you inclined to revise your opinion?—No, I think not.

26,281. Not even if the facts were as stated?—No.

26,282. Does it not occur to you that a public authority is able to command capital at a lower price than a private individual? Does not that give an initial advantage?—That can only be while the

5 June, 1919.]

SIR HUGH BELL, BART.

[Continued.]

public authority is not plunged up to the hilt in enterprises of that kind. As soon as it begins to be saturated with things of that sort I think the rate of interest will rise, but that is a speculative opinion.

26,283. So far as things have gone it is true that public undertaking has certainly the advantage of being able to command cheaper capital?—It obtains a means of paying interest on capital from a source which has no reference to the enterprise. That is the point.

26,284. To come back to the iron and steel industry, Messrs. Bell Brothers are rather an example of what one may call collective enterprise?—Collective?

26,285. Yes?—Why?

26,286. In the sense that the firm covers a large number of undertakings which are welded into an economic unit?—Yes.

26,287. You speak a good deal of economics in your paper, but you know a good many people deny that they want competition between as many competitors as possible in the public interest?—You say so.

26,288. But it is so?—I have heard a good deal of inveighing against trusts with which I was in sympathy to some extent, but with which I disagree on the whole.

26,289. Messrs. Bell Brothers occupy no inconsiderable proportion of the iron and steel industry of the country?—This great enterprise will be producing something like one-tenth of the total steel in the kingdom.

26,290. Do you not think very similar advantages can be enjoyed by the coal industry?—It is enjoyed. We produce a million and a half tons of coal a year.

26,291. You explained to the Chairman that your mines were ancillary and that you did not want to enter into the coal industry as such, but that your mines were required economically to work your iron and steel industry. I am speaking now of the coal industry not in relation to the iron and steel industry. Do you not think similar advantages to those which you justly claim for this combination called Bell Brothers?—It is called Dorman, Long & Co.

26,292. I am thinking of the old name—might be enjoyed by a suitably arranged portion of the coal industry, say a district like South Wales?—I very much question it.

26,293. You do not think you could get the advantage of employing the best brains in the South Wales field and putting those best brains in charge of the whole district, so that their brains would not tell upon one little group of men, but would tell upon the whole district?—I am sure you do not want to catch me or I to fence with you. I want to put the thing in my own way if you will let me. The answer to your question is Yes and No: Yes, there are no doubt advantages in having a large colliery enterprise and a group of a good many collieries together, and I could give you examples from the County of Durham, say the collieries owned by Lord Joicey and his company, where I think the management is better, because the management is over a large group. That may be so of Wales, where the groups are very considerable. I think considerable advantage arises from that as it does from the case of the London Docks which you have already instanced. I very much question whether those advantages would not be lost if that group became a very big one, and I feel quite satisfied that they would be all lost, if instead of having the stimulus of private enterprise they had the rather deadening effect of Government control. I do not know whether I have gone to the root of your question.

26,294. I think you have answered it very fairly and I should not ask you to change your opinion as to the deadening effect of Government control, but you admit that there may be economic advantages arising from a large scale treatment of this subject?—Not only do I admit it, but I assert it.

26,295. There is one other point I want to question you upon which is of considerable importance. I refer to the end of your evidence where you speak of what can be done to alter what you call the antagonistic attitude which exists between Capital and

Labour generally, and in what we are specifically concerned with here not the least, the coal industry; and you use those words, "They must cease"—that is the antagonistic attitude. I think you realise we are here concerned not with, as is sometimes said, matters of theory, but we are up against the condition of theory and the condition of men's minds. Do you think in that condition it is sufficient to say to either side and particularly to both sides together: "They must cease"? Does it carry you any further?—It depends upon the sanction. If you could compel us to love one another, it would be all right; but if you cannot compel us you must try to persuade us, and it is the process of persuasion that I am endeavouring to insist upon to the Commission.

26,296. It is the very fact that you cannot compel which I have in mind. It is the very fact that men have reached a certain condition of social and educational development that leads to their minds, as I suggest, being in a certain condition, and that condition is that you have 1,100,000 men who have reached this condition of mind—that they are not satisfied with private ownership as a means by which they work. If that is a true account of their condition, what do you suggest to this Commission should be done to change that condition of mind? Do you think it could be done by putting forward the arguments in your paper?—It is what I have been doing for 50 years, and if I were to live for another 50 years, which I hope will not be the case, I should go on doing it. I am most sincerely convinced that the only solution of the problems we have before us is the solution I have suggested, for which I have been working, and which, I think I may say with some assurance, we have been in the direction of finding in the North of England. I have given an instance at the end of paragraph 24 of my *précis*, where I point out you have precisely that kind of thing. The ironmasters of Cleveland and the Blast-furnacemen's Association came to an arrangement of the very kind you are suggesting—not, indeed, of the parting with the ownership, which I believe to be in the wrong direction, but in the direction of giving to the men what they were demanding. What were they demanding? They were asking for some leisure in which to live their life in a better and healthier way. The ironmasters from the very beginning of the negotiations said: "We are entirely at one with you: we want to find a solution." We began with this proposition: "Nothing that is done must materially enhance the price of making a ton of pig-iron. We do not believe there is anything more for you under the present conditions. Can we find out a way of solving this problem which shall comply with these postulates?"—and we did find it.

26,297. Do you suggest that these men are now satisfied with the condition which obtained? Take this very class?—I am not acquainted with a contented man; I do not know one.

26,298. *Mr. Herbert Smith*: Even yourself?—Even myself. I should be sorry if there were contented men. I want men to strive for better things.

26,299. *Sir L. Chiozza Money*: You have spoken of the conditions of labour, and mentioned more leisure. I suppose you also mean more wages; but I put it to you that there is something more than that at stake, in that men are considering not merely wage, and not merely leisure, but they are considering their status, and if I may so put it, their manhood; and that they say, rightly or wrongly—putting aside right and wrongs at the moment—that the nation ought to own these large-scale industrial operations?—The nation?

26,300. They may be wrong, but that is not the point. They want to feel that they are doing work for the nation as national property. Do you not think, if they think that, it is, at least, respectable, and ought to be respected, and it ought to be met in a reasonable way?—It is respectable, and I respect it; but let me add, it is fatuous.

26,301. If a million men will not go on on the old conditions, does it not cease to be fatuous; does it not become a practical question?—I think not.

26,302. Supposing your million men will not go on unless these mines are owned by the nation, what

5 June, 1919.]

SIR HUGH BELL, BART.

[Continued.]

are you to do?—You ask a very proper question, and I admit the force of it entirely. My answer is, I cannot believe that my fellow-countrymen, whom I believe to be commonsense people, will take up that attitude. If I did not hold that opinion, I should be in the greatest alarm as to the future of the country, because there is no limit to the demands which might not be made on the same basis. To give a totally fantastic illustration, the men might easily say: "We will not work in a country in which anybody believes in vivisection, or in anti-vivisection," or some other fanciful idea. It is because one feels that they are never going to drive these views to the ultimate decision of a contest which would involve the whole community that one is inclined to say: "Now let us reason with these men in the meantime." I am reasoning with them, and if you will allow me to say so, I am reasoning with them through my answers to your questions. I am endeavouring to show to them, through the intermediation of this Commission, that they are crying for the moon, and that the thing cannot be got. It is not in their interests that it should be got, and it is in their interests to seek a solution in a different direction.

26,303. If I were a miner, why should it be in my interest to get coal, not for the people of the country, but to get it for the private proprietor of that coal, with a royalty on it payable to a man who merely happens to own the land under which it is found? Why should it be to my interest to go on with operations of that sort? Why should the landlord own the coal which is 2,000 feet below the surface? Why should he draw a royalty? Why should I work for a shareholder who does not know as much about the mine as I do, or as a London solicitor does?

Mr. R. W. Cooper: He may be a solicitor in Newcastle.

26,304. *Sir L. Chiozza Money:* Yes. If I were so stupid as to take up that attitude, what would you say would be a sufficient reply? Would it be sufficient to say something about vivisection? What has that to do with that highly practical question of affairs?—May I say that your question would be an admirable one if it were addressed to a jury to prejudice, but it is not a good question if it is addressed to someone from whom you want a frank and sincere answer.

26,305. I suggest to you, if that represents the condition of mind of a million men working for you, it is idle to argue that it is not a practical question. You have to meet it?—I do not say it is not a practical question, but the answer sought to be given is not practical.

26,306. With regard to your admirable *précis*, if I may say so, which has interested me very much, in spite of all you say, the unrest in labour has not improved in this country; it has not got less, but it has got more. It was great before the war broke out, and now it is more than ever it was before. It is more because of the consequences of the war, and this same feeling is spreading all over the world. Can a feeling which is spreading, like this, over the world be related to a subject like vivisection?—I put that to you as a fantastic illustration. I agree it is a fantastic illustration, and I am sure you so understood it. The end of your question was going to be the beginning of my reply. The condition of things which you are describing has existed not only in this country, but in the world. I happened to be in New York in the spring of 1914, and I had then the opportunity of talking to some of the leading financial experts in that city. They were all full of alarm as to the outlook of the future. We did not foresee the war at the moment—at least I did not, and I do not think they did. We were all agreed as to the extremely dangerous condition of the labour market, and I ventured to say to these gentlemen—

26,307. *Mr. R. D. Tawney:* Of the what?—The labour market. Perhaps I should not have used the word.

26,308. *Sir L. Chiozza Money:* We know what you mean?—What I meant was the general labour unrest. I said to those gentlemen: "I agree the pre-

sent situation is a very alarming one." I am of opinion that the solution of it will be found in the direction which I have ventured to indicate in my paper, and that that solution will not be a solution of the drastic character which some of you anticipate. They were all anticipating social changes of an extremely far-reaching character, and as I believed, and as they believed, of a very dangerous character. I think the solution, as I understand it, will not be very efficacious in effect, and that is why I say it depends upon those of us who are taking an active part in the direction of industrial affairs who endeavour to persuade people that that is not the way to look for a solution. Let me go on. You talk of a man working for the nation. Does anyone really believe that he works for the nation except in periods of high stress like we have come through, when no doubt ultimately we were all explicitly working not for our own profit and private success but for much larger and higher ideals? What in the ordinary course of events a man works for is his wife and family. He looks no further than that. I believe the men who work for me, if you please to call it "for me," but whom I am always accustomed to regard as my co-partners in the enterprise, are thinking far more of the fireside than the nation, and they would not think any different if they were working for the inanimate nation than for Hugh Bell.

26,309. Would you not work better if you knew your work inured not only for the benefit of your wife and family, but you knew by an economic process it filled the cellars of the country? Would not that operate in your mind to make a better citizen?—A world without rent might be a better world, but I do not know of it.

26,310. There are possibilities of getting rid of such an absurdity as a royalty on coal, are there not?—Are there any?

26,311. Possibilities of getting rid of a royalty on coal?—I do not know; I do not know where it is got rid of.

26,312. But your favourite economists have denounced it as an absurdity. I suggest you would work all the better if you knew you had got rid of such an absurdity?—I do not know why you should get rid of it. Will you tell me that please?

26,313. I do not know that it is possible, but if you did would you not work all the better for knowing you had got rid of it?—It might be possible, but I do not know where it is done.

26,314. It comes to this: you have nothing more to suggest than you have put in this paper, and you frankly admit that these methods have not lessened industrial unrest, but it has increased and was never greater than at the present time?—That I admit. What I deny is that the remedy you suggest is a good one.

26,315. *Mr. R. W. Cooper:* You were asked about Lord Devonport and the Port of London Authority. I believe you yourself have some personal experience of the running of Port Authorities?—Yes, I have.

26,316. I think you are the Chairman of the Tees Conservancy?—Yes.

26,317. That, although it is a smaller river, is an authority like the London Authority?—Yes. It happens, I think, to stand, excluding coal, as about the seventh port in the kingdom.

26,318. Is there any reasonable analogy between running a Port Authority and the British coal industry?—I do not think there is any.

26,319. You were asked a good many questions by Sir Leo Money with regard to the suggested sins of the British steel makers. I do not know much about them, but I assume before the war the production of steel was equal to the demand?—Yes.

26,320. On page 2 of your *précis* there is a paragraph about the export trade, which I observe you did not read when reading your *précis*. It is the concluding sentence at the end of paragraph 8: "I equally believe that under Government direction it would be impossible to maintain the efficiency and elasticity of the arrangements for obtaining foreign orders which has been gained by the experience of private owners and merchants over many years of foreign trading." What is your view with regard

5 June, 1919.]

SIR HUGH BELL, BART.

[Continued.]

to the practicability of the State running the export coal trade of this country?—I think it would not go on for a week.

26,321. *Mr. Arthur Balfour*: Do you think if the coal mines were nationalised it would do away with labour trouble?—I do not think so. I do not observe that the police are entirely free from labour unrest.

26,322. Do you think if the coal mines were nationalised we should get a greater output?—I am afraid not.

26,323. And at a cheaper cost?—I am sure not.

26,324. Is it possible always to pay the same wages in this world?—I have not found it so.

26,325. It must depend upon supply and demand?—That is what I contend.

26,326. Therefore it is a fallacy to attempt to sit down and fix a wage in advance for a very long period ahead?—I entirely agree.

26,327. If the goods which are produced cannot be sold you cannot pay the wage?—That is so.

26,328. Is it impossible to run this country on the basis of one section of the community refusing to work if they cannot have everything they want?—I think it is clear one section of the community, and not necessarily a large section, could stop all the industries. For example, supposing all the engine drivers refused to do something unless some other thing were done, it is clear it would put the industries of the country at a standstill. They are not a large class, but a class as small as that could stop the community. If bodies of that kind get together and determine to act together against the public interest, we are in a very awkward position indeed. I do not believe they will.

26,329. But if they did it, it cannot last?—No, we should all starve.

26,330. The question of antagonism was referred to in the last paragraph of your proof. Is it not the fact that there are a very large number of owners of works who are in very good relations with their employees to-day?—Yes. I hope I am not unduly proud, but I believe I am in very good relations with my men.

26,331. Do you not believe the antagonism is very much overstated?—I think so.

26,332. A question was asked you with regard to Post Office officials who had not accepted service abroad at higher rates than they were getting at the time. Is it not possible that that was due to the loss of enterprise and initiative that very often affects Government officials?—I daresay. I would remind you that I accepted it from Sir Leo Money as a fact, but it is not my experience.

26,333. Sir William Slingo made that statement?—Yes.

Mr. R. H. Tawney: Sir, I see from this paper everything which Sir Hugh Bell does not want, but I cannot discover what he does want. Would you ask him whether he has any proposal to put before the Commission?

26,334. *Chairman*: (To the Witness.) *Mr. Tawney* says you have told us a lot of things you do not want. Can you kindly offer us any suggestion as to what you think would be a solution of the difficulties which undoubtedly exist?—I think I have said so. I want hearty co-operation between the two parties.

26,335. How shall we get hearty co-operation between the two parties? If you will tell us that, you will get over what is giving us a lot of trouble?—There is no royal road to it.

26,336. Is there any road to it?—I do not know. It is a difficult and uphill job.

26,337. Will you tell us how we can surmount it?—By patience.

26,338. *Mr. R. H. Tawney*: That only means saying: "Be good, and you will be happy"?—You are a moralist.

26,339. Indeed, I am not. I have not said co-operation—you have said it?—No, but you said: "Be good, and you will be happy."

26,340. What is it you want us to do? You say "co-operation"? What do you mean by co-operation?—We have been endeavouring to do that in the North of England. That is why we are here now. The men came and said to us: "Show us your costs"

We said: "We will," and we showed them, and we talked to them as to what were the costs. I do not know what your experience of costs is, but it is not easy to determine.

26,341. Is it your only proposal that we should talk to the men about costs? I do not want to parody you, but I want to get something positive. What do you want us to do?—Perhaps you will say it is negative—leave things alone.

26,342. That is your last word to the Commission and the Government—leave things alone?—I think the proposed interference will only make things worse, and I am inclined to think with regard to many of the interferences in the past that although the motives for them were unexceptionable, the results have been disastrous. If I may be permitted to name one of the things, there is the statutory imposition of the minimum wage. Of all the disastrous things in the coal trade, there has never been anything so disastrous as that.

26,343. That again is only telling us what you do not like, but I will not press you further.

26,344. *Mr. Robert Smillie*: There is a statement in your *précis* on page 5 which I should like to ask you about. You say in dealing with the reduction of hours of labour from 12 to 8: "I should like here to show how much can be effected when the parties are prepared to devote themselves wholeheartedly to the solution of any industrial problem. It took several years of close and patient enquiry between the ironmasters of Cleveland and the Blast Furnacemen's Association to find this solution, but in fact they found it without calling upon Parliament to interfere." You make a statement here which if it goes unchallenged will be believed. You say: "Not very different from this is the shortening of hours in the coal mines of Northumberland and Durham." That is, by mutual arrangement the employers and the workmen's representatives settled the hours of the blast furnacemen. Do you want us to believe that it is by the same method that the hours of Durham and Northumberland were shortened?—I hope you will forgive me if I say your interpretation of my language is not correct. I am not saying that the ironmasters in Cleveland settled the hours in the County of Durham. I am saying—I think the sense of the sentence is quite clear on the point—that the colliery proprietors and their men in those two counties settled the hours of employment in those two counties. I think as an interpretation of English that is the interpretation.

Chairman: Yes.

26,345. *Mr. Robert Smillie*: No, it is not. As a matter of fact, you say here that while you reduced the hours of labour from 12 to 8 of blast furnacemen, the employers and the workmen met in a conscientious manner and agreed to a reduction of hours?—Yes.

26,346. And you say on somewhat similar lines the hours of the miners in Durham were settled. Is that true?—Yes, it is.

26,347. Will you tell us what took place when the Eight Hours Act came before the House of Commons again and again?—At that time Northumberland and Durham were deadly opposed.

26,348. I remember it very well, and that is the reason I ask the question?—They were opposed to it because they were getting the shorter hours by arrangement with the employers.

26,349. I beg your pardon! That is not the reason. The boys in the mines of Durham and Northumberland were working the longest hours in the kingdom, and it was because it was going to reduce the hours of the boys that I put it to you that you did not mutually arrange with your employers to reduce the hours of the boys, but it was forced on you against your will by Act of Parliament. Is that not true?—Yes, and it gives a very inaccurate statement of the case. In Northumberland and Durham by a process of long negotiations the hours of the men had been reduced.

26,350. To 6 or 7?—I will take it from you. That is quite near enough for your purpose and mine. It is also true that the hours of the boys had not been reduced.

5 June, 1919.]

SIR HUGH BELL, BART.

[Continued.]

26,351. The boys and the day-wage workmen?—Some of the boy workmen. It is also true that Durham and Northumberland were at that time quite contented with the arrangement, and it is also true that the passing of the Eight Hours Act compelled Durham and Northumberland to come under the arrangement which they were not prepared to submit to at an earlier stage of the negotiation. But I do not think we need continue the discussion.

26,352. Yes, we need. We want to get at the facts which are stated?—I was going to make an admission which I should think would quite satisfy you. I was going to say I entirely agree with everything you said, and I do not withdraw what I said. I agree with you that the passing of the Eight Hours Act shortened the hours of boys, and I assert that the shortening of the hours of the collieries was done by mutual arrangement.

26,353. The shortening of the hours of the hewers was done by mutual arrangement, and the boys wished to come under the Act. The shortening of the hours of the boys was done against your will. You would not settle by mutual arrangement with regard to the shortening of the hours of the boys, and I venture to put it to you, if any class required shorter hours it was the boys, and it was bitterly opposed by you and your colleagues?—No, I beg your pardon. You have no right to say we bitterly opposed it. On the contrary, for a very long time before that every question had been debated in the counties, and we were seeking a solution which was not easy to find. It was found by the passing of the Act. I am still very doubtful indeed whether the Act was a wise one. Indeed, if I were called upon to say "Yes" or "No" to it, I would say "No" to it. I do not think it was a wise Act.

26,354. Are you still bitterly opposed to it?—I have not said so. You must take my words exactly as I use them.

26,355. If, in your opinion, it is unwise, are you prepared to ask the House of Commons to go back to the old position?—No, no more than I am prepared to ask them to go back upon other unwise measures they have passed. I have accepted them, and I am going to make the best of them.

26,356. In a paragraph in your *précis* you deal with taxation. As a matter of fact you deal with your mines, and your furnaces, or this, that and the other, and you deal also with your taxes, to keep up "schoolmasters" and a lot of other people. You do not mention His Majesty, and the Royal Family, but you mean them, I suppose, too? Your taxes are going to keep them, and I think you mention: "and the rest of the crowd"?—Yes.

26,357. Whom do you mean by "the rest of the crowd"?—All the people who are kept out of the taxes.

26,358. Do you know who keeps you, is it the miners?—No, I keep the miners.

26,359. Surely, you would not have anything to pay taxes with but for the mine worker?—He would not have any wages but for me. I once had a discussion with my surgeon, who was complaining of the coal owner. I pointed out to him that he was a necessary evil, and I was a necessary good. If I had been a perfect man, I should not have needed his help, but he could not get coal without me, or such as me.

26,360. You are a very wealthy man, are you not?—I do not know.

26,361. I think you have amassed in your lifetime, or some one has for you, an immense fortune. I put it to you, that we are entitled to argue with you in the interests of the miner?—I agree.

26,362. Could we get coal without the mine owners of this country?—You could not get coal without the coal being there.

26,363. Yes, but they did not put it there?—No, nor did they put the land there.

26,364. Can we get coal without the landlord?—I suppose you could.

26,365. Could we till the soil, supposing the landlords were all in America, or Australia, or Timbuctoo?—Yes, or if they did not exist.

26,366. Consequently, it is not because they are of any use that they are drawing rent from royalties?—So you say.

26,367. But I want to know what you say?—I do not say anything about it.

26,368. Are they not useful only for drawing rent?—I do not know. They are there drawing rent.

26,369. Did they do anything to put either the land or the minerals there?—Some of them did a great deal to put the land there.

26,370. I am very glad to hear that, because I have been trying to find out who created the land. You say the landlords did it, but I did not know that before?—They did not create it.

26,371. But they put it there?—Yes. It was not worth anything before they began to deal with it.

26,372. I venture to say it was not the landlords that dealt with it at all. You cannot say the landlord put a single shovel of land there?—I know that is your view.

26,373. You mean they hired someone else to do it?—Not necessarily.

26,374. Did they put in any of the coal?—No.

26,375. At least we are thankful that you cannot prove they put the coal there. I suppose we could get the coal, or the corn, if the landlords were not there? Do they allow anyone to get the coal, or the corn unless it is got under the landlord's conditions?—No.

26,376. So that they are a class of people who run the country exactly as they want to do?—No.

26,377. Have they not threatened to go on strike if Parliament takes the land and the minerals from them? Are they not prepared to fight?—I do not know.

26,378. Have you read the evidence given before this Commission?—I have read some of it.

26,379. Have you read the Dukes' evidence, which said they were prepared to fight to the very last?—That is in defending their own rights.

26,380. They would be only using their powers as landlords?—I suppose so.

26,381. Have you any objection to the workmen using their powers to fight?—None.

26,382. That is all I ask you?—May I say one thing? If I were a workman, the one thing I would not give up is the right to strike, and the one thing which I, as an employer, will not give up, unless Parliament compels me—even then I am not sure I will not stand up against the wall and be shot for it—is the right to discharge a man. I demand the right to employ him or not, as I please.

26,383. And we deny your right to discharge him unless there is a just cause?—I hope I shall never discharge a man for anything else.

(The Witness withdrew.)

Mr. GEORGE KNOX, Recalled.

26,384. Mr. Evan Williams: Could you give the Commission some idea of the amount of money that has been spent by the Welsh Coal Owners in setting up the schools and research works and so on?—About £80,000.

26,385. That is in connection with the schools?—Yes.

26,386. They make a levy of so much a ton on the

output of the coal value?—One-tenth of a penny amongst the Associated Coal Owners.

26,387. Do you know of any other money that you were prepared to spend just before the war in research?—They devised a scheme for research which when put into operation will cost about £30,000 or £40,000.

26,388. Per annum?—The total cost to instal it,

5 June, 1919.]

MR. GEORGE KNOX.

[Continued.]

26,389. What is the annual contribution to keep it going?—The annual contribution to-day is between £11,000 and £12,000 and it is proposed to put another levy on through another council in connection with another scheme which will bring in probably £40,000 a year.

26,390. Do you remember the plan which was formulated and about to be carried out to get hold of an old colliery and make experiments on coal dust and so on?—Yes.

26,391. That was in connection with the school as well?—Yes.

26,392. In South Wales, the coalowners have not been backward in research work and in studying education?—That is so.

26,393. The chief object they had in setting up these schools was to enable those who could not pay the fees for apprenticeship to become colliery managers and colliery engineers of the best type?—That is so.

26,394. They provide scholarships at your school?—Yes, 13 scholarships altogether I think are provided.

26,395. *Mr. Herbert Smith:* For a population of what?—There are 13 scholarships of £40 a year. I do not know what the population is. This is referring to those who can attend full time. Then they give a number of scholarships for those who can only attend part time, that is to say, those who work five days in the mine, and come one day a week to the school.

26,396. *Mr. Evan Williams:* What assistance has the Miners' Federation in South Wales been towards the education of the working class in this way?—Unfortunately they have opposed this scheme ever since the commencement.

26,397. You speak of the favourable comparison of coal mining in this country with any other country in the world?—Yes, so far as exploitation is concerned—the underground work.

26,398. Then you speak of larger units than the average as future development is to be accelerated?—I mean a colliery like the Powell Duffryn which can operate very much more cheaply than a small colliery in turning out 500 tons or 600 tons a day. They cannot, of course, expend a very large sum of money at any time for development purposes or in making experiments, or even in installing new machinery.

26,399. *Mr. Robert Smillie:* Would you kindly repeat that?—A small concern is limited in the amount of experimental work it can carry out and in the amount of money it can apply to new development work. Their area is too small to expend a very large sum upon, because they would never have it returned.

26,400. *Mr. Evan Williams:* You advocate the joining up of two or more small concerns to make a bigger concern?—Yes, with other conditions attached, of course. My suggestion is that if the nation owned the whole of the minerals and that those were laid out in areas big enough to be worked by collieries situated in the proper place, a very large amount of money would be saved in the working to begin with, and, secondly, in the development, and, thirdly, in the actual getting of the coal.

26,401. What size of units would you recommend in a case of that kind?—They would require to be larger and larger, just as the development increases: that is to say as the amount of expenditure required to carry them through increased. Twenty-five years ago a very small amount of money, comparatively speaking, was quite sufficient to sink and develop an ordinary colliery. To-day it would probably take five or six times as much, and in the future, that is to say, 20 years from now, it may take four or five times as much again.

26,402. Would you leave the single big colliery as a unit by itself for management, or do you suggest a joining upon more than one of these?—I would have those in one coalfield joined up.

26,403. Would you have the coalfield under one management?—Under one Council, but each area, that is to say, each unit, would have its own management, direct management as far as the mines themselves are concerned.

26,404. As far as the engineering of the colliery is concerned, would you leave each unit to do its own?—Certainly.

26,405. The whole of the engineering?—Yes.

26,406. What would be the functions of the Council in the district?—The functions of the Council would be as experts to enquire into the best means of generally carrying out engineering problems and to advise the local management as to how these things should be done and leave them to carry them out.

26,407. They would be purely advisory?—Advisory in that respect.

26,408. Without any executive control over the engineering or management of any particular colliery?—They would require to have some control, otherwise they could not have their instructions carried out.

26,409. You mean they would have the power to enforce the adoption of their suggestions?—Yes, to be successful.

26,410. Do you mean that absolutely or would you qualify it in any way?—It is not a question so far as the carrying out of the thing is concerned that I have considered. I am chiefly concerned in the technical side of the operation. I think we ought to get the best advantage we can with regard to present day knowledge of technology. In mining engineering it is essential we should have a definite sized unit placed in the most favourable position with a view of getting the best result and that can never be done if we adopt a system whereby the work will not devolve on the people who have been trained to carry it through. One of the chief difficulties I think we are faced with in the coal trade is the fact that the mining engineer has control of everything; he controls not only the mining side, but he controls also the mechanical, electrical, chemical and engineering side, and controls the whole thing.

26,411. The general manager of a colliery company, do you mean?—The mining agent, who has usually developed from being a colliery manager into that of being an agent. As a rule he is not trained as a mechanical engineer nor an electrical engineer, and, far less, as a chemical engineer. I think our development is being retarded because he is expected to take charge of all this staff and equipment. If we have bigger units it would be possible to have a well-trained man in each of these units.

26,412. Who would be in charge over the whole? You would not have a number of, say, 3, 4 or 5 persons in charge of different departments without someone in charge of the whole?—There would be someone to direct the whole work. He need not necessarily be a mining man. I should think his training ought to be that of an economist and administrator.

26,413. You rather lay stress upon the irregularity of barriers in South Wales?—Yes.

26,414. You give two plans. One is particularly interesting as it shows my own taking. "(A)" is the first one. I can give you some information about this?—I have no doubt.

26,415. The boundary on the left is a big fault, and the fault you show on the right has been taken as the boundary and a straight line has been drawn across the bottom to make a straight boundary?—Yes.

26,416. That happens to be the same in my case. If some other colliery owner from some other part of the district was in my place he might tell you the same about his colliery?—Yes.

26,417. It is possible a great deal more of that is being done than you are aware of?—Yes, I can only go by the royalty map.

26,418. You have no knowledge of the arrangements made between colliery companies to straighten the boundaries and make natural faults and things of that kind as the boundary?—No; quite a lot of that would necessarily be of a private character. I know of some where there have been great difficulties in trying to come to an arrangement.

26,419. Some have failed?—Yes.

26,420. Take it from me a large number have succeeded?—Yes, I am aware of that.

26,421. You did say you were aware of the proposal being made to set up a body which can bring

5 June, 1919.]

MR. GEORGE KNOX.

[Continued.]

such rectification of the boundary about, a Sanctioning Authority proposed by the Report of the Commission?—Yes.

26,422. You have read that Report?—Yes.

26,423. Do not you think it is possible that such a body as that, if brought into existence, could put right these points in question with regard to the irregularity of barriers which you are complaining of?—They might be able to do part of the work; that is, to adjust the outlying portions or barriers like that on ("G") on plan No. 1, for example, where they keep twisting out a large way from the main body of the taking.

26,424. I happen to know ("G") as well?—These pieces would have to be adjusted if these are going to be worked economically; everybody admits that. Would they have power to take a number of royalties, such as those, say, on plan No. 2. Take 3, 4, 5 and 11. Would they have power to adjust those so that the colliery could be worked from the best position in the Valley for sinking with the least possible distance for haulage underground? In South Wales we have a much more difficult problem than anywhere else; we are limited to the position in which we can sink. Very often the shafts are situated near the boundary, and we have the whole of the development to take place on one side, which adds considerably to the cost. That is one thing I have in mind.

26,425. You think such a body ought to have that power?—It ought to if it is to be of service..

26,426. Do you think it ought to have the power to work, say, 3, 4, 5 and 11 as one unit?—Yes, if it is to be of service.

Sir Leo Chiozza Money: Would that entail the sinking of a new shaft?

Mr. Evan Williams: No

Sir Leo Chiozza Money: Not necessarily

26,427. *Mr. Evan Williams:* No. From the existing shafts you could bring the coal from the same distance on the other side and divide the coal in such a way that it would be an equal distance?—Yes, as nearly as possible. If you take No. 10 for example, the collieries there are shown by the two smaller rings. They are very near the edge of the boundary to the south and a very long distance to the extreme south-west. The area marked from 14 could have been much more profitably worked from 10.

26,428. If such a body as we have been talking about had the power you think that would meet the position?—It would assist to a great extent.

26,429. In what way would it be short of meeting it to the full extent?—The difficulty would be, I think, in being able to take deeper mines. In South Wales in the steam coal series, the difficulty would be in getting the companies to agree to arrange the areas in that way with regard to the amount of money they have already spent in development in getting to the position the mines are in at the present time.

26,430. Supposing the Body had the power to compel them that would meet the point to the fullest extent?—Yes.

26,431. *Sir Leo Chiozza Money:* If this was worked as a whole, that is to say, the district shown on the map No. 2—if the shafts were sunk in ideal places, would there be fewer shafts than shown on the map?—Yes, in some cases there might be one or two shafts fewer. In most cases the position would be made very much better by the shafts being in other places.

26,432. *Mr. Evan Williams:* Unfortunately we cannot choose the position for our shafts. We have to take the valleys and sink them there?—Yes.

Sir Leo Chiozza Money: I meant with due regard to the valleys.

26,433. *Mr. Evan Williams:* If you had fewer shafts you would get probably a smaller output?—Some of the shafts being in adjoining royalties were made smaller because the royalty taking was smaller. They might have been made bigger if there was a bigger area to work.

26,434. I will now take a few points which you say would be an advantage to nationalisation. You mention stabilising the price of coal. What do you mean by that?—That there would be less fluctuation in the price of coal if the coal was worked as one

concern that if it was worked under the present system.

26,435. There would be less fluctuation from year to year?—From day to day, or year to year.

26,436. At what price would that be stabilised?—I cannot say that. My point is if you had a stabilised price for coal it would have a tremendous effect in stabilising the other industries which depend upon coal and in stabilising the outlook or the spirit of those who are getting it.

26,437. Would that not have the effect of putting industries in rather a different position when they had to meet competition abroad?—Not if the price was low enough.

26,438. Does not the price of coal generally follow the state of trade, in the iron industry, for instance?—It does to some extent. I think the iron industry is much more dependent on the coal industry.

26,439. I think it is the other way about. You would have to be stabilised at a pretty high level?—I do not know what you mean by high level. You mean the price of coal would have to be very high?

26,440. You intend the industry to be self-supporting, to make a profit?—Yes.

26,441. You talk of stabilising wages. The price, of course, would have some reference to the level of wages?—Yes.

26,442. If the level of wages was high the price of coal would necessarily follow?—Yes, certainly.

26,443. Do you see any prospect of getting wages down?—No, but I think it is the general condition of things that when you have steady employment you have wages at a lower level than when the employment is irregular.

26,444. Is that the position really?—I think that is the position. When employment is regular the aggregate wages may be big, though the daily wages may be smaller.

26,445. Is it not the other way about, that when work is irregular and trade is bad, wages are lower, and when the work is regular wages are high?—I am talking of different trades, not of one trade. That is quite true if there is not a demand for coal and the work is irregular due to that, then the prices would be smaller.

26,446. If wages are high the price of coal must be high?—Yes.

26,447. How do you propose to get more regular work from nationalisation? You mention cheapening the average cost of production through more regular work?—If we are to understand that the discontent of the miners is due to the conditions that we have had reported before the Commission, that is to say, they object to working for people who are making profits and so on. If they were working for the nation they could not raise that objection.

26,448. When you say regular working you mean less absenteeism?—Yes.

26,449. You suggest the absenteeism is due to their disinclination to work for private owners?—It is a point that I am not in a position to express an opinion upon.

26,450. I thought you meant regular work on the part of the individual or on the part of the colliery?—The colliery I was referring to.

26,451. The regular working of the colliery day by day?—Yes.

26,452. That means a bigger outlet for coal?—Yes.

26,453. How do you say nationalisation is going to increase the outlets for coal?—By having a much steadier demand for coal.

26,454. How would nationalisation affect the demand for coal?—If you have one concern only to deal with the total production and the total output they can arrange that in a much better way than 1,500 or 1,600 different people can deal with the same thing or I should think so.

26,455. You mean in the way of getting more uniformity in the days of working all over the country?—I mean for disposing of their produce.

26,456. What effect would nationalisation have on the consumption of coal in this country and abroad?

5 June, 1919.]

MR. GEORGE KNOX.

[Continued.]

The regularity of working at the colliery depends upon the demand for coal?—Yes.

26,457. How is that to affect the amount of coal required for other industries?—The nation would, after a few years' experience, get to know how much coal was required over the whole year. Much more is required in some periods than others, and then the amount would be arranged to work out that average, and during the time when a less demand for coal was required, though the coal was put out, it could be stored.

26,458. Do you think the storing of coal is a practical suggestion?—Some coals, yes. If coal is properly treated, yes.

26,459. What kind of coal do you suggest can be stored without loss?—Almost any kind of coal if it is compressed.

26,460. How do you suggest that South Wales steam large coal could be stored?—I should not store the large at all; I should store the small.

26,461. What if you had no demand for the large?—The whole demand would be supplied by the large, I should say, and the small would be stored.

26,462. Would you make people burn large instead of small if there was not a sufficient amount for all?—You could afford to give it to them, for that matter, it is almost the same price.

26,463. People wanting large must take small?—I am not storing it in the natural state as it comes out of the mine; I am compressing it in dry briquettes and storing it in that way.

26,464. You say the small coal can be used for by-products. Do you suggest any small coal from which by-products can be got is left in the mines in South Wales at present?—Yes.

26,465. Can you give me any instance where coking small is not brought out?—A large amount of the coal that is left in the steam coal area could be used if mixed with the coal from the south crop area. The south crop area is too fat for coking purposes, and is used for gas making. They do not belong to the same people. That is one of the difficulties of having separate organisations. If you had the two mixed together you would get a good quality of coking coal.

26,466. Are you aware that a large amount of the small coal you refer to as on banks at the present time there is no demand for?—That is so.

26,467. Do you suggest it is better to bring that small coal out and put it on bank than to leave it underground?—Yes, I should not leave it underground; it is absolutely wasted there.

26,468. If there is no demand for it on the surface, what then?—You mean a demand for it if you convert it into coke, by mixing it with other small coal.

26,469. Where is the extra demand for coke, to come from?—There should be in this country a sufficient demand for coke, if we are developing and the steel industry is increasing year by year.

26,470. Has not all the coke we required been made in past years?—I could not say.

26,471. *Mr. Robert Smillie:* You have a pretty good knowledge of the Scotch coalfield as well as the South Wales coalfield?—Yes.

26,472. And the English coalfield as a whole?—Yes.

26,473. Do you think the fullest advantage has been taken of mechanical haulage in British mining; that is conveying material from the coal face to the shaft?—No, I think that could be improved considerably in many areas due to the fact I have mentioned, that the Mining Engineer is usually harnessed with the whole operations about the colliery. The result is he cannot possibly give the time and attention to it which a mechanical engineer could give, and, after all, the question of haulage is a mechanical question.

26,474. Does the private ownership of the minerals sometimes make it necessary to set out the pit in a way that is not the most favourable for the purpose of ultimately getting the best out of it?—That is so. Unfortunately in South Wales we are greatly handicapped in that respect.

26,475. I suppose we must take it that in roads that would adapt themselves to mechanical haulage that mechanical haulage would be cheaper than hand haulage or pony or horse?—Yes, quite.

26,476. There would be a considerable reduction in cost on that side?—Yes.

26,477. Do you think, generally speaking, our pit-heads have been set out in the best possible way to save labour?—Some of the modern mines, yes; many of the older ones, no.

26,478. In some of the modern mines which are set out at the present time practically automatically there must be an immense saving of labour as far as they are concerned?—Yes, undoubtedly.

26,479. Speaking generally, with regard to large mines from 500 to 1,000 or 1,500 tons the only reason they should not be fitted according to the best equipped service arrangement is because the owners are not prepared to spend the money or they think it would not pay to spend the capital?—That may be the reason in some cases. In many cases they leave it to their engineer, and, if he has not had experience, or has not been trained to realise the use to which modern equipments can be applied then he might not think it necessary.

26,480. I think you are of opinion that the duties of a manager of a mine would be sufficiently onerous in carrying out the Mines Regulation Act and the safety clauses without being troubled with the commercial side of the thing or the service of wagon running, and things of that kind?—Yes, I have long objected to that. We have protested repeatedly to the Home Office and other people with regard to the examinations held by the Mining Board, which includes all kinds of mechanical, electrical and chemical engineering problems which men who are going to be managers have to study because they have to get a certificate. This takes a lot of the essential time which ought to be given to actual mining problems and actual mining work. The same applies to the man when appointed. When he takes up his duties a considerable amount of the time he ought to devote to actual mining operations has to be given to these ancillary operations on the surface.

26,481. As a matter of fact, before a person can secure a first class certificate of competency he has practically to be, in theory, an electrical engineer, a mechanical engineer, a surveyor and a chemist to some extent?—Yes, he has to have a smattering of all these subjects.

26,482. A question was put to you that if wages were high the price of coal was high. Does that always follow?—Not necessarily.

26,483. Wages might be increased very considerably by better development and larger output without increasing the price of coal?—If you could reduce the other costs.

26,484. As a matter of fact, when the miners' wages are the highest in the world, is not the price of coal low?—That is so.

26,485. I suppose it may be taken that in America the wages are higher and the prices lower than anywhere else?—I think that is so.

26,486. In this country, if we could reduce the cost of production by better equipment and better development of the mines, wages might remain at their present high rate and the cost of production be reduced very considerably?—Yes.

26,487. There is a possibility of that?—It is quite possible. In comparing the conditions in this country with America we must not forget that a very large amount of the coal in America is got at or near the surface and is got by means of mechanical diggers, and so on, thus the labour cost is very low. Those have to be taken into consideration in comparing the cost.

26,488. We have discussed here the royalties position, the case of getting coal and the conditions under which coal is got in America, and they are quite different in this country, so I do not put it to you because of that fact. Have you given any thought to the amount of coal that is left in the barriers in leaving in supports and leaving in top coal, and have you any figures at all that give any

5 June, 1919.]

MR. GEORGE KNOX.

[Continued.]

indication, that is to say, figures you have taken from evidence, Committees or Commissions or of your own knowledge?—I have read several papers before the Institute of Engineers on this subject. It is the one which I am most interested in, because the waste of coal is the thing I deplore most of all in our mining operations, that is, the amount of coal that is being lost and can never be regained from various causes. In the Report of the Royal Commission I went through that some years ago, I mean the Royal Commission of Coal Supplies on Waste in Working, and I tabulated the evidence given by mining engineers from the various coalfields. It can only be approximate, of course, but it is astounding the amount of coal that is being left in various forms. In 1913, calculating the percentage of loss from the evidence given, and the total amount of coal in reserve, as given by the geological survey, the loss is estimated at about 19,000,000 tons.

26,489. The first loss?—That is the loss on the amount of coal we had in 1913. If we went on working the seams with the same loss as we had up till 1913, the amount we would not get that we ought to have got was 19,000,000,000 tons, equal to about 30 years' output.

26,490. *Mr. Evan Williams*: Over the life of the collieries in the country?—Yes.

26,491. *Mr. Robert Smillie*: The known coal at that time?—Yes, the known coal in reserve.

26,492. That is the estimated loss if they went on working as they work now?—Yes.

26,493. I suppose it might be taken relatively speaking the past loss would be the same?—I think it would be higher. I think we have had an improvement during the last 20 years.

26,494. Supposing you could increase the efficiency of coal by 25 per cent., that is the efficiency for heating, lighting, and power purposes, that would be equal almost to an increase of output of 25 per cent?—Yes.

26,495. Do you think it is possible to increase the value really as a heating power unit of coal considerably by the different treating of it?—I do. I think that is the great prospect that we may look forward to with confidence in the future, the development of power production at the colliery itself.

26,496. Or in centre stations, which ever is thought best; either at the colliery itself or the converting of coal at central stations and the raising of power by the gas companies?—Yes.

26,497. You look to a very great change during the next 25 years in our treatment and use and methods of using coal?—Yes. That was another point I was going to refer to with regard to waste. The waste of the material which we ought or might derive from coal is enormous. We take one of the best equipped collieries in South Wales. They are producing power to-day at a farthing per unit chiefly from the waste heat as the result of coking their coal at the collieries.

26,498. *Sir Arthur Duckham*: Does that one farthing include the price of gas?—Yes.

26,499. *Mr. Evan Williams*: Before the war they were producing it at one-tenth of a penny?—I think that includes everything in the charges.

26,500. *Sir Arthur Duckham*: You do not know what they put the gas in at?—No, I cannot say.

26,501. *Mr. Robert Smillie*: How would that compare with the cost per unit when it is raised by burning coal for steam raising. They are using the gas there from the by-product works?—Yes.

26,502. How would the unit compare with the price at the colliery by raising steam by burning coal direct?—It is less than one-fifth of the cost by raising steam by burning coal direct in an ordinary Lancashire boiler. That is an occasional case. I do not know anywhere else where they are doing it so

cheaply from the colliery works. I think the cost of supply in our district is about 5d. per unit.

26,503. *Mr. Evan Williams*: Do you suggest the cost of the average colliery for making electricity from steam is 1½d. a unit?—Yes, with old boilers and small plant.

26,504. In my own case with steam we make it at three-eighths of a penny?—Are you using turbines?

26,505. No?—What is the consumption in pounds per horse-power?

26,506. About 11 lbs. a kilowatt?—That is very low.

26,507. Do you know what they charge the power company in South Wales at the present time per unit?—We are paying 4d. in one place, and 5d. in another for consumption in houses and for lighting.

26,508. And for colliery purposes?—I do not know what they pay.

26,509. Will you take it from me it is under a penny?—I think you should know.

26,510. *Mr. Robert Smillie*: You agree it was necessary to get the largest possible output of coal?—Yes.

26,511. You agree it would be unwise to continuously increase the output of coal and use it as they are doing now if you can save a large portion of it by using the coal better?—Yes; we can never replace coal once it has been got out.

26,512. *Mr. Frank Hodges*: I understood you to say the South Wales Miners' Federation opposed the scheme for education at the Mining School under the coal owners' proposals?—Yes.

26,513. Did I understand from that the implication was the South Wales Miners' Federation was opposed to technical education?—I do not know what the implication is. The fact that they opposed it I know. I have had to experience that. What their reason was I do not know.

26,514. Have you concluded from that they were opposed to technical education?—No, I do not suppose that would lead one to say they were against technical education. It would not incline one to think they were in favour of it.

26,515. As a matter of fact, they opposed it because it was a coal owners' scheme?—I think so.

26,516. Do you know they encouraged the setting up by the Local Authority of a Technical Institute at the expense of the ratepayers, so that they could have some control of the affairs?—Yes.

26,517. They were in favour of technical education provided it came through the local authorities?—They had the opportunity of appointing half the managing committee of the school and they refused to have anything to do with it on those terms.

26,518. I am fully aware of the kind of proposals and the conditions under which the proposals were made. I do not want you to leave the Commission under the impression that because the South Wales Federation opposed this school they were opposed to technical education?—I do not suppose it does amount to that. I do not think their interest in technical education is anything like what it ought to be, not only in South Wales but I should think over most of the country. Take the case of South Wales. The Miners' Federation, I should think, have very nearly a majority on the Education Committee in Monmouthshire, and they have talked, as they did in Glamorganshire for years, about what they are going to do in founding higher technical centres, but they have never done it.

26,519. It is within your knowledge the Education Committees of Glamorganshire and Monmouthshire have only recently had a majority of labour members upon it?—They had a fairly large representation before.

26,520. Not sufficient to decide the policy of the Education Committee?—No.

26,521. *Mr. Evan Williams*: Or even to suggest a policy?—They could do that.

(The Witness withdrew.)

Sir LIONEL PHILLIPS, Bart., Sworn and Examined

26,522. *Chairman*: Sir Lionel Phillips, I think you are a partner in the firm of Wehrner, Beit and Co?—I used to be. It is liquidated now. I am Chairman of the Central Mining Company.

26,523. You are now Chairman of the Central Mining and Investment Corporation and one of the Governors of the Imperial Mineral Resources Bureau?—Yes.

5 June, 1919.]

SIR LIONEL PHILLIPS.

[Continued.]

26,524. You have had, as I suppose everybody knows, a very wide experience both practical and financial in the development, equipment and management of mines?—Yes.

26,525. You have been good enough to prepare a *précis* of your opinions upon this subject for us which I will ask the Secretary to read.

Secretary:

"I have had a wide experience—practical and financial—in the development, equipment and management of mines.

With regard to (1) (a) and (b) of your letter of 13th May—

(1) the effect likely to be produced by nationalisation of mines and minerals upon—

(a) the other industries of the country (including shipping),

(b) the coal export trade, and thereby upon international finance,

the problem awaiting solution is, I take it, that of bringing within the reach of the working classes more of the amenities of life than they have hitherto enjoyed. The aim, I think, cannot be achieved either by nationalisation of mines and industries or by any other short cut, nor would the distribution of accumulated savings among the less fortunate of human beings produce the desired effect, rather the reverse. All kind-hearted persons who are well housed and fed are deeply concerned that others are badly housed or insufficiently fed. Considerations of sentiment, however, cannot, in my opinion, provide a remedy. Economic laws are just as inexorable as natural laws, and to disregard them can only result in disappointment and suffering. The quantity of commodities which are available for distribution among human beings depends upon the use made of the raw materials which a bountiful Providence has placed at our disposal. The greater the ability and the energy put into production, the greater the output. The more work men do the more work there will be for men to do, and the greater and cheaper will be the products. Hence, there will be more to go round and they will be within the purchasing power of far greater numbers. In the broad sense there can be no such thing as over-production. There may be, of course, over-production of a given article at a given moment, but that does not disprove the general principle; it merely demonstrates a want of elasticity in the special branch of production concerned. It is, therefore, fundamentally sound for everyone to do as much work as he can consistent with due regard to health, which means a due measure of leisure. The grave point under consideration is whether the State is likely to secure as high an output as private enterprise, and at the same, or at a lower, cost. My experience does not lead me to believe so. Take the coal-mining industry as an example. Coal mines were found, developed and worked by private enterprise. In mining generally vast sums have been sunk and lost in looking for valuable minerals. There are instances of this going on in England to-day. Is it conceivable that Government officials, in receipt of fixed salaries, should either be willing, or, indeed, permitted, to expend large amounts of public money in the speculative quest for payable mines? It may be said that this does not apply to an established industry where, as far as discovery is concerned, the limits are known. The question is, therefore, can the Government manage an industry as well as private enterprise? The probabilities are, I think, all against it. The nationalisation of one industry should, as a natural consequence, be followed by the nationalisation of all industries, the consequences of which would be the most appalling mismanagement, muddle, political wire-pulling, corruption, and, in fact, every disability imaginable, and consequent ruin to the people. What is known as the Government stroke would be the common pace, and any State trying such an experiment in a competitive world would soon be forced to abandon it. Meanwhile, however, no one could foretell the damage that would be done to the country and to the very classes it was hoped to benefit. The effect upon other industries of a higher cost of

coal cannot be assessed, but could be demonstrated only empirically. I should like to draw a distinction between what I conceive to be the functions of Government and those of commerce and industry. The business of the State is to see to the safety of the country, the health of its inhabitants and the maintenance of order. This, in itself, is a gigantic undertaking, but it pales into insignificance beside the task of actually running the industrial, commercial and other concerns of a highly developed country. The State has probably interfered far too little in the past with the manner in which industries are conducted. Where, for instance, national assets, such as coal, are not being worked, in the opinion of the State, as efficiently as they ought to be worked, it is the business of the State to interfere, so that the efficiency is secured. But there is an immense difference between criticising procedure and designing plans for the better conduct of operations and carrying them out. The carrying out of such plans should be left to those who are engaged in the particular business.

Again, it is impossible for the State to hold the balance fairly between employers and employed if it becomes itself a gigantic employer. Such a question as the division of the fruits of industry between capital and labour is, of course, the concern of the State, and it can be regulated by a variety of methods. Men are not born equal, and any process designed to equalise them would mean levelling down, rather than levelling up, which is what the system of individualism encourages. Ambition to rise and rivalry are the keynotes of progress.

There may be directions in which, under special circumstances, the State can undertake services which could not be entrusted to private enterprise, but anyone having an acquaintance with bureaucratic administration would not select it as the best system for success in industry. There are, of course, those who base their advocacy of socialisation upon the assumption that mankind can be made to give its best effort, not for its own advancement, but for the benefit of its fellows. I am afraid we have not arrived at that stage.

With regard to point (2) (a) and (b)—

(2) the method of purchase if nationalisation were decided upon—

(a) whether by mines stock or general stock,

(b) what rate of interest, what sinking fund,

in the event of nationalisation, the purchasing price should be paid, not in mines, but in general stock. The rate of interest that should be paid is a debatable point, but a sinking fund should certainly be established to redeem wasting assets."

26,526. *Mr. Sidney Webb*: If I may begin at the end and take your suggestions with regard to compensation, assuming that nationalisation of the coal mines were determined upon, you suggest that it would be most suitable that payment should be made in a general stock and not in a special stock?—Quite so.

26,527. I suppose the meaning of that is that you think a general stock would be more marketable and could be issued at a lower rate of interest?—Yes, it would be a better security.

26,528. And, therefore, the Treasury would save by issuing a general stock as compared with a particular stock?—I think so.

26,529. On the other hand, it has been put to us to-day that there would be some disadvantage in issuing a general stock in that it would compete with the other general stocks of the Government, and possibly lower the price?—That depends, of course, on the form in which the issue was made. As a matter of fact, one of the things I had in mind was a mine stock, which might be regarded by the present possessors as being a less good security to them than a general stock, because they would not have faith in the way the Government would work the mines, and, therefore, they would be better satisfied with a general security, and I think the cost to the State probably would be no greater.

5 June, 1919.]

SIR LIONEL PHILLIPS.

[Continued.]

26,530. Then a suggestion has been made to us that rather than issue stock at all it would be even better for the State to issue terminable annuities. What do you think as to that suggestion?—Calculated on a fair basis, it would be quite satisfactory. All those financial questions after all come to much the same thing.

26,531. That is to say, they are only the currency in which the price is paid?—Yes.

26,532. But still there may be an advantage to the Treasury which has to pay to select a form of currency which involves no loss?—Of course.

26,533. To go back to the other question, you deprecate any nationalisation, of course?—Yes.

26,534. You point out, for instance, that it is inconceivable that Government officials in receipt of fixed salaries would be willing, or indeed permitted, to spend large sums of money in the speculative quest of payable mines. I would ask you whether that applies to oil, for instance?—I think it does.

26,535. Has there been much private enterprise engaged in boring for oil in this country?—No, not till recently.

26,536. Is it being done under private enterprise now?—I do not think it is entirely private enterprise now.

26,537. Is not the whole expense being borne by the Government and the whole risk being run by the Government?—Yes, quite so.

26,538. Therefore you have a State enterprise boring for oil where private enterprise has not attempted it in the past?—It was done as a war measure, notwithstanding the result.

26,539. That is another point; but, still, the enterprise is there?—Not by the Government. I may say that I had something to do with the initiation of this enterprise. This boring for oil was essentially a Government measure. It was not one of those cases in which an individual in the Government service said, "You must go on with this."

26,540. Before we pass from that, surely there must have been somebody in the Government service who said the word "Go"?—There was, but indeed at the very top.

26,541. But then the very top is also a Government servant?—That is perfectly true.

26,542. *Mr. Arthur Balfour*: I should like to hear what happened?—I was not in at the final arrangements, but I was present at the preliminary discussion that took place when Mr. Pearson attended, and so on. The Minister was very anxious that something should be done. It was even hoped that oil might be got for the war. At that time I was Controller of the Department for Mineral Resources, and in the course of my duties I made investigation into the possibility of getting oil from the shales of Dorset and Norfolk. There were innumerable difficulties there on account of the sulphur contents of the shale. Then the question of boring came up, because no one knew at all how long the war might continue, and what circumstances might imperil the oil supply of the country. On that account the question of boring for oil and obtaining a supply in this country became a most important one from the standpoint of imperial concern, I may say. Therefore, it was taken to the highest authorities, and it was not a mere Government official in some office.

26,543. *Mr. Sidney Webb*: Was he not in an office?—Yes, he was.

26,544. *Chairman*: Not a mere Government official?—No, not a mere Government official.

26,545. *Mr. Sidney Webb*: You mean it was the Prime Minister?—I do not know whether it was the Prime Minister: it was the Government.

26,546. A Government official having a salary?—Yes.

26,547. Subject to all the loss of initiative and failure of enterprise which the receipt of a salary always carries.

26,548. *Mr. Arthur Balfour*: Might we not have the full story?—Might I add that what I had in my mind in saying that a Government official should not be permitted to expend large sums of public money in the speculative quest of payable mines,

was the ordinary everyday business of finding a new coal mine or tin mine which would have to be dealt with by someone much lower down than the Minister, otherwise you would so overwhelm your head of the Government that he could not attend to anything else.

26,549. *Mr. Sidney Webb*: Surely every experiment would have to be sanctioned by the Minister of Mines?—Upon that subject you have first to have a Minister of Mines; we have not one in this country.

26,550. You suggest that it is inconceivable that Government officials in receipt of fixed salaries should either be willing, or indeed permitted, to expend large amounts of public money in the speculative quest for payable mines?—Yes, I mean that absolutely.

26,551. There you have an instance where you have a very speculative quest undertaken by a Government official in receipt of a fixed salary which private enterprise could not have undertaken?—Quite so.

26,552. Is that not rather inconsistent with your statement that it is inconceivable?—I think not; it is inconceivable in the general sense, not in this very special sense. I can give another case in which the Government during the war took upon its shoulders a very speculative proposition of sinking boreholes in Ireland for coal.

26,553. Was that done by an official with a fixed salary?—Yes, it was done by a Minister of the Crown.

26,554. Who had a fixed salary. He was not doing it for his own profit?—No, quite so.

26,555. Therefore he was not lacking in initiative on that occasion, nor was there any failure of enterprise?—Quite so. This was the Minister.

26,556. I take it he is a Government official, like anyone else?—May I add that if any particular official in a particular case spent a large sum of money, say £300,000 or £400,000, and had not succeeded in getting what he sought, I imagine that his services would be dispensed with, and very likely questions would be asked in Parliament with regard to it.

26,557. Has that been your experience in the past?—It was never my own personal experience; I was very modest in the things I did.

26,558. Of course, I did not mean to suggest with regard to your own services: what I meant was, have you known any case in which Ministers during the war have ventured on these large experiments and have failed, that have been dismissed or disgraced, because, as a matter of fact, I think we know that there have been several cases in which there have been large failures, and necessarily so?—Quite so.

26,559. But they have not been turned down?—The only national ventures that I know of that have not yet been demonstrated are those I mentioned of boring for coal in Ireland and boring for oil in England.

26,560. Do you think that any Minister is likely to be disgraced who has been boring for coal in Ireland and has not succeeded?—I think it is a question of what will happen.

26,561. The instances you have given of public enterprise carried out by Government officials in receipt of salaries do not bear out your impression that there is no public enterprise?—As a matter of fact I am speaking in general terms of mines in general, but the conditions such as we have had when the Government determined to bore for oil, or when they determined to bore for coal, are rather special instances of not everyday enterprise.

26,562. But they encourage us to look with a little more charity on officials with fixed salaries?—I should not for a moment like to be understood to be depreciating the immense value of and the high opinion held of Civil Service officials in this country, but I think any man in receipt of a modest fixed salary who went in for a speculative proposition would feel that he was running a great risk in the event of failure.

26,563. You say an official with a modest fixed salary. You do not suggest that the decision as to

5 June, 1919.]

SIR LIONEL PHILLIPS.

[Continued.]

whether an expenditure of millions should be incurred either would or ought to be entrusted to an official with a modest fixed salary? It would necessarily go to the Minister?—I am afraid that is not practicable in mining affairs. For instance, I am head of an organisation which employs about 100,000 people, roughly. We have mine managers who are paid very high salaries, much higher than in this country, but they are endowed with tremendous power.

26,564. Therefore, the decision does not rest with an official with a modest fixed salary? It goes to the head man on the spot?—I am afraid it must.

26,565. Who is it that makes the decision to try a speculative experiment? What sort of a person is it?—In that case it would be put up to the head office. I am referring to the case of looking for a new mine.

26,566. Just as the looking for the oil was put up to the head office of the Government?—Yes. Of course, the point we have to consider is that in the individual case, if the head office permitted the expenditure of a large sum of money and had failed, the concern would go to the bad. The State cannot go to the bad in the same way.

26,567. A concern of the magnitude that you are speaking about must try a great number of experiments, and probably some would not be a success?—Quite so.

26,568. You live on the balance?—Yes.

26,569. And probably the State would do the same?—We are more often right than wrong.

26,570. You point out that the nationalisation of one industry should as a natural sequence be followed by the nationalisation of all industries, the consequence of which would be the most appalling mismanagement. Do you think that always follows?—I think you are well acquainted with South Africa. There the coal mines and the diamond mines have been very successful as a matter of private enterprise.

26,571. Quite so; but I think, if I remember right, those concerned in those mines have been very keen indeed that the Cape Government should develop the railway system. That is not a private enterprise?—No, it has always been a Government concern. I said there were exceptions.

26,572. You do not suggest that if one industry is nationalised it is a natural sequence that all industries should be?—I mean by that rather industries in the nature of coal mines. If you are going to nationalise coal mines, there are other technical industries which should be nationalised.

26,573. You might be led on to nationalise bakers' shops?—Yes.

26,574. Then you point out that the business of the State is to see to the safety of the country, the health of its inhabitants and the maintenance of order, and you say that is in itself a gigantic undertaking. May I remind you that in most countries in the world the State does more than that; even in South Africa it governs the railways?—The State does more in South Africa with regard to looking after its mines.

26,575. The duties of the State are not limited to those subjects you have mentioned?—I did not mean that too literally. What I did mean was this. You can divide with a very big margin the particular spheres in which the State can actually act with advantage, and the spheres where private enterprise should be left to do it.

26,576. You put the line so that the railway industry falls on the one side for the State to manage and the coal mining industry on the other side for private enterprise to manage?—No, I should not do that. I would rather put it in this way. I believe the railway enterprise of this country would probably have been helped a good deal by a little more consideration on the part of the State, without the State necessarily taking upon its shoulders the running of the railway. That is quite a different thing. For instance, we have now coming down from the north three main lines of railway. It is quite possible that if originally they had been laid out with more consideration, two sets of huge main lines might have been adequate for the traffic. It is quite possible that more was spent in capital outlay on account of competition than need have been the case. There-

fore, it seems to me always the duty of the State to be very watchful that needless capital expenditure, needless outlays are not being incurred or needless waste in any industry is not permitted. The State can very well insist upon everything being done in the country for the best advantage, because that is the national advantage, but it is quite a different thing for the State to work the proposition.

26,577. That brings me to one of the points that we have had very forcibly put before us. It has been put before us on, perhaps, the highest authority, that the present administration of the coal mines I will not say is like the railways, but that the outlay has been unnecessarily expensive owing to the separate private enterprises, but also that the individual administration of the collieries is extravagant and wasteful, not because of any particular crime on their part, but because of the fact that there are 1,500 of them. It has been very strongly urged upon us that great economy would be brought about by collective production. Would you feel inclined to agree with that as a general opinion, that collective production would be more economical than the individual production among all the separate concerns?—That is a very big question. I should say that there are, of course, numbers of instances in mines, particularly where a given area placed under one control may give you much better results than a number of units working separately.

26,578. I think there was a very conspicuous instance of that, was there not, at Kimberley?—Quite so.

26,579. Now, we have had before us in evidence that the present separate ownership and separate working of the 1,500 colliery concerns in this country is a great cause of loss and increase of expenditure, and it has been put to us that collective production, if it could be brought about in one or other way, would lead to a saving of expense. You suggest here that where, for instance, national assets such as coal are not being worked, in the opinion of the State, as sufficiently as they ought to be worked—that is our evidence for the moment—it is the business of the State to interfere so that efficiency is secured. Then you go on to say, "but there is an immense difference between criticising procedure and designing plans for the better conduct of operations to carry them out"?—Quite so.

26,580. It has also been suggested to us that we might propose that the colliery companies should be required to unite so as to get the benefit of collective production carrying it on on their own account. If that were done we should be face to face with what some people would call a national coal trust. Would you regret that as a danger?—I do not think it would be good policy to put all the coal mines together. I cannot imagine the whole of the coal mining industry worked as one unit being better worked than it would be if you had it in a variety of units.

26,581. Supposing you had one unit for each coal-field?—I think it is quite possible if you took given areas and if you united them by having areas not too large for supervision, that you might get better results than by working them all as separate units.

26,582. Suppose you were convinced that that was so, would you suggest that it would be desirable to set up these local trusts?—Quite so.

26,583. In private enterprise?—In private enterprise.

26,584. You would not be afraid of a political outcry against monopoly in that case, and a possible rise in price against the consumer?—All you would do would be to make your units more efficient in themselves.

26,585. Instead of having 1,500 you would have, say, 20?—Or even 150.

26,586. You do not regard the competition as any danger?—I do not think so.

26,587. When the mines in South Africa were united in the De Beers Company the competition was eliminated?—There you have an article of luxury which fluctuates enormously in value, and at one time

5 June, 1919.]

SIR LIONEL PHILLIPS.

[Continued.]

went to so low a figure on account of the quantity produced that it would not pay to produce them.

26,588. That is exactly what we have been told about coal?—Therefore, either the industry would have to shut down or combine, and combined it has been very successful since.

26,589. And the price?—The price has gone steadily up. In recent years it has advanced tremendously.

26,590. If anything similar were done with coal the price would go up?—It is on a different basis. Diamonds are an article of luxury, and if people have spare money they buy diamonds. In the case of coal they must buy it.

26,591. It is a commodity they must have. Would that make the price go up or would it be less?—I am not quite sure, because there is a lot of coal in the world. If you had the monopoly of a product, as in the case of diamonds, which is purely an article of luxury, the consequence is if the demand is great it can be supplied, and if it was small the supply could be diminished; but in the case of coal you have to compete against the whole world.

26,592. For the home market?—Not necessarily for the home market; but it is conceivable that you might have such cheap coal produced in the United States that they may invade the market.

26,593. After all, coal and diamonds have a certain relation one to the other?—Yes, chemically.

26,594. And if the price of coal were put up high enough, that might become an article of luxury?—I am afraid as an abstract proposition one may say that is correct.

26,595. You point out that if the State becomes a gigantic employer it is impossible for it to hold the balance fairly between employers and employed. I do not know which way you think it would incline the balance to danger?—The point is this. If you can imagine the State being a sole employer of human beings, I cannot conceive of any reasonable distribution.

26,596. At any rate it would not be inclining the balance between employers and employed?—Yes.

26,597. You were referring to the State being a gigantic employer, not the sole employer?—Quite so.

26,598. I find from the 1911 Census that the total number of persons in Government employ in this country, apart from the Army and Navy, was 788,550, and by 1915 the total for the United Kingdom must exceed a million. Now that is 1/16th of all the persons employed. That is pre-war. It was already the direct employer of one million persons?—Quite so.

26,599. This document goes on to say that "A single Government Department, the Post Office, has directly in its employment nearly 2 per cent. of all the households of the nation, and municipalities like Glasgow and Manchester have each 20,000 employees, or more than one-tenth of their households, on the city payroll." Does not that make the State already a gigantic employer?—It is a large employer.

26,600. If it is already employing one million persons it is not an unheard-of proportion that it may become the employer of two million persons. You are rather putting it to us as a matter of alarm that if the State were to take on a million people it would be a gigantic employer. I put it to you that it has already taken on a million people, and the heavens have not fallen?—I think it would be much better if they had not a million employees.

26,601. You do not suggest that you can put back the clock?—I do not suggest that you can put back the Post Office or the control of sewage.

26,602. Is there anything which the State does now-a-days that you think had better be given up?—No, but I am not convinced by any means that there are not many things which the State does that it had better have left alone.

26,603. At any rate, you do not propose that any of them should be given up, and I gather you do not propose that any more should be added?—I think anything that the State can avoid doing directly in the shape of trading is best left alone.

26,604. Would it be putting it wrongly if I suggested that your position was that we had exactly reached, in the year 1919, the ideal point that we have taken over by the State as much as is good to be taken over—that we happen to be at the ideal point?

—I could not admit that. I should say you have overreached it already.

26,605. But you do not propose that any should be given up?—I have not gone into the question to see how far you could release anything that the State now does.

26,606. *Sir Allan Smith*: With regard to this oil proposition, do you know whether private enterprise offered to bore for oil at Chesterfield, and the Government refused?—Yes, I believe they did.

26,607. On that hypothesis, would not your answer with regard to private enterprise be modified?—I do not think private enterprise was very keen on the proposition, because it was looked upon as a highly speculative one; but there is no doubt that during the war an offer was made.

26,608. In that case, and in the Irish case, with regard to coal, would you differentiate between enterprise and grievous national necessity to do something?—Quite so.

26,609. Would you suggest that these bores were done because we were in desperation to do something, and not because our enterprise was tickled in the least degree?—They were both cases in which there were specific reasons why the State thought it desirable to do something; it was not ordinary enterprise.

26,610. With regard to the question of paying money for this, would you agree that, although the Minister, were he in office, would desire to do a certain thing, he would require to get the Treasury to give him the money?—Certainly.

26,611. Supposing the Treasury did not have the money at the time, is it conceivable that the desire of the Minister of Mines would be blocked simply because the Chancellor of the Exchequer refused to pay up?—Quite so.

26,612. Do you know whether that is the case at the moment, that money is being refused for the industries of this country on account of the financial position of the country?—I can quite well imagine it, but I am not in the Service now. I may perhaps say that in my experience in a Department, we had a great many masters, and before you could get anything done, you had to get the consent of a variety of other Departments, especially the Treasury. The result was that it took a very long time to get anything done, unless it was so urgent that you rushed off to the head of the Department. Unless you advised him that it was urgent for immediate action you would be held up for a long time, and the opportunity might not occur again. That is one of the cumbersome things of Government administration: there is no one in a position to say "Go ahead," there never can be in a Government administration—you must go through the regular routine.

26,613. *Mr. Sidney Webb*: Unless you go and see the head of the Department?—On occasions you cannot do that, but in my experience, the moment one Department writes a letter to another Department you get your subordinates exchanging correspondence on an elaborate scale, and it becomes very difficult, because you have to support your own section, and you find yourself up against all kinds of difficulties.

26,614. *Sir Allan Smith*: Have you found that suggestions that were approved by the Minister under whom you were working during the war have been done down by the objections of his colleagues?—Yes, on occasions.

26,615. When you were working in the Ministry, did you find that your enterprise and your activities were thereby and for that reason stimulated?—Not at all.

26,616. Did you find that the circumlocution was so much that you had rather an inclination to say, "Very well, if we cannot get on, we will let things go"?—We were working, of course, under very special conditions during the war, and if one could go to a Department and say this thing was very important, you got permission more rapidly than you would in normal times. Some of the enterprises that I undertook myself would never have been thought of in times of peace; for instance, we opened up the

5 June, 1919.]

SIR LIONEL PHILLIPS.

[Continued.]

phosphate deposits in Cambridge. As a paying proposition, you would never do it; but they were of immense and imperative value, so that it is not fair to compare the kind of permission that I would have got under the stress of circumstances at that time with the ordinary conduct of affairs through Government Departments in normal times.

26,617. You have had some of the same of Government Departments in normal times?—No, not much here.

26,618. In South Africa?—Yes, a great deal.

26,619. Did your experience in Government Departments in normal times give you the impression that they are suited to conduct an industry?—No.

26,620. *Chairman*: I am asked to ask you two questions. First of all, I think you were head of the Mineral Resources Development Committee of the Ministry of Munitions?—Yes.

26,621. What is your opinion in respect to the creation of a Mines Department or a Ministry of Mines in the United Kingdom?—I reported to the Minister on the subject very much in favour of the creation of a Mines Department. I was opposed to the idea of a Minister of Mines, because I thought there were too many Ministers already. As a matter of fact, for carrying out any business undertaking, you cannot get on if you have too many people in a room. Already you have a very large number of Ministers, and it seemed to me undesirable to add to the number, because you cannot get on with the business; therefore I, for one, was opposed to the idea of a Minister of Mines, but I am very much in favour of the extension of the present Mines Department. I do not suppose you would desire me to go into the whole question of one's idea about Government administration, but in two words might I say this: If you had a Ministry, say, of 12 men, and each of those 12 men had under them a variety of under-secretaries with departments for which each is responsible, the Minister himself would have an opportunity of thoroughly studying the requirements and the desires of all the subordinates under him, and in turn would have an opportunity of coming to a decision. A fewer number of people would have a better opportunity of carrying it through. That is on general lines. As to the necessity for a Department of Mines, it is obvious that very little consideration has been given to the mining industry in days gone by. The Home Office has done its best with the staff it has, but it has devoted itself to questions of safety and statistics only. There are innumerable instances in which tremendous losses have taken place through there being no one with authority to interfere, either with the landlord, or with the way in which a mine is being worked in this country, and it seems to me that you require a properly organised Mines Department, attached to which you could have committees set up with authority to interfere, as far as might be advisable in the national interest, with the proceedings of private individuals. It is all pretty clearly stated in the report that was handed in.

Chairman: Can we get a copy of that report and circulate it?—Yes.

26,622. This is the report of the Controller of the Department for the Development of the Mineral Resources of the United Kingdom, and I see that you were the chairman of that committee?—Yes.

26,623. It contains, I think, your views on the subject?—It does.

26,624. *Mr. R. W. Cooper*: I suppose you keep yourself well informed upon South African affairs?—Yes.

26,625. Is it not the fact that in 1917 there was a Commission in South Africa to consider the question of State mining?—Yes.

26,626. Have you read their report?—Yes.

26,627. I will read you the last paragraph of the Majority Report: "Finally, a careful and impartial consideration of all the circumstances, experiences, difficulties, and adverse results in connection with State mining in other countries has confirmed the opinions and conclusions expressed in the Majority Report, namely, that having regard to all the conditions which obtain in South Africa at the present time, your Commissioners cannot recommend the Union Government to engage in the mining of any minerals."

Sir L. Chiozza Money: May we have the Minority Report?

Chairman: What does the minority say: do they agree with the majority?

Mr. R. W. Cooper: No.

Sir L. Chiozza Money: Who are these people?

Mr. R. W. Cooper: They were appointed by the Governor-General, Mr. P. Ross-Frames, Mr. J. L. Van Eyssen, Mr. J. Taylor, Mr. R. H. Miller, Mr. de Villiers Roos.

Sir L. Chiozza Money: Cannot we have the Minority Report now?

Mr. R. W. Cooper: There are two Minority Reports. Mr. Roos confirmed his previous report. Mr. Miller, after reviewing the foreign evidence said: "Your Commissioner has practically nothing further to add to his previous recommendations, except in so far as they are affected by the new position now existing due to further leases having been given out, and in so far as he has to recommend that all revenue accruing to the State, as a result of leasing, in excess of an amount calculated similarly to the ordinary taxation derived from privately owned mines, should be earmarked for future State enterprise, or used for the redemption of State loans, and not treated as ordinary revenue."

Chairman: I think Mr. Roos's report is on page 29. He says there: "I do not think that a further report is necessary. The State asset in South Africa consisting of the East Rand areas is so unique in character that a comparison with State mining in other countries is almost beside the question. I have found nothing in the further reports and evidence laid before the Commission to shake my opinion as expressed in my previous report." Nothing shakes some people!

Thank you very much indeed. We are very grateful to you for coming here.

(The Witness withdrew.)

We have here now two witnesses on behalf of the National Gas Council, and I will ask, if I may, Sir L. Money on the one side, and Sir Arthur Duckham

on the other, because he is interested in the Gas evidence, to ask questions.

MR. DAVID MILNE WATSON, Sworn and Examined.

Chairman:

"Mr. D. Milne Watson states that he has been asked to appear before the Coal Commission and does so in a dual capacity—first, as President of the National Gas Council, a body comprising the great majority of the gas undertakings in the country, and, secondly, as Governor of the Gas Light and Coke Company, the largest gas undertaking in the country and probably in the world.

He understands that the Commissioners desire to hear generally the views of the gas industry on the question of the nationalisation of the coal mines of the country. The gas industry, he believes, is the second largest buyer of coal in the United Kingdom, using annually some twenty million tons of coal, being even larger users than the railway companies, and, therefore, its views are entitled to consideration.

He wishes to bring before the Coal Commission the following resolution, which was recently passed at a

5 June, 1919.]

MR. DAVID MILNE WATSON.

[Continued.]

meeting of the Central Executive Board of the National Gas Council:—

"That the gas industry, which is one of the largest consumers of coal in the Kingdom (carbonising some twenty million tons of coal annually) and has wide experience of the coal market ranging over many years, views with serious alarm the proposals for nationalisation of the coal mines, and is of the opinion that this would neither engender a spirit of efficiency in the collieries nor effect national economy."

From this it will be seen that the gas industry is wholly opposed to the nationalisation of the coal mines.

Witness's Company is one of the largest individual buyers of coal in the country, purchasing some two million tons of coal annually. He has himself been responsible for buying coal for the Company over a large number of years, and, therefore, is speaking from his own personal experience.

Before the war coal was either bought directly from the collieries, in the case of the larger undertakings, without the intervention of middlemen, or through merchants. The latter method of purchasing coal was the usual one in the case of smaller undertakings, but also was, to a certain extent, employed by the larger undertakings.

In his Company some 440,000 tons were usually bought from merchants, that is to say, 22 per cent.

Merchants were a convenience in a certain class of business. It was quite impossible for the collieries to send a representative to each of the gas undertakings, and it was equally impossible for the small gas undertakings to send direct to the collieries. Merchants were thus necessary to the carrying on of the trade and, generally speaking, gave satisfaction. In the case of large contracts the merchant's remuneration was occasionally not more than 1d. per ton, 2d. was a very usual figure, and witness does not think this work could be done any cheaper or more efficiently by any other body of men.

The gas industry objects to nationalisation, because it was, on the whole, quite satisfied with the method of purchasing coal which prevailed in pre-war times, and because it does not believe that nationalisation would work satisfactorily.

The industry has had a large experience of control during the war, and, while admitting that this was necessary and always will be necessary during periods such as we have just passed through, it does not believe that control in the form of nationalisation is required in normal times for the protection of the public. Indeed, it is thought that the public would undoubtedly suffer.

Allowing for the fact that the state of affairs in the coal trade was quite abnormal during the war, yet the Government control undoubtedly gave us a foretaste of what might be expected under a system of nationalisation. Gas works have had to take unsuitable coal, sometimes coal that was not gas coal at all, and sometimes gas coal that was not suitable for the particular works to which it was sent. This has caused great waste and corresponding financial loss. Only bituminous coal can be used advantageously for gas making, and, moreover, all grades of what is commonly known as "gas coal" are not suitable for every gas works. This is a point of great importance which has been largely lost sight of under the system of Government control.

The serious loss of having to use unsuitable coal will be shown by the technical witness who will follow.

Referring to the Coal Transport Re-organisation Scheme, it is realised that the endeavour to save train mileage was done with the best intentions; nevertheless the effect was in many cases most serious.

It seemed difficult for Government officials to understand that if coal has to be sent a long way it is better to send only the best coal. In a journey of, say, 150 miles, it is better to add 20 or 30 miles train haulage in order to send really suitable coal.

Innumerable instances exist of coal being sent despite the protests of the users. Witness's own Company had to complain from time to time about coal containing up to thirty per cent. of ash being sent all the way to London. Such coal ought to have been used as near the pit as possible in order to avoid the waste caused by sending thirty per cent. of ash long distances. In other words, when such coal was forwarded one in every three wagons was to all intents and purposes useless.

Government control has also meant that we have been subjected to entirely arbitrary decisions in the question of price. Witness quite realises that the effect of the control has been to keep the price within limits, and it is desirable that this should be done. At the same time, in the future this can be achieved by other means than nationalisation. Why should not the coal industry be dealt with much in the same way as the gas undertakings, which have a partial monopoly? Why should not legislation be passed giving power to the Government to appoint auditors to see that the prices charged are only such as will give a fair return to the colliery owner, due allowance being made for development, depreciation, etc.? This has been done in the gas industry, in which approximately 150 millions of capital is invested.

Witness is of opinion that there is no necessity to nationalise the mines in order to improve the conditions of the miners. Legislation can be passed dealing with wages, proper housing and other improvements without nationalisation.

It is felt that nationalisation would put the purchaser of coal entirely in the hands of Government officials. If coal was nationalised, there would, of course, be no competition. Our experience gained during control is that we are not likely to get as much consideration from an industry which would be a Government monopoly as from keen business men in competition with one another. Our pre-war experience was that if a colliery sent us unsuitable coal, we could go to another. This made the seller considerate of the customer's interests, both as regards price and quality. If there were only one seller there would be very little attempt to please the customer, because he would not be able to go elsewhere. The price might be increased excessively for the purpose of getting revenue for the State, and supposing the unfortunate gas undertaking could not pay the price and tried to get its coal elsewhere, the only other source would be from abroad, and nothing would be easier than for the Government to refuse to allow the importation of coal, and in that way force the consumer to pay the price demanded.

Witness does not propose to go into the political aspect of the question, though that is a serious one.

Witness does not think that monopolies are beneficial to the public as a whole. It is much more healthy that there should be competition for business instead of the "take it or leave it" attitude which seems inherent to monopoly, of which a nationalised coal industry would be a gigantic example.

Witness wishes to point out that the gas industry furnishes an example of the effect of healthy competition on an industry. It was often said that in the old days the gas undertakings were very independent, but the advent of electricity altered all that. Gas undertakings were put on their mettle and had to adopt a more business-like and conciliatory attitude to their customers, and make an effort, not only to get new business, but to retain old. This was greatly to the advantage of the public.

A great deal has been said with regard to the saving of expenso by an industry being run by the Government; in witness's opinion this is not likely to be the case as far as the coal industry is concerned.

Witness wishes to point out that if the businesses of the various users of coal are not to be seriously injured it is imperative to study the requirements of each individual user, whether he be a user of steam, gas or house coal, and it would be necessary to keep a large number of officials to sell and allocate the various descriptions and grades of coal. The conduct of such a gigantic monopoly as the coal industry would involve the employment of an army

5 June, 1919.]

MR. DAVID MILNE WATSON.

[Continued.]

of officials, who would have no direct interest in pleasing the customer.

Witness thinks that the Government should leave the industry to carry on its own business, but establish an efficient financial control with regard to profits, wages, housing, etc. This could be done for a comparatively small cost, and it would do away with the chief grievance which the purchaser has experienced occasionally in the past, viz., the sudden and considerable rise in the price of coal brought about by an increased demand from abroad.

The nation would, in the way indicated, get the benefits of individual enterprise, efficiency and initiative in conjunction with effective Government control."

26,628. *Sir L. Chiozza Money*: You were kind enough to answer one or two questions that I put to you before on the subject; therefore I need not trouble you very long. You again, I notice, in your evidence argue from the abnormal conditions of war to the normal conditions of peace. May I ask you if it is not the case that in the war we suffered from conditions in respect of coal and in respect of transport which were so extraordinarily abnormal that no fair comparison can exist between them and the conditions of peace?—I quite admit that during the war we were working, and the Coal Controller was working, under very abnormal circumstances and, as I say in my *précis*, I do not want to take all that happened then as exactly what is going to happen to us in normal times; but our experience has been such that we are very unwilling to see the State as a purveyor of all the coal in the country.

26,629. You do recognise that the Government in time of war has to ask people to do things it would not otherwise ask them to do. It not only has to ask them to take a kind of coal that may not be suitable for them, but it has to ask the people to make extraordinary sacrifices. You would not say because the Government has to ask a man to sacrifice his life in the time of war that he would be asked to do it in times of peace?—Quite so.

26,630. Now with regard to your difficulties about getting coal: is it the case that you have no difficulty whatever in times of peace in your dealings with the coal purveyors? Do you never have difficulties?—We really have, speaking generally, of course, very little difficulty. You can always go to someone else. The matter of price is a matter for arrangement.

26,631. May I read what another gentleman, who has constantly to buy coal, told us yesterday? He was an electrical engineer, speaking not only on his own behalf but on behalf of other municipal engineers. He said, in effect, that after elaborate tests had been made to procure the most suitable coal and this had come to the knowledge of the coalowner, he proceeded to raise the price to that consumer in particular, and accordingly the engineer had to begin with his tests all over again. I asked him if this occurred more than once, and he said, Yes. Has your experience been like that?—No, our experience has really not been like that. Of course, there may be instances of collieries having taken advantage of the knowledge that one coal is more suitable than another and trying to put the screw on, but the number of collieries and the number of varieties of coal is so large that it is unthinkable to me that that could not be got over by the purchase of other coal. Certainly, in my experience with the collieries I have never had that sort of thing to contend with. I have been buying coal for 20 years now, and I am sure we have contractors who have been on the books of the company, some for 30 years. I have one contract that goes back to 1873 without a break.

26,632. If we imagine the coal of this country to be under a responsible Minister of Mines, can you conceive of that Minister, who is charged with supplying coal to all sorts of users to produce the best results, placing difficulty in the way of a gas company?—I do not think he would deliberately go

out of his way and do it, but it would be a very difficult thing to arrange to supply the coal that was required without an enormous staff to do it. When you come to realise that there are literally hundreds of varieties of coal, it is quite a different thing to the supply of water or electricity or gas or many other things, or even telephones or the Post Office, where there is no question of a variety of articles. Here you are proposing to deal with a material which has a hundred varieties. If you go to one colliery you find they have several different grades of coal from the same pit, one of which you find is suitable; the other may be worth many shillings less. All that has to be studied. Then, as I have already explained, certain coals are not gas coal at all, but even when you do get gas coal some varieties are totally unsuitable for certain works. It is a science in itself to find the proper coal for proper works. All that would mean, if there is going to be no hitch or trouble, an army of technical experts so as to place coal in the proper places.

26,633. I suggest to you that the Government would be in a superior position. Imagine a contract under the control of a capable man of affairs. He knows that a certain seam of coal of a certain character runs through a certain portion of that district. Now that is under the control of this colliery company or under the control of another colliery company, or even a third or a fourth one, but he would know the quality of that coal as a whole. Surely he would be able to handle the coal with much less officialism than it requires to handle it now by separate colliery proprietors? Is that not so?—Imagine yourself with a very good gas coal seam and imagine that a very large number of people wish to obtain coal from that seam, the allocation of that coal is going to be a matter of considerable difficulty. More than one company wants it. How is it going to be parcelled out? Under the present system if you want the coal you pay for it, and according to its value to you; therefore, the colliery owner has a ready way of ascertaining its value. It distributes itself.

26,634. I suggest to you the contrary. They know it is a coal for gas purposes which has only to be drawn from one colliery, and instead of being on sale from a number, it only comes from one. Surely, if you consider it as a simple operation, one is much more simple than the other?—I heard the other day that if coal were nationalised there would be a level price, and there would be no competition, and we should get our coal at a reasonable price. Of course, that is very attractive, no doubt, but how is that going to be arrived at? There are certain coals that we like to get hold of; everybody would like that coal, or at least 20 or 30 people would. They all begin to compete for that coal. At the present moment the person who is prepared to pay the price gets it; it settles itself. Now under a system by which it is going to be allocated, how are you going to get over a difficulty of that kind? Is the official to say, gas company A is to have it, or gas company B.

26,635. Surely it could be settled by any man of affairs by having regard to the distance of the gas undertaking from that particular seam of coal. Those who were nearest to it would have it, so as to secure the shortest run. It naturally follows that a gas company that was the greatest distance away would not have it.

Sir Arthur Duckham: Even if there is less ash in the coal?

Witness: The most suitable coal ought to travel the longest way.

26,636. *Sir L. Chiozza Money*: Then the word "suitable" must be used with that connotation. "Suitable" means suitable for the particular purpose?—Supposing two cargoes of coal arrive at Beekton, one coal contains 25 per cent. of ash and another 10 per cent. of ash, and it is a question of sending that up to Kensal Green to the gasworks there, a haulage which costs about 3s. or 4s. a ton. In that case there is no doubt as to which coal we would send; of course we would send the coal with little ash in it, because you get more coal for the amount of money you spend. Therefore the

5 June, 1919.]

MR. DAVID MILNE WATSON.

[Continued.]

gas company which is the greater distance away would get the advantage.

26,637. You would send the coal with the highest calorific value the greatest distance?—Yes.

26,638. You would assume that "suitable" with that connotation, there would be no difficulty in arranging for the supply to be classified and divided up in the United Kingdom?—All I can say is that unfortunately it has not been done yet.

26,639. In times of war it could not be done for reasons which you have admitted are potent reasons, and which have had to go, even before the convenience of a gas company?—Quite so.

26,640. Is it not the fact that the gas returns show—I am speaking now of pre-war—that a gas company supplying gas to the public as compared with municipalities supplying gas to the public had a larger capitalisation per 1,000 cubic feet of gas?—I am not aware of that fact.

26,641. May I give you the figures for 1911? The capital for 1,000 cubic feet of gas per annum in the case of private companies was 16s., whereas in the case of municipalities it was only 12s. 7d.?—One would like to know the number of companies.

26,642. This is all of them, it is all the authorised undertakings?—It is quite possible that that may be so, but, of course, the municipalities are very often in a very good position with regard to the coalfields. I am not disputing your figures, but I have not seen that particular pamphlet. I was prepared for something of this kind being asked, and I armed myself with some figures regarding price, which is also a criterion.

26,643. Is it the fact that municipalities use less capital to produce the same result than the companies?—I have not the statement before me.

26,644. You may take it from me that it is so?—You are quoting it.

26,645. Taking the working expenses per 1,000 cubic feet—that is a Government return—the figures for companies is 31-86d. and only 21-8d. for municipalities?—I have got Field's Analysis before me, which is a standard work on these things. Taking the three great London Metropolitan companies, the capital employed per 1,000 cubic feet was 10s. 1d., and taking the following corporations—Birmingham, Bolton, Bradford, Carlisle, Leeds, Manchester, Leicester, Nottingham, Oldham and Salford, which are typical—

26,646. They are smaller than the London units?—Not when you take them together.

26,647. They are smaller units. They have not the advantages of the extraordinary area covered by the Gas Light and Coke Company?—Birmingham is a large undertaking.

26,648. Would it not be better to take the whole of the country? Is it not unfair to take certain cases? Is it not the fact that, taking the whole of the country, you get nearly less by 4s. per thousand cubic feet in the case of municipalities than in the case of the companies?—I have not that figure before me. Taking the series of companies and taking Field's Analysis, which is open to all the world to examine, there you have these three Metropolitan companies, all of them very old companies and more or less loaded up with capital. The 10 or 12 individual corporations put together work out at 10s. 4d.

26,649. Does not Field give you the whole country?—It does not. If you take the suburban companies round London, their capital employed is as low as 8s. 4d., which compares with certain provincial companies which work out at about 8s. 11d. It is a very interesting study. There is really not anything in this point.

26,650. I should have thought there was a good deal in it. Take the revenue per thousand cubic feet. That is the price in the case of companies, which comes to about 42-65d., and in the case of municipalities 38-5d., a cheaper result?—The revenue includes the residuals. It may be that they are not

selling well. After all is said and done, what really counts is the price of gas, and I have taken out the figures in order to show you that it is not against the companies. Here are 11 Municipal Undertakings which I have taken out.

26,651. Which 11? You are aware that if you make a selection of companies you can show anything?—I am taking typical cases: Birmingham, Bolton, Bradford, Carlisle, Leeds, Leicester, Manchester, Nottingham, Oldham, Salford and Widnes. Widnes is one of the cheapest gas suppliers in the world. It does not prove anything up to the hilt, of course, but if you take a series of English provincial companies such as Bath, Bristol, Brighton, Derby, Newcastle, Plymouth, Portsea, Rochester, Sheffield, and taking a series of 5 years, the figures are, for the year 1917, the average companies' price was 26-69d. For the corporations which I have quoted the figure was 31-12d. In 1916 for the companies it was 25-4d., for the corporations 27-89d. In 1915 for the companies 23-69d., for the corporations 27-02d. In 1914 for the companies 21-63d., for the corporations 23-16d. In 1913 for the companies 21-58d., and for the corporations 23-20d.

26,652. You see what you have proved. Here are the figures for the whole of the country. If, therefore, your selected figures show an improvement, on the other side it follows that the balance you have not quoted would show an extraordinary balance against the companies?

Sir Arthur Duckham: May I ask a question on that?

Sir L. Chiozza Money: May Mr. Watson answer me?

Chairman: We are getting very far afield from the question.

Witness: I think the answer with regard to that is also this, that as a matter of fact gas undertakings have been mostly municipalised in the North, and they are near the coalfields. Gas companies exist mostly in the South where they are a long way from the coalfields; therefore it means high cost for carriage, which tends to make them higher in their charge for gas.

26,653. *Sir L. Chiozza Money*: If you had given that explanation of these figures that would have been a better answer than giving a comparison of those towns which are obviously not on the same basis. Now I put it to you again that the Parliamentary Returns show that the municipal gas undertakings are run with less capital and supply a cheaper product?—With the qualification I have given in my answer.

26,654. *Sir Arthur Duckham*: Following up that question, presumably the number of small companies privately owned is considerably greater than the number of small undertakings owned by municipalities?—Yes.

26,655. Therefore their capital cost would be greater?—Yes.

26,656. These averages worked out in a Parliamentary control figure, is it not conceivable that they are worked out taking each undertaking as a unit?—It is quite likely.

26,657. The Gas Light and Coke Company might have 2s. 2d. and a small company 4s. 2d., and it might be averaged up to 3s. 2d.

Sir L. Chiozza Money: Is that so?

Sir Arthur Duckham: Is it a fact? How are your averages got out?

Sir L. Chiozza Money: I do not know, but he does not say Yes to your question. It is per thousand feet, so that it is a weight average per thousand feet.

26,658. *Sir Arthur Duckham*: Then I should like to check that. On this point of nationalisation you represent an industry which consumes perhaps as much coal as any other industry in the country?—Yes.

26,659. And you represent a company which buys perhaps as much coal as any other company in the country?—Yes.

5 June, 1919.]

MR. DAVID MILNE WATSON.

[Continued.]

26,660. What would be your position if you had to purchase your coal from a body at a fixed price? You would have to pay the fixed price?—Yes.

26,661. How would you be able to be sure that you purchased the coal that you wanted? What redress would you have?—Absolutely none.

(The Witness withdrew.)

Mr. ARTHUR EDWARD BROADBERRY, Sworn and Examined.

26,663. *Chairman*: Are you a member of the Institute of Civil Engineers; past President of the Institute of Gas Engineers and are you Chief Engineer and General Manager of the Tottenham District Light, Heat and Power Company?—Yes.

26,664. It is to be observed that you do not really express any view upon nationalisation and I do not think you mention the word in your *précis*, but one can gather you are against it. I will read your *précis*:—

“ Mr. Broadberry will state—

That he has had 40 years' experience in gas manufacture. For 20 years he has had chief control of the Tottenham Gas Undertaking, a company using 160,000 tons of coal per annum for coal gas manufacture, or about 1/100th part of the whole quantity used in the country.

That it is essential to successful and efficient working that absolutely suitable coals should be obtained. This requirement is only likely to be met by competition and free choice of selection.

That, apart from price, which is a commercial rather than a technical matter, there are many points of consideration which can best be met by free choice and competition.

Suitability and class of the Coal.

That anthracite, semi-anthracite, cannels, hybrid cannels, hard steam and non-coking coals generally are unsuitable.

That clean bituminous coking coal, giving a good yield of gas, a low sulphur content, a strong coke, prolific tar and ammonia, is best suited to good working and consequent economy in coal used. Cleanliness, that is, freedom from ash, is very desirable.

That during the period of control many samples tested have shown over 20 per cent. ash and some over 30 per cent.; the highest, 64.97 per cent., was very exceptional, as was also the lowest, 1.32 per cent.

That, provided the coal is otherwise good, the yield of gas, tar and ammonia is reduced proportionately to the ash content. The effect on coke, however, is disastrous. All the ash remains in the coke, and as the coke produced weighs about two-thirds the original weight of coal, 20 per cent. ash in coal means 30 per cent. ash in the resulting coke. Such coke is not only inefficient as a fuel in proportion to its ash, but it causes the employment of extra labour for incessant clinkering, reduces the efficiency of boilers, and the dirt which has already unnecessarily added to the railway costs of carriage forms 4 cwt. clinker for every ton of coal carbonized, and this has to be carted away to some shoot near or far.

That proper cleaning of the coal is of national interest and can only be obtained by promoting competition between the collieries.

That another important factor in economical use of coal which is of an importance quite as great as cleanliness is suitability. A coal may be very clean, but at the same time unsuitable for gas making altogether.

That even if suitable for one class or type of gas making plant, a coal may be unsuitable for another. Each type has characteristic variations as to its requirements.

That individual selection and freedom of choice is therefore desirable and indeed essential in efficient working.

That during the last accounting period before the war our make of gas was 13,148 cubic feet per ton.

26,662. Can you imagine any redress that you would like to be given you under a State undertaking?—I really cannot. With all the desire to appreciate what officials have done and try to do, I cannot see how there could be a remedy.

During the last accounting period to December, 1918, the make was 11,425 cubic feet per ton, and this was mostly due to unsuitable coal. On these figures, if we could have worked to pre-war efficiency, we should have used over 13 per cent. less coal, and if our working is typical of the other 99 per cent. of producers, the coal wasted in twelve months due to unsuitable coals now that we have no free choice amounts to 2,080,000 tons per annum.

That, bearing on this question of unsuitability, it is worth recording that three years ago Mr. Broadberry toured South Yorkshire in search of good gas coal, and on calling at one colliery was fortunate in meeting the managing director of the next colliery (some miles away), which he intended visiting, and was saved the time and trouble of going there by the managing director telling him they did not raise an ounce of coal suitable for gas making, but only steam hards; nevertheless thousands of tons of coal are being sent to us for gas manufacture from that particular colliery. There is no national economy in such arrangements. If freedom of choice existed no more would come from that source.

That another important consideration in selecting the particular colliery from which to secure supplies is the question of equity of weight. Some collieries regularly send good full weight and others are just the reverse. Competition is the only corrective in this matter.”

26,665. Do some collieries send 18 cwt. instead of a ton?—It is not quite so bad as that but it is getting on that way in some cases.

26,666. Then you say:—

“ That another matter of great importance is the regularity and reliability of consignments. It makes all the difference to economy of working whether or not supplies come in a steady stream or whether a glut of deliveries comes in and has to be put to stock to be followed by a scarcity which necessitates picking it all up again.

That highest and lowest stocks at Tottenham in various years were:—

		1916	1917	1918
Highest...	...	45,000	59,000	56,000
Lowest ...	...	5,000	29,500	4,800

This represents a great waste of labour, which could have been largely avoided by direct arrangement between the user and supplier, when the latter had the fear of competition from rival collieries.”

You have not actually said so, but I rather gather from the tone of your proof that you are not in favour of nationalisation?—I am not in favour of nationalisation.

26,667. You do not actually say so in your proof. Would you tell us briefly why you are not in favour of it?—The only indication that I have of the effect of nationalisation is what we have been experiencing through the last 2½ years, and that is the control under Government. That is the only indication which we have at the present time as to what national control of the mines would be likely to be, and it is a very clear indication that we would get very little sympathy from a Government Department, in making arrangements as to what coal we might have or might not have.

26,668. *Sir L. Chiozza Money*: Your *précis* shows that you would know there was a war during the last four years. May I ask you whether you quite realise the extraordinary straits to which this country was put in respect of coal?—I think I know it quite as well as most people.

5 June 1919.]

MR. ARTHUR EDWARD BROADBERRY.

[Continued.]

26,669. I wonder if you do. Do you know the quantity of coal we had to send to France and Italy?—Yes.

26,670. Do you know that through those enormous quantities we were short ourselves and also through sending men to fight in the war? We had to send these extra amounts out although we were short ourselves?—Yes.

26,671. Do you know we tore up railway lines to the extent of scores of miles and sent them over to France, together with locomotives and wagons?—Yes, all that is common knowledge.

26,672. Then why is there not some exhibition of that common knowledge in your *précis*? What would you have done? Would you have let any consumer of coal have any amount of any kind without regard to those exigencies?—My point is that through control the production of coal has been wasted.

26,673. If you were told by a business man who has charge of the transport that he saved 700 million coal ton miles by his arrangement, would you believe him?—I should rather doubt it.

26,674. He swore it on oath?—Oh, yes.

26,675. He is not a Government official, but a business man of rather high calibre. Would you believe him?—I should doubt it. I should think he was probably misleading himself. Anyhow, I do not agree it would be all to an advantage even if he did what he claimed.

26,676. Do you know the late Controller, Sir Guy Calthrop, was a man of high business calibre?—He was the Coal Controller and he was exercising control over the coal.

26,677. Excuse me! His Majesty's Government entrusted to him the charge of seeing we got as much coal as we could in those difficult circumstances, and entrusted to him the task of distribution to the best national advantage in circumstances of appalling difficulty. He was a man of high eminence. Do you mean that he played the fool with our coal?—I do not suggest he played the fool with the coal, but he was entrusted with a job which was more than he could properly manage.

26,678. Do you know that the circumstances were exceedingly grave, and do not you see that these appalling war conditions have no relations to peace conditions? Do you not acknowledge it?—I do not acknowledge that they have no relevance.

26,679. But you think they have only a little relevance?

26,680. *Sir Arthur Duckham*: Do you consider that the gentleman put in charge of the distribution of the coal by the Government had any knowledge of coal?—I do not consider that he had any knowledge of coal. He was an expert railway man.

26,681. Do you not think it would be well to have a man with knowledge of coal dealing with distribution?—I should have thought it would have been very much wiser.

26,682. Do you know of cases during the war where even, although there was stringency, two sorts of dissimilar coals, which would have been suitable for two different persons, were delivered to one place for the wrong people?—Yes.

26,683. For that sort of thing it would not have taken any more carriage to have done it accurately?—No.

26,684. *Chairman*: I am asked to ask you whether you are right about the Coal Controller. I do not know one way or the other, but it is suggested to me it was not the Controller of coal who did this consignment of coal to the various people, but it was the local Coal and Coko Supply Committee which despatched the coal to the various people, and not the Coal Controller?—That is not so at all. The local Coko and Coal Supply Committees were set up at the beginning of 1916 and the Coal Controller was not appointed until 1917, but we were allowed, during the year 1916, to make our own purchases from collieries, and very little interference came from the Coal and Coke Supply Committees.

Chairman: I will ask our assessor, Sir Richard Redmayne, to tell us the facts.

Sir Richard Redmayne: The fact is that the whole of the distribution of the coal of this country is in the hands of local committees consisting largely of coal owners. Sir Adam Nimmo is Chairman of the Scottish bodies.

Sir Arthur Duckham: Do they touch big undertakings?

Mr. R. W. Cooper: We had to act under the direction of the Controller.

Sir Arthur Duckham: Do they supply the coal to large undertakings such as the Gas Light, Coal and Coke Co.?

Sir Richard Redmayne: They distribute the coal. Different firms make the arrangements, but all arrangements are subject to the sanction of the local Committee.

Sir Arthur Duckham: But take big companies like the Gas Light, Coal and Coke Company. Are they under the control of the local committee?

Chairman: Sir Adam Nimmo can tell us about it, perhaps. I think you were on the Scottish Committee, Sir Adam.

Sir Adam Nimmo: Yes, I am Chairman of the Scottish Committee.

Chairman: How is it done?

Sir Adam Nimmo: We allocate a certain quantity of coal to be sent to the gas works at Glasgow and we intimate to the different collieries that we think should supply the coal within the distribution area the quantities that they should give. We scrutinise these figures from time to time to see these quantities are delivered and we get returns from the gas works every week as to whether the quantity we understand has been delivered.

Chairman: It was suggested the Coal Controller did that. Is that right, or was it done through the local committees?

Sir Adam Nimmo: Through the local committees, acting as for the Coal Controller.

Witness: In our case it is absolutely the Coal Controller, and we have nothing to do with the Coal Committees.

Mr. R. W. Cooper: We had numberless express directions from the Coal Controller to send particular coals to particular places.

Chairman: The practice does not seem to have been uniform.

(The Witness withdrew.)

MR. DUNCAN CARMICHAEL, Affirmed and Examined.

26,685. *Chairman*: I think you are the secretary of the London Trades Council?—Yes.

26,686. I have not had a *précis* from you, and therefore I must ask you questions to elicit your views. We have had a number of gentlemen here representing a number of Chambers of Commerce of the Kingdom, who gave their views on the question from the employers' side. We had gentlemen from Leeds, Birmingham, and Glasgow, and one from London. Then we had Mr. Bowerman on the other side, who gave us the resolutions passed, from time to

time, by the various meetings of the Trades Union Congress. I understand that you come to speak on behalf of the London Trades Council?—Yes.

26,687. Will you tell me, as I have not got a *précis* from you, what the London Trades Council is? I know it personally, but we want it on the Notes?—The London Trades Council represent over 120,000 trade unionists in London, through 150 trade unions and branches. We have about twenty of the local trades councils also affiliated at nominal fees, so that we have, besides the 120,000 actually affiliated from

5 June, 1919.]

MR. DUNCAN CARMICHAEL.

[Continued.]

the branches, probably 50,000 or 60,000 from the local trades councils besides. We have over 250 delegates, the majority of whom attend regularly, and discuss problems such as this at various times, once a month.

26,688. I have to ask you questions so as to let the public know it. Do you represent a great number of working men in different industries?—Yes, in every industry, practically, in London.

26,689. You say your delegates meet once a month. Are you authorised to speak on their behalf?—When they have passed a resolution during the time I have been there, and have not rescinded it, then I claim to speak on their behalf, when dealing with that subject.

26,690. Have they passed any resolution on the question of nationalisation of mines?—Yes, they have.

26,691. When did they pass one?—They gave me instructions to support it at the Nottingham conference in January, 1918, and I moved the resolution dealing with this point.

26,692. How many delegates were present when you received that mandate?—I should say about 130.

26,693. What was the mandate that you received from them? I know you proposed the resolution. What were you entrusted by them to do?—We had been discussing, of course, the great scarcity of coal that winter. I was the Joint Secretary of the London Food Vigilance Committee at that time, which was dealing with the scarcity of coal and food, and other things, and they passed a resolution on the instructions of the Executive who had considered the Agenda at the previous meeting, and when it came before the Trades Council, it was carried unanimously.

26,694. Was there much of a discussion on it?—Usually a discussion upon those matters, at that time, lasted about an hour.

26,695. Then they passed a resolution instructing you to support it, in favour of the nationalisation of mines?—Yes.

26,696. Are you, personally, in favour of nationalisation?—My personal view, of course, is in favour.

26,697. Having got to that point, I want you to tell the Commission, quite shortly, what are your reasons for being in favour of nationalisation?—From the pit to the consumer, there seem to be, in my opinion, too many people dipping into the profits all the way. I have examined, myself, during the past twelve months, into various commodities besides coal, and I have found that, with nationalisation of some of those commodities, including coal, you could sweep away a lot of unnecessary labour and also unnecessary profits.

26,698. You put that very clearly, and I will only ask you two more questions. Could you tell me if the London Food Vigilance Committee is still in existence?—Yes, the London Food Vigilance Committee is still in existence, and a report is published once a month by me.

26,699. Has that ever expressed any opinion upon the nationalisation of mines?—Yes, it has expressed its views on many occasions, and, of course, it specialised principally upon the food side, because, at the time we were most active was in the summer of 1918, when we demonstrated in Hyde Park—one of the largest demonstrations ever held there—and had deputations to Lord Rhondda, on the 1st August and other times. We wrote to Mr. Guy Calthrop dealing with the coal question.

26,700. *Mr. Sidney Webb*: It has been complained that this Commission has not given sufficient attention to the views and needs of consumers. Now the workmen that you represent are not connected with the coal trade in the main, are they? I suppose the coal porters are?—We had the coal porters in, but owing to the difficulty in getting a delegate at their busy season they unfortunately dropped out last year.

26,701. Therefore I may take it that the Trades Council in so far as it is expressing an opinion about the coal mines is not speaking from the point of view of the miners but from the point of view of the London consumers?—Yes, the London consumers.

26,702. That is to say, your members, 160,000, may be taken to be one-sixth or one-seventh of the whole population of the households in London?—Yes.

26,703. The view you are expressing is really a consumers' view, is it not?—It is a consumers' view pure and simple.

26,704. Of course your members are not many of them rich. It is the mass of poor consumers you are speaking about, is it not?—Some of my members have had to suffer considerably through the scarcity of coal in the winter time, because under private enterprise distribution failed entirely.

26,705. I do not know whether in the resolution that was moved you had in view only the getting of the coal in the mine, or the distribution of the coal as well. Do you think that your members were thinking of distribution as well as production?—Yes, I believe they were in favour of distribution as well as ownership.

26,706-7. Would you personally (I must not ask you about your members) be in favour of superseding the present mass of small coal dealers in London by some of the public organisations, say the London County Council, for instance?—Well, publicly I have advocated municipalisation of coal distribution in London. The London County Council could obtain supplies, and the municipalities could distribute them.

26,708. *Mr. Frank Hodges*: Is there any suggestion that the Miners' Federation of Great Britain has ever approached you as Secretary of the London Trades Council or approached the Trades Council itself with a view to getting the support of the Trades Council to the proposition of nationalisation?—There has been no approach made, and, in fact, we have not approved of the miners' proposition this time coming before the Labour Party, and we have put an amendment down to it. We have had no communication from the Miners' Federation of Great Britain during the period I have been Secretary.

26,709. Neither officially nor unofficially?—No, neither officially nor unofficially.

26,710. *Sir Adam Nimmo*: I suppose you represent the general Trade Union view in your district?—I do.

26,711. Is it the view of the Unions you represent that industry generally should be in the hands of the workers?—If you are going to classify the workers as the people of the country as a whole, then they are in favour of that.

26,712. Do you refer not only to what are called the working classes but to all classes?—My people look upon those who are necessary in production or distribution as being workers, whether they are managers or porters or any other shape or form, and they do desire that those people who are necessary shall own and control the industries.

26,713. I suppose your suggestion is that the Trade Union should have a very big say in the control of the industry?—I never knew a trade unionist who wanted to interfere in those things that he does not understand. If there are men who are to-day paid high salaries for managing, the trade unionist is quite prepared to allow those men to continue their work that they are best fitted for.

26,714. Do you mean your view is that every man should be in his own place?—Yes.

26,715. And that the best ability of the country should be brought to bear upon the industry proposed to be owned and controlled?—Yes.

26,716. Is that your view?—Yes. The workmen's representatives should be upon every board, because wherever they have been tried they have proved successful to my knowledge.

26,717. Would you say that they should have representation on these boards in proportion to their numbers?—No, I do not think numbers count. I think the intelligent man if he is able to put his case intelligently will get his point, if it is reasonable.

26,718. You are not here to insist upon a dominating influence?—No, on the contrary. With regard to Boards and those things, such as we have had to deal with during the war, which was abnormal, we had the admission from Lord Rhondda that where the workers were on them they were most effective.

5 June, 1919.]

MR. DUNCAN CARMICHAEL.

[Continued.]

26,719. Would they act, really, in an advisory capacity?—In an advisory capacity, and be there to see fair play so far as the workmen were concerned.

26,720. I see you say there was a considerable amount of money lost, in your view, between the pit and the consumer?—Yes, it goes into people's pockets who have done no useful work in the transit.

26,721. Do you know that in detail? Do you know the figures in detail?—Not in coal, but I know it in various other commodities that have been handled by the Government during the war.

26,722. Is it your view that, in regard to those other commodities you would nationalise their distribution as well?—Certainly, because it is proved that you can do it far better nationally than you ever had it done privately.

26,723. And you would be making really for the nationalisation of the distribution of commodities?—Certainly.

26,724. Do you think that would be a wise plan to follow?—I feel sure of it.

26,725. And thereby close all individual enterprise that stood behind the distribution of these commodities?—Yes. It is a burglar's enterprise. The burglar is a very clever man very often, but I would stop his career, and with regard to those people who are doing nothing but taking what they have not created I would stop their career just as much.

26,726. But I think you said a minute ago you did not know what the charges were in connection with the distribution of coal?—Yes.

26,727. Therefore you cannot say whether in respect of coal that the analogy of a burglar is a correct one or not?—No.

(The Witness withdrew.)

(Adjourned to to-morrow morning at 10.30.)

SECOND STAGE—TWENTY-SIXTH DAY.

FRIDAY, 6TH JUNE, 1919.

PRESENT:

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. R. W. COOPER.

SIR ARTHUR DUCKHAM.

MR. FRANK HODGES.

SIR LEO CHIOZZA MONEY.

SIR ADAM NIMMO.

MR. ROBERT SMILLIE.

SIR ALLAN M. SMITH

MR. HERBERT SMITH.

MR. R. H. TAWNEY.

MR. SIDNEY WEBB.

MR. EVAN WILLIAMS.

SIR ARTHUR LOWES DICKINSON, }
SIR RICHARD A. S. REDMAYNE, } (*Assessors*).

MR. ARNOLD D. McNAIR (*Secretary*).

MR. GILBERT STONE (*Assistant Secretary*).

MR. JOHN JOSEPH TERRETT, Sworn and Examined.

26,728. *Chairman*: I think you are the Honorary Secretary of the National Food Vigilance Committee?—Yes.

26,729. You are a member of the National Union of General Workers?—Yes.

26,730. You are the District Secretary of the Lancashire and Cheshire Branch of the National Democratic Body?—Yes.

26,731. I must ask you a word or two about your various organisations in order that it may appear upon the record. First of all with regard to the National Food Vigilance Committee, who are they?—It is a body of trade unionists and socialists which was formed in the first year of the war to agitate and deal with questions affecting the cost of living.

26,732. Are they a body which is spread over the whole of the Kingdom, or are they confined to one particular area?—They are spread over the whole of the Kingdom.

26,733. How many members are there?—The Committee are about 42 in number.

26,734. How many do they represent?—They are a voluntary organisation.

26,735. I understand that. There is a Committee of 42. I want to know how many constituents the Committee represent?—They call themselves a Com-

mittee—they act as a Committee—they are simply formed as a Committee.

26,736. Do they represent themselves only?—Yes, you may put it in that way, certainly.

26,737. You are the Secretary of these 42 gentlemen?—That is so.

26,738. Where do they live?—In London principally and in Lancashire.

26,739. How many of the 42 live in London?—Twenty-four.

26,740. I suppose the balance in Lancashire?—Sixteen in Lancashire and two on the Tyneside.

26,741. You say you are a member of the National Union of General Workers; who are they?—The National Union of General Workers is the largest union of general labourers in this country.

26,742. How many are there?—350,000.

26,743. Who is their Secretary?—Mr. Will Thorne, M.P. I want to say I am only a member. I do not appear in any representative capacity for them.

26,744. I understand that. The last one that you are attached to is the National Democratic Party?—Yes.

26,745. Where are their headquarters?—Sicilian House, London.

6 June, 1919.]

MR. JOHN JOSEPH TERRETT.

[Continued.]

26,746. How many members are there of that party?—There must be about 100,000, I should think.

26,747. Are you officially connected with it or are you merely a member?—I am officially connected.

26,748. What is your official connection with them?—District Secretary for Lancashire and Cheshire.

26,749. Now I will first of all deal with your 42 gentlemen—the National Food Vigilance Committee. Have you ascertained the opinion of your Committee with regard to the nationalisation of mines?—Yes.

26,750. What is it?—Our view is that the nationalisation of the mines in the form it was suggested by the Minors' Federation Bill, unless it is amended, will be one of the greatest curses that could come on this country.

26,751. Unless it is amended, it is one of the greatest curses that could come? Now will you please tell me, if you can, what are the views of the National Union of General Workers—what do they think about it?—They have never been consulted on the subject.

26,752. What about the National Democratic Party? What do they think about it?—The National Democratic Party take very much the same view as the National Food Vigilance Committee. They are rather inclined to favour nationalisation, but they regard it as a very great danger unless amendments are introduced to safeguard the public?—That is the position.

26,753. Now will you perhaps excuse me for having left the most important thing to the last? What are your views about it?—Those are my views, that, unless there are certain amendments introduced to safeguard the public in the Minors' Federation Bill, the nationalisation of the mines will be a greater curse than it is a blessing.

26,754. What amendments do you suggest?—Our view is this, that it will be necessary to so alter the Minors' Federation Bill as to include the constitution of another body besides the Mining Council which is proposed in that Bill, and that there shall really be, if the mines are nationalised, two governing bodies, one whose work will be to control production and the other will be to represent the various classes of consumers and to control transport and distribution, and we want a second body to be invested with powers that they will be able to challenge any tyrannical or oppressive act on the part of the body which controls the production in the direction of overcharging the public or by raising wages to an unjust height, thereby imposing upon the public a burden which would really have to come out of the earnings of other classes of workmen very largely. We want them to have the power to challenge that, and if the body controlling the producing of coal does not agree with the body which represents the consumers' interests, then we want the matter to go to an independent arbitration.

26,755. Now this is my last question: You are honorary secretary of this National Food Vigilance Committee, and you are a member of the National Union of General Workers, and in the district of Lancashire and Cheshire of the National Democratic Party. What is your own occupation? Are you a workman?—Not at present. At the present moment I am a paid official of the National Democratic Party. Before that I was working as a meat packer.

26,756. *Mr. Robert Smillie*: Will you tell us the names of the officials of the National Democratic Party?—The general secretary is Mr. David Gilmore, the chief organiser is Mr. Jarrett, the chairman of the executive is Mr. J. F. Green, M.P., the chairman of the organising committee is Mr. J. A. Seddon, M.P.

26,757. Can you tell me how the National Democratic Party is financed?—It is financed in exactly the same ways as any other democratic political party in this country, by applying for subscriptions and using them when they come in.

26,758. Would you oblige the Commission by putting in a balance sheet of the Democratic Party, with an account of the subscriptions and where they come from?—I am not in a position to speak on that point without consulting the executive.

26,759. Are you giving evidence here on the part of the National Democratic Party?—I am giving evidence on behalf of the Lancashire and Cheshire district.

26,760. Would you ask the official of the National Democratic Party to supply the Commission with a balance sheet stating where their money comes from and how it is obtained?—If the Commission wants a balance sheet of the National Democratic Party, it seems to me that it is the business of the Commission to send for it, and not me.

26,761. You are here as a witness for them?—For the Lancashire and Cheshire district.

26,762. And you want to strengthen your importance by your connection with the National Democratic Party?—It is not necessary to have regard to any importance of mine. You can take me purely as an individual, if you like.

26,763. *Sir Allan Smith*: We have been told that this question of nationalisation has been approved on repeated occasions by the Trade Unions Congress. Is your union, the National Union of General Workers, affiliated to the Trade Unions Congress?—Yes, and the National Union of General Workers have always supported the broad principle of nationalisation: they have never gone into details; in fact, its details have hardly ever been gone into anywhere in the Labour Unions.

26,764. Have your Committee taken any vote in order to represent your views?—We have never taken a vote on the question direct.

26,765. Can you tell me what is the average ballot of members of the Trade Unions?—That is rather difficult to say; it varies. It is generally agreed by Trade Unionists that the system of taking Trade Union ballots is an imposture from beginning to end, and requires reform.

26,766. What numbers of persons do you think go to a ballot?—I should think if you manage to get 50 per cent. on an important question, you have done very well; if it is a strike, you might get 95 per cent., perhaps, in some circumstances.

26,767. What is the average proportion?—I do not know that there are any figures that would enable us to judge.

26,768. Do you think one-tenth of the membership is a good vote?—It is all I should expect on many political questions such as this.

26,769. *Mr. Herbert Smith*: Am I right in saying that Mr. Will Thorne, M.P., is on the Parliamentary committee and elected by your Union?—Yes; he was elected by the Trade Unions Congress on that committee.

26,770. Was he nominated by your society to that position?—Yes.

26,771. Would you be surprised to hear that on two occasions at a very recent date he and Mr. Clynes have spoken in favour of the nationalisation of mines?—I am in favour of the nationalisation of mines so long as the public are protected and we do not drift, as this Bill will carry us, into one of the worst syndicalisms that has ever been imposed on this country. It will mean the enslaving of men in my Union to men in yours.

26,772. You need not get excited?—No, but I may as well speak plain and straight to you.

26,773. You came here in a dual position. Will you tell us how your National Democratic League is financed, and who the people are who are at the head of it?—All I can tell you about it is that its finances are a great deal cleaner than the finances of the Independent Labour Party.

26,774. That is not saying much, unless you clear it up?—If you want the matter cleared up, it is your duty, as a Commission, to send to the party and ask for a statement of funds—that is the best way—and not to waste the time of a witness who has come here to speak on the question of the nationalisation of mines.

26,775. I want to ask you about the reply you made to Sir Allan Smith with regard to the voting. Do not your rules provide for the method of voting as laid down by the Registrar-General?—Exactly; but because the Registrar-General has accepted a particular form it does not make it perfect, and it does not make it satisfactory.

26,776. I have asked you a question?—And I say Yes.

6 June, 1919.]

MR. JOHN JOSEPH TERRETT.

[Continued.]

26,777. Do your members got supplied with a ballot paper and are they not left to vote as they think fit?—Exactly.

26,778. Then will you tell us why it is corrupt?—I did not say it was corrupt. I say it is unsatisfactory, because the position is this: that the ballots which are taken in trade unions should be taken in such a fashion that they are as secret as the ballots that are taken in a Parliamentary Election, and unless you do that I say there is no independence in the voters.

26,779. Which society do you speak about that does not take the votes in secrecy?—The Miners' Federation for one.

26,780. The Miners' Federation supply the members with a ballot paper, and they put it in a box without any interference by anybody?—Yes, I am aware of that; but when I found them in a row in a tramcar near Wigan filling up those ballot papers last March on your strikes, and even threatening boys to make them sign, it is pretty clear to me that that is no satisfactory ballot.

26,781. You are talking about one particular district as to which I have no knowledge. Is it a fact that your party issued a circular advising men and boys all to work?—Yes, we issued a circular—anyone is entitled to do that—advising them to vote against the strikes. We have a perfect right to do it.

26,782. I am not questioning any right; I only want to know the facts. I want to put it to you that the method of voting is as secret as anything can be?—No, it is not.

26,783. That it is just as secret as where there are Parliamentary canvassers?—The only proper thing to be done is to have a ballot taken in such absolute conditions as to enable the worker to record his vote as secretly as he records it on a Parliamentary Election. It is really a more important vote than a Parliamentary vote.

26,784. *Chairman*: We are very much obliged to you for your very clear evidence. Do you desire to add anything or to make any further statement?—Yes, Mr. Chairman, I want to point out an additional reason or two why we are pressing so vigorously for this reform of the Miners' Federation Bill.

26,785. *Mr. R. H. Tawney*: May I ask who are "we"?—In this case I am speaking definitely on behalf of the National Food Vigilance Committee.

26,786. Will you tell us about that National Food Vigilance Committee? I am not trying to get at you—but will you tell us who are on it?—The Chairman of the National Food Vigilance Committee is Councillor Tom Kirk, of the West Ham Town Council, the Vice-Chairman is Councillor Miller, of the Widnes Town Council.

26,787. Is it composed of representatives of trade unions?—No, it is composed of voluntary members who are interested in the question of food and the cost of living, including coal. We decided not to have any delegates. We thought one volunteer was worth more than ten delegated duffers, because they only waste time.

26,788. Do any of the Executives of the larger Cotton Societies belong to your Council?—Yes, Mr. George Barnes of the Tape Sizers' Amalgamation.

26,789. You know the cotton trade?—Yes.

26,790. Is that a large society?—It is one of the key industries in the cotton trade.

26,791. Do you think it a large society?—It is not a large society, but it is a very important one.

26,792. Does the President of the Weavers' Amalgamation belong to it?—No, he has never been asked.

26,793. Does the Secretary of the Weavers' Amalgamation belong to it?—No, he has never been asked.

26,794. Does the President of the Operative Spinners belong to it?—No, they have not been asked. The committee was not formed on those lines. When you have a committee formed on a question of domestic education you do not ask every secretary and chairman to attend.

26,795. It is quite unnecessary to defend yourself?—Then why waste my time with asking a number of absurd questions about it?

26,796. It is for me to decide whether I am wasting your time, not you?—Certainly, but there have been

a few witnesses here who have been talked to about wasting time. I do not want to waste time.

26,797. *Chairman*: I am sure you will treat the Commission with respect?—Quite so.

26,798. *Mr. R. H. Tawney*: Does the President of Card Room Operatives belong to it?—No.

26,799. Or the Secretary?—No.

26,800. Do any of the branches of the Amalgamated Society of Engineers in Lancashire?—No, they have not been asked.

26,801. Or any of the officials?—They have not been asked.

26,802. *Chairman*: You were about to give us the advantage of your views on this question of nationalisation. Will you please continue?—We are pressing for this business very seriously indeed, because we can see that under this Bill which has been promoted by the Miners' Federation we shall be practically put in slavery to the miners' leaders. That is what it really means. The consumer will have no protection whatever. Then I want to say that so far as we are concerned we do not trust a large section of the miners' leaders. We have noticed that they have abused such powers as they possess. There is one gross and glaring case, and that is the disgraceful treatment of Mr. James Walton, M.P., by the Yorkshire Miners' Association. Although the majority of the members of my committee are both old socialists and old trade unionists, we say that a body of men who act in that way are absolutely unworthy to be trusted with the enormous power over practically every industry in this country which would be conferred on the members of the Miners' Federation. Next by the fact that they are going to have a council composed of 20 members, 10 of whom will be nominated by the Miners' Federation—what does it mean? It means that whoever is the Minister of Mines is going to run his Council with the assistance of those ten men, because if he does not then the onus and the responsibility will rest upon him keeping together the diverse elements represented by the other ten, and of course he is not going to do that; so that this Bill practically means that the nation is going to buy out the mines of this country and hand the property over to the Miners' Federation. That is why I say you must have an absolute safeguard from the consumers' point of view.

26,803. Is there anything else you desire to add to that very clear statement?—There is just this, that not only is it necessary to protect the consumer from the dangers of a syndicalist development in the miners' direction, but it is equally also necessary to protect the consumer from the dangers of bureaucracy. Even supposing those difficulties did not arise with regard to the nomination of a large number of miners, even if the thing were run by a much more mixed committee than is suggested by the Bill of the Miners' Federation, you would still be face to face with the dangers that arise from bureaucracy. Our experience in agitating the food question—because the bulk of our experience has been with the Food Minister—is that we have found that, unchecked by a real representation of the consumers, the result of bureaucratic administration is not to cheapen the cost of production, but to make it dearer. All the way along the line we have found this fact, that wherever you have expelled the private trader and brought in the bureaucracy with no check imposed on behalf of the consumer every cost has gone up, and in the special instance of the Food Ministry, which was formed for the purpose of reducing the price of food, instead of that the effect of its operations has been to drive it up to a height which hitherto it had not attained, and probably it would not have attained, even under the difficulties of private management during the war. That has simply arisen through the blunders of officialism. You cannot stop it, you cannot check it, unless you have some power appointed direct from those who have to pay for it—that is, the consumers. Parliament is absolutely useless for controlling the expenditure of a spending department. It has been proved during the war, all the way along the line, that all Parliament can do is to inquire where the cash has gone after it has been spent. Then, of course, with regard to bureaucratic management, we have noticed

6 June, 1919.]

MR. JOHN JOSEPH TERRITT.

[Continued.]

this, that the bureaucracies first of all make the muddle—they get into a mess—and then they become unscrupulous. They start imposing on the public the vilest muck by force, compelling them to pay the top price for it, in order to repair the wretched mistakes and muddles into which they have tumbled. They have done that with regard to various articles of food, and, as a matter of fact, they are really doing it with regard to coal now. All over London the general complaint is that you are not supplied with coal at all; you are supplied with the very worst kind of muck that will only burn by an apology. We all know what we have had; we have had the rottenest beef, the vilest bacon; and as for the beer supplied by the bureaucracy, you had better ask the miners in Lancashire about it. All this has been done to cover mistakes—in some cases to get more

revenue; but it all implies an absolutely unscrupulous method of doing business. It is a position of rooking the consumers worse than the profiteers have rooked them. It is quite possible when you get the mines nationalised you will have the same sort of thing going on there, and even the bureaucracy conspiring in order to make the public pay for their goods. After all, the Chancellors of the Exchequer—we know what they are: they are always in a plight to raise the wind, and if they can get the officials, say, of a body controlling the mines to charge the public more for their coal in order to get a revenue for the Chancellor of the Exchequer, it is quite possible it may happen if you have no power to deal with it.

Chairman: I think we now know what your views on this subject are. You have put them forward very forcibly and clearly.

(The Witness withdrew.)

Mr. R. H. Tawney: May we have a return of the total number of royalty owners classified so as to show the number of owners receiving royalties of

different values? That can be got from the Inland Revenue.

Chairman: I will send a message about it.

MR. CONCERNING THOMAS CRAMP, Affirmed and Examined.

26,804. *Chairman:* I think you are the President of the National Union of Railwaymen?—That is so.

26,805. I have not any *précis* of your evidence; therefore I must ask you one or two questions in order that it may get on the notes. Will you kindly tell me the number of men in your Union?—Approximately about 460,000.

26,806. When did you become their President?—At the beginning of 1918. Would you allow me to correct the first statement? You said men: we have a large number of women also who have come on the railways during the war.

26,807. Now I must explain to you, as I have not a *précis* of your evidence, what we want you to give us your opinion about. We have had called before us a number of gentlemen from what I may call the employers' side who gave their views upon nationalisation with regard to various industries. We have had gentlemen connected with the steel industry; we have had gentlemen from the Chambers of Commerce of Birmingham, Leeds, Glasgow and London, and we thought it right that we should have the views of the men employed in the various industries other than the mining industry. Now you are President of the National Union of Railwaymen, and I should like you please to be good enough to tell us first of all your own views, and then the views, as far as you know them, of your constituents upon this question of the nationalisation of mines?—My views, and the views of those whom I represent, I think, coincide perfectly. We are emphatically in favour of the nationalisation of mines for reasons both direct and indirect. Directly, we are concerned mainly in getting better conditions for those whom we represent. The railways are not quite in the same position as other concerns in this country; that is to say, their charges are limited by statute; they cannot in a general way pass their charges on to the consumer. It follows that whenever we make an endeavour to get improved conditions for the people whom we represent we find obstacles are placed in our way which are difficult to overcome by reason of the costs incurred by the railway companies. One of the definite costs incurred by railway companies is, of course, the cost of coal. In private hands the cost of coal has fluctuated very greatly and has risen considerably, of course, during the war. In the early days of the war when we endeavoured to obtain an increase of war wages we were met with the rejoinder from the companies' side that they had already had to pay out more for coal—enormous sums. They could not give us the figures exactly, but they had to pay out enormous sums, which they could not pass on to the consumer in the way that other concerns could do. Now it seems to me that if you had a nationalised system of mines you would at any rate have a stabilised system of prices—that the people who owned the mines in the ultimate are the people who are interested in the whole of the other industries of the

country. They would not place undue burdens upon the railways by raising the cost of coal above the necessary line; and, therefore, if you could have that stability, if you could have that consideration, as it were, given to the cost of the coal supplied to the railways it would have a material effect upon the prosperity of the consumers themselves. Therefore we believe that directly we might have a very great deal to gain from the nationalisation of the mines. Indirectly the people whom we represent would benefit to a very great degree by the raising of their social conditions. Outside of London the majority of railwaymen with their wives and children live in Yorkshire, Lancashire or the Midlands, generally speaking in coal-producing areas; that is to say, wherever there are large bodies of miners there are comparatively large bodies of railwaymen also. We believe in the nationalisation of the mines. You would raise the social status of the miners; the houses in which they live would be improved, and their social conditions generally would be very much better. I think you will realise that it is obvious that where there are other bodies of men and women living in proximity to those employed in any large industry the conditions must be reflected on the others; that is to say, that in the midland and in the northern districts one finds railwaymen living in very poor houses indeed, paying very high rents, and living under rather unpleasant conditions, because they are conditioned by the bulk of the population who are miners. Therefore we believe that our conditions would be improved indirectly also by the process. There is one other point of a subsidiary nature, and that is this, that probably a nationalised system of mines would have regard also to the condition of other large industries, and that the quality of coal supplied to our railways might be improved. The quality to-day varies very much in different parts of the country. In South Wales the engineman will tell you he has much more difficulty in dealing with his material than he has in some other parts of the country where they have a different class of coal. It might well be, though I do not press this point so much, that we would have a better class of fuel for our men to work with than we have under the system of private ownership. Those, Sir, are the chief points which weigh with us when we favour the nationalisation of the mining industry.

Chairman: I am very much obliged to you for your evidence. I will now ask Mr. Smillie on one side and Sir Allan Smith on the other to put some questions to you.

26,808. *Mr. Robert Smillie:* Do you believe that you are speaking, as far as you have been able to gather, for the whole of your membership?—I am quite sure of that.

26,809. I do not know whether you have made yourself acquainted with the proposals in the Bill which the miners have drafted for the nationalisation of the mines?—I have them in my mind in a general

6 June, 1919.]

MR. CONCERNORE THOMAS CRAMP.

[Continued.]

way, but I confess I have been so very busy of late that I have not all the specific points in mind.

26,810. Have you heard the question discussed at Labour Conferences?—Yes.

26,811. I suppose you have not found very much opposition from the other Trade Unions?—I have found practically no opposition from other Trade Unions.

26,812. *Mr. Frank Hodges*: As chairman of the National Union of Railwaymen, have you received any application from the Miners' Federation during the last week or so soliciting your support for nationalisation?—No, I do not remember anything.

26,813. Do you know whether any other officials of the National Union of Railwaymen have received any communication from any authorised federation officially soliciting their support?—No, I have no knowledge of anything of the kind.

26,814. *Sir Allan Smith*: Your Union, along with the Miners' and another Union, form what is known as "The Triple Alliance"?—Yes.

26,815. You were concerned in the troubles of February and March of this year along with the miners?—Yes.

26,816. You have given a very clear statement of your reasons for favouring the nationalisation of the mines. I understand from your statement that the main consideration that has moved you to favour the nationalisation of the mines is that it would increase the prosperity of the workpeople concerned in it?—Yes.

26,817. It would improve their houses?—I think so.

26,818. Do you know whether the condition of workpeople's houses has been improved of recent years?—I think not; generally speaking, it has not.

26,819. Do you know whether any of the colliery owners have been re-building their houses?—Not to my knowledge.

26,820. Would you be surprised to hear that some have?—I should not be surprised to hear that some have, because there might be a very small section doing that which I did not know about.

26,821. You have no knowledge on that subject?—I have not. I live in Sheffield when I am at home, which is not very often of late, but I have not noticed there any progress in building operations in colliery villages.

26,822. You say that the quality of the coal suffers from the fact that it is won by private enterprise?—No, I do not say that the quality of the coal suffers in that way, that would be absurd; but I say at the present time the coal which is supplied to engines in some parts of the country is not of the best quality to enable the men to get on well with their work.

26,823. Who supplies the coal to the railway companies under present arrangements?—Colliery companies.

26,824. Under whose directions?—Under their own directions, I presume.

26,825. Are you advised of the powers of the Coal Controller?—I beg your pardon, I did not know that you meant during the period of the war.

26,826. I said at present?—It is my mistake, of course, the Coal Controller docs.

26,827. So that he may, as well as private enterprise, contribute to the unsatisfactory position of the war supply?—I should assume that he, under duress of war circumstances, is placed in that position.

26,828. You have made a special point about the fluctuations in the price?—Yes.

26,829. Do you know whether it is the case that railway companies contract ahead for a long period for their supply of coal?—Yes.

26,830. And on that basis no doubt the price is determined?—Yes.

26,831. What then causes the extraordinary fluctuations in the price of coal?—So far as the war was concerned, of course, the permissive act caused enormous fluctuations because it was based on the most favourable contracts that any particular company made. In normal times I should assume that the ordinary ebb and flow of the market had a great deal to do with it.

26,832. What has ebb and flow of the market to do with a contract for a period of time?—When they

make their contracts, it is pretty obvious, I think, that the colliery companies, on the one hand, would take into account all the circumstances likely to arise in their judgment during the next few years. If they thought they were going to be placed in a favourable position, they would make their contracts as high as possible; on the other hand, if they thought they were going to be in an unfavourable position, they would not.

26,833. That price would remain for the period of the contract?—Yes.

26,834. So that in respect of that contract there would be no fluctuations in the price?—I am not complaining of the long or short period, but I say there are fluctuations.

26,835. Do you really anticipate that those fluctuations would be avoided under nationalisation of the mines?—I think they would. I think the Ministry of Food gave a very excellent lead in that direction when, during the war, with all their difficulties, and having to improvise this machinery, they were able to check to some extent the extortions of the profiteers, and immediately they started to de-control, one found the profiteers began to show their hands.

26,836. Would you suggest that the Ministry of Food is altogether free from the charge of profiteering?—I would not say that they were altogether free, but I would say that they were very much more free than the private firms.

26,837. Having regard to the fixing of the price, do you suggest that the quality of the article was kept up?—I think in some cases the quality was improved; in other cases, owing to the war conditions, it was impossible to improve it. I am speaking with some little knowledge of this, owing to the fact that I am a member of the Consumers' Council.

26,838. Do you think that the benefits that you have suggested would follow nationalisation would be possible without nationalisation?—I do not.

26,839. Take housing, for example: do you think it is necessary to nationalise the mines in order to improve the housing?—I think that if you nationalise the mines, you would give opportunities for better houses which are non-existent under private ownership.

26,840. That may or may not be, but do you think that it is necessary to have nationalisation of the mines in order to secure improvement in the houses?—Not absolutely.

26,841. I suppose you have in mind the Government programme with regard to houses?—I had in mind some time ago a Government programme which I have forgotten.

26,842. But I suppose you know there is such a thing contemplated as a Ministry of Health?—Yes, I have heard of that.

26,843. And one of the functions of that Ministry is to deal with houses?—Yes.

26,844. And that the Government proposes to indulge in a very large expenditure of money in the improvement of houses?—Yes.

26,845. Do you think it is necessary to nationalise the mines in order to procure greater safety for those employed?—I think it would tend in that direction.

26,846. Do you think it is necessary?—Not absolutely necessary.

26,847. Do you agree that, in a large proportion of cases, as far as special regulations with regard to safety are concerned, that these regulations have followed the precautions that have actually been taken in private mines?—No, I do not know that. My knowledge of mining is not sufficiently extensive.

26,848. But your knowledge of mining is sufficiently extensive to enable you to say that it is necessary to secure nationalisation in order to secure an amelioration of existing conditions?—Yes.

26,849. *Sir J. Chiozza Money*: You have been a member of the Executive of the Consumers' Council?—Yes.

26,850. Can you affirm, from your own knowledge, or not that the de-control by the Ministry of Food of important articles of food, the price immediately rose, not only a little, but a great deal?—Yes, that is absolutely true, and the quality deteriorated.

6 June, 1919.]

MR. CONCERNORE THOMAS CRAMP.

[Continued.]

26,851. Is it a fact that in consequence of that the Food Minister is seriously thinking of again controlling those articles?—Yes.

26,852. Had your Food Council advised him to do that?—Yes.

26,853. Are you aware that, in evidence given before this Commission, leading coal merchants have said on oath that in their opinion if the Coal Control were removed prices would immediately shoot up?—No, I am not aware of that.

26,854. *Mr. Evan Williams:* I think you said your remarks with regard to the quality of coal applied to the pre-war period?—No, I said the control of contracts and the supply of coal apply to the pre-war period, in answer to Sir Allan Smith.

26,855. So that what you said about the quality of the coal that has been supplied for locomotive purposes applies only to the pre-war period?—No, generally. Of course, I was speaking on the question of contracts that Sir Allan Smith asked me about.

(The Witness withdrew.)

Chairman: Now I have from time to time made statements as to the witnesses and evidence that has been produced before this Commission, and I propose now to make the last of those statements. I very much hope that we have now got to the last witness, Sir Richard Redmayne. He will be the 112th witness called on this stage. It may be necessary to have two short witnesses, and I shall interpose them during Sir Richard Redmayne's evidence if they come. I very much hoped that Sir Richard Redmayne's evidence would be concluded this evening, but it is obviously of such importance that I hope on this occasion every member of the Commission will address to Sir Richard Redmayne such questions as he thinks are appropriate. I shall not on this occasion ask only one member on each side. The matter is not to be hurried. I think we must adjourn somewhere about 5 o'clock or half past this evening, and should it so happen that Sir Richard Redmayne's cross-examination is not concluded by that time the Commission will have a short public sitting on Friday of next week. It will then begin its private deliberations and the report will be in the hands of the

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B., SWORN and Examined.

Chairman: I propose with regard to this evidence to read part of it myself, then to ask Sir Richard to read part, and to relieve him from time to time by reading other parts myself, or by asking the Secretary to do so. This is the *précis* of evidence by Sir Richard Redmayne, K.C.B.:

“QUALIFICATIONS.

In view of the fact that from certain quarters suggestions have been made that my practical experience in mining both technical and commercial is not as complete as my theoretical knowledge, I deem it advisable to state what was the nature and extent of my practical experience (both technical and commercial) prior to my entering the service of the State.

(1) I was for 8 years employed at the Hetton Collieries in the County of Durham as a mine apprentice, under official, and under manager. These are large collieries with an output of over 3,000 tons *per diem*, coke ovens, washing plant, rolling stock, private railway and shipping staithes.

(2) I was for nearly 2 years manager in Natal of colliery property, and was also commissioned by the Natal Government to carry out certain work on its behalf in connection with mining.

(3) For 8½ years I was Resident Manager of the Seaton Delevall Collieries in Northumberland where I had charge of a group of collieries with an output of 3,000 tons *per diem*, rolling stock, private line and shipping staithes, and three villages (947 houses).

(4) I was for some years a Managing Director of the Stafford Coal and Iron Company (two large collieries in North Staffordshire working coal and ironstone, and with blast-furnaces and by-product works), and of the Florence Coal and Iron Company in the

26,856. I am not dealing with Sir Allan Smith's question. Your statement was that the quality of coal supplied by the collieries to the railway companies was not as good as it ought to have been?—No, I am afraid I have not made myself clear. Coal which is supplied in some cases to railway companies is drawn from collieries in the locality—obviously during the war the most sensible thing to do—but it makes it much more difficult for a locomotive man in many instances, and in my opinion it might be deemed advisable under a nationalised system to supply a locomotive class of coal, which would be a good thing for the railways generally.

26,857. Irrespective of the distance which has to be covered?—Yes. I do not stress that point too much.

Chairman: We are very much obliged to you for giving us your views.

Government by the promised time. With regard to the 112 witnesses who have been called on this particular part of the inquiry, the analysis of the classes of witness is as follows: coalowners, exporters, merchants and factors, 15 witnesses. You will recollect that the coalowners deputed four gentlemen to speak on their behalf, and others were summoned as well. Mine managers and surveyors, 5 witnesses; miners and miners' wives, 6 witnesses; consumers on behalf of the employers, 7 witnesses; on behalf of the workmen, 3; scientific economists, 12; finance 3; costing, 2; State control and civil service, 3; safety and health, 6; mechanical and electrical employments in mines, 3; State ownership abroad, 5; and the most numerous class of witnesses whom we have listened to were the royalty owners, 25. The balance making up the 112 are miscellaneous witnesses who cannot be conveniently grouped under any particular class. I hope, therefore, that in the time allotted to us we have been able to consult and have the advantage of almost every party or group of parties who are concerned in this country.

I will now call Sir Richard Redmayne.

same county. At these collieries I and my co-managing director were responsible for the general conduct of the business of the collieries, financial, commercial and general. I was originally called in to report on and value these mines and works, and, as the result of my report was requested by the late Duke of Sutherland to join the Board in the capacity named above and undertake the complete reorganisation of the Stafford Coal and Iron Company. The result of this policy was to convert a disorganised and losing concern into a very flourishing undertaking.

(5) I was also a Director for some years of the Blaina Colliery in South Wales.

(6) I also had a general consulting practice as a mining engineer and was consulted by colliery owners and others in respect of colliery and other mining enterprise both at home and abroad. I relinquished my practice and directorships on entering the Civil Service.

(7) I have had experience of mining in Belgium, France and America (the latter metalliferous).

(8) I was, and am, a member of the Institution of Mining Engineers (Past President of the South Staffordshire, East Worcestershire and Warwickshire Branch).

I was, and am, a member of the Institution of Mining and Metallurgy (Past President).

I was, and am, a member of the Institution of Civil Engineers.

I was, and am, a Fellow of the Geological Society; and I have for some years, since I entered the Civil Service, been an Honorary Member of the Surveyors' Institute.

(9) For the past 11 years I have been H.M. Chief Inspector of Mines, and since its initiation, Head of

6 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

the Production Branch of the Control of Coal Mines and Technical Advisor to the Controller.

(10) My position in the Government service, and more especially of late years whilst serving as Chairman of the Coal Mining Organisation Committee, and as a member of the Coal Exports Committee, Chairman of the Coke Committee, Vice-Chairman of the Coal and Coke Supply Committee, and later still as Adviser to the Coal Controller, and a member of the Coal Conservation Committee, has, I think I may say, afforded me peculiar facilities for taking a broad and comprehensive view of the coal trade of this country and expressing a sound opinion thereon.

In view of the opinion which has been frequently expressed by witnesses and commissioners regarding the stagnating effect of Government service, perhaps I may be permitted to add that I am not conscious that since my transfer from private practice to State service my efforts have been reduced or my work has become less efficient, although less remunerative to me personally.

HEADS OF EVIDENCE.

Mr. Sidney Webb asked that I should give evidence on the ownership of minerals and Mr. Balfour requested that I should speak on the subject of the further application of labour saving appliances and introduction of economies into mines. I, therefore, now deal with these two subjects as well as other matters and I propose for the purpose of clearness adopting the following sequence in giving evidence:—

- (i) Ownership and Value of Mineral Properties in the United Kingdom.
- (ii) Possibility of Greater Application of Mechanical Appliances in Coal Mines.
- (iii) Economies of administration and working procurable under a system of collective production as opposed to the present system of numerous small enterprises.
- (iv) Present State of the Industry in point of production."

26,858. Sir Richard, will you now read your *précis*, making such remarks as you think desirable from time to time:

"(I) OWNERSHIP AND VALUE OF MINERAL PROPERTIES.

I treat of this subject under the following sub-heads:—

- (1) The present system of ownership of minerals.
- (2) Restrictions in the way of development arising from the present system of ownership of minerals.
- (3) The method adopted in valuing mineral properties.
- (4) Considerations to be observed in any system of expropriation of mineral properties.

(1) *The present system of ownership of minerals.*—I desire to make the preliminary observation that my evidence relates to coal, clays, and stratified ironstone only. I omit, as without the scope of the present inquiry, metalliferous minerals. Clays and certain stratified ironstone only being included because it would be difficult to exclude them in view of the fact that in many cases they are interstratified with the coal seams and worked in conjunction therewith.

The right of ownership of coal may be stated in general terms as being of the following kind:—

It is a general maxim in common law that whatever is in a direct line between the surface of any land and the centre of the earth belongs to the owner of the surface."

It is quite obvious this is a metallurgical fallacy. If the whole world was divided up into plots they could not go down to the centre of the earth. It would be like an inverted cone: "Hence, the owner of freehold lands has a right to all minerals underneath the surface with the exception of 'Royal Mines,' " Royal Mines being gold and silver:—

"This general rule, however, is capable of being modified by showing a title to the minerals distinct from that to the surface.

In mineral districts, the ownership of the surface is often vested in one person and that of the minerals in another.

The severance of the minerals from the surface may arise by a grant of the lands with an exception of the minerals, or the lands may be manorial.

In Copyhold lands the minerals under the surface (or on the surface) belong to the lord while only a possessory interest is vested in the tenant. But neither the lord without the consent of the tenant, or the tenant without the licence of the lord, may open and work new mines.

The right of Common is the right of taking a profit in the land of another in common with others. *Primâ facie* the lord of the manor is entitled to all waste lands within the manor, and it is not essential, in order to support this *primâ facie* title, that he should show acts of ownership in such lands. When common lands are enclosed and no special provision is made to the contrary the allotments are freehold.

The law governing the right to work minerals under the present system of ownership is of interest and may be of value in connection with the present enquiry.

It is a general rule that when anything is granted, the means of attaining it, and all the fruits of it (so far as the power and estate of the grantee extends) are also granted. Thus, a grant of minerals involves also the power and right to enter and to work them, unless there is some restriction in the grant itself.

A tenant in tail has an estate of inheritance, to hold to himself and the heirs of his body, or to himself and particular heirs of his body. These tenants in tail are entitled to commit any kind of waste, but this power continues only during the life of the tenant in tail (waste consists, amongst other things, in opening new mines or quarries). A tenant for life, without being authorised, cannot commit waste.

A tenant for life, *without impeachment of waste*, may open and dig mines at his own pleasure, though a court of equity would probably interfere if were shewn that he was exercising his privilege in a wanton and malicious manner.

A tenant for a term of years is similar to a tenant for life, but often the mines are reserved to the owner with power to work. If not, neither the lessor nor the lessee can alone work the unopened mines.

A *mortgagee in fee* in possession has a right at law to commit any kind of waste, being then considered as the absolute owner of the inheritance; but he will be restrained by a Court of Equity which will direct an account of timber; for instance, cut down and order it to be applied in reduction of the mortgage debt and a similar principle has been applied to mines.

Copyholders cannot, unless there be a special custom to warrant it, commit any kind of waste, and any species of waste not warranted by the custom of the manor, operates as a forfeiture of the Copyhold.

Ecclesiastical persons who hold lands in right of a church, are disabled from committing waste, though, like other tenants for life, they have the right to take from the lands the materials necessary for repairs they cannot legally open new mines, but they can work those already open

(2) *Restriction in the way of development arising from the present system of ownership of minerals.*—It will be seen from what I have just said that there are certain *legal* restrictions operating against the free development of mineral areas. Quite apart from these, there are other forces operating in the same way inherent to the present system of ownership, some of these may be indicated.

In the early days of the Control of Coal Mines, cases were brought to my notice where the inability to obtain powers by colliery owners to work minerals was leading to loss of output. The difficulty in the way in most cases was either (1) due to the refusal of the owners of the minerals to treat; or (2) the fact that the ownership of the minerals was unknown; or (3) the sub-division of the area into very small ownerships whereby the cost of negotiating a lease in the ordinary way was prohibitive and out of proportion to the value of the coal to be won or worked

6 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.O.B.

[Continued.]

The Controller of Coal Mines had no power to deal with such cases and the accumulation of a number of them led me to advise that powers should be taken under the Defence of the Realm Act to secure the necessary powers, and this was accordingly done and I attach copy of the Order in Council in question.*

I might say for the information of the Commission that the particular Defence of the Realm Regulation 9, g.g.g. is not now operative; it has been repealed:—

"It will be recognised that the powers conferred on the Board of Trade by this regulation had to be very sparingly used, and only in such circumstances where there was the clearest evidence that the putting of such powers in operation was calculated to further the rigorous prosecution of the war. Further, they were of a temporary nature only, inasmuch as the Regulation in question has now been repealed. Many applications received were unable to deal with owing to the fact (1) that there was no shortage of the particular class of coal in question"—it was governed by the conditions of the war, and if there was a special class of coal, as the perusal of the Regulations will show, that only constituted our power of intervention,—“or (2) that there was no labour available to get the coal and so no additional output would have been obtained.

The fact, however, of the Department being clothed with these powers did enable it to bring pressure to bear in the proper quarter, and to cause Lessees and Lessors to arrive at a mutual settlement and a number of cases were settled in this way. I have it on the authority of various mining engineers that they also found the powers of use as a lever in persuading owners of minerals to lease their mines on terms in keeping with those current in the district.

I would point out that so far as the Department was concerned, it always endeavoured to see that the royalty owner received the market value in respect of rent for the minerals, and the usual and proper protection for surface damage, if any.

One important case dealt with by the authorisation of my Department was that affecting a large colliery in the Midlands, where a considerable area containing about 2 million tons of Silkstone coal was involved. The coal in question was a coking coal of high quality, and it was shown that additional output would be attained by the matter being dealt with. The area in question was being rapidly surrounded by goaf, and was accessible only to the one colliery."

I proceed to give a number of the cases which follow, and they may be of a very contentious nature. I can give chapter and verse for each case stated, and I have before me a number of these cases. I prefer not, unless compelled to do so, to give the names of the particular collieries; it would not be fair.

26,859. Quite right.

"The area was divided up into a great number of small ownerships, it being no uncommon case for one owner to possess only 20 perches of coal. In many cases the ownership of the mines had become severed from the surface and no title could be shown by the present owner of the surface. In other cases of small area, several separate ownerships were involved, such as first and second Mortgagees—Leaseholder and Freeholder.

The area being covered with buildings, the method of workings adopted was to leave permanent pillars for the support of the surface which permitted the extraction of 45 per cent. of the coal.

It will be obvious that in this instance the ordinary methods of negotiation were absolutely prohibitive to the working of the coal and the national interest was served by the area being freed for working.

I believe the cost of negotiating small areas of coal is very often out of all proportion to their value, and is a substantial addition to the Royalty Rent. I recently had particulars of a case where the purchase price of the minerals was £350 and the negotiation costs were 80 guineas, and this despite the fact that no complications of title or of working were involved. It will be readily seen that such costs as these coupled

with stringent regulations as to reparation of surface damages constitute a very serious tax on the working of coal in certain cases.

Unknown ownership of Minerals.

I have knowledge of the fact that considerable areas of coal are of unknown ownership, take as one instance, the severance of properties caused by roads, canals and railways. Subsequent sales and re-sales of adjoining properties have resulted in title to the mines under the severing strips being lost, and I have no doubt whatever that in numerous cases the parties receiving payment for such coal have no title thereto. In other cases, such coal, where not leased by the Colliery Company, is worked by them and the proper royalty rent placed to a suspense account against the possibility of a claimant appearing. I should most certainly say that the royalties on coal as above described should be the property of the State. It may be urged that these areas are small and not worth consideration, but in the aggregate they amount to considerable sums.

Refusal of Owners to Lease Mines."

I am using the word "mines" in the Staffordshire term, which means area of coal.

"A number of cases have been brought to my notice of either absolute refusal to lease mines, or the demand of prohibitive and unreasonable terms, even where no grounds for asserting that mineral support was essential, existed. I venture to say that an examination of the majority of colliery plans would show cases where coal had been left unworked for one or other of the reasons given above, resulting in an absolute loss of coal for ever. I have one case in mind at the present time of divided ownership of minerals where one joint owner out of five is preventing coal being leased and the main headings of a colliery are standing at the coal in question.

In several cases that were brought to my notice the fact that the Board of Trade powers existed resulted in terms being arrived at by the mediation of my Department. I am strongly of opinion that powers should exist to enable such cases to be dealt with, for not only is a total loss of coal occasioned, very often extending into the lateral as well as the immediately subjacent minerals, but expense is incurred in so re-arranging the workings as to cut round these areas, and this further involves loss of output.

Minerals in Lease to one Colliery Company lying within the take of another Colliery.

A common source of trouble arises from the fact that with ownership in detached areas, the whole of a mineral owner's property is leased to one colliery company, with the result that trade jealousy may prevent that company extending facilities for working of certain areas on proper terms to an adjoining colliery in whose mining area they exist. I have knowledge at the present time of a case where a colliery company have shortly to give up possession of the lease of an area now forming part of their royalty, which has been leased along with other properties to an adjoining colliery.

The present lessees have to withdraw their rails and leave their present roads, although the area they are working will not be accessible to the new lessees for 20 or 30 years, and in some cases the coal to be left is actually surrounded by goaf and is of such extent that it will probably never be worked by the newcomers, though accessible to the present lessees. I maintain that cases such as these constitute grave national losses, and cannot be defended on any economic grounds.

I believe that the incidence of private ownership of minerals is often prejudicial to the economic working thereof. A large proportion of the cost of winning coal is due to dead work, such as the construction and maintenance of shafts and underground roads, and the fullest value will only be obtained where proper regard is had to the geographical situation of the minerals in relation to the various shafts and roadways by which they can be won. It is obviously unsound to allow collieries to be closed from

* See Defence of the Realm Manual, 6th edition, p. 98, Reg. 9, G.G.G.

6 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

exhaustion when further mineral areas could be profitably and economically won therefrom if facilities were obtainable.

Barrier Coal.

I have had brought to my notice cases where large mineral owners have leased their minerals to several colliery companies, and have imposed conditions as to the leaving of barriers on the rise which are hampering development by collieries in that direction. Such mineral owners are actuated no doubt by regard for the security of their property on the dip, but it is put to me that the apprehensions are groundless, and I do know that there is conflict of opinion by equally eminent authorities, and if the coalfields are not nationalised, (by coalfields I mean royalties) there should undoubtedly be an arrangement by which it should be possible to refer such cases to some overruling authority, who would lift consideration of the matter out of the realm of self-interest."

I lay stress on the fact "if the coalfields are not nationalised"—that is to say the mineral areas—nationalisation of the mineral areas being, in my opinion, the most simple and effective mode of removing what are obstructions to the free development of the coal.

"The subject of avoidable loss of coal through barriers, though very important, may perhaps to have been by some witnesses rather over emphasised, for it must of course be recognised that the leaving of barriers is sometimes a condition inherent to good and proper mining; it would, for instance, be very unwise to work out a barrier holding up "rise" water, if the result would be to allow the water to find its way to the deep, from whence it would have to be pumped at a very great cost, in addition to which serious damage and increased cost of working the dip coal would result.

Again it must be borne in mind that barriers are to some extent necessary for purposes of keeping separate the ventilation of adjoining mines.

Incidentally, I may mention that I do know that for some time eminent mining engineers have had under their consideration, schemes for co-operative pumping at central stations, with the object of reducing pumping costs, securing more efficient drainage and permitting certain barrier coal to be worked, and I think that in the carrying out of such schemes, the authority and powers of the State might with advantage be invoked.

Barriers separating royalties vary from 40 to 100 yards in width. A consolidation of royalties doing away with the necessity for boundaries for any but engineering purposes would bring a great part of the coal now so left into the market. The late Sir George Elliot estimated that this would, together with the saving in coal at present consumed in working circuitous haulages occasioned by these barriers, add 10 per cent. to the annual output (1893).

Support of the Surface.

I have already referred to the obligation of the mine owner in many cases to take responsibility for damage to the surface, and I do not suggest that mine workers should be freed from this liability, but I maintain that where the damage is likely to be considerable some graduation of the price of the coal should be made, as the custom now is the royalty owners not only often obtain payment for their coal at full value, but afterwards claim large sums for the injury of the surface due to the working of such coal. I know that in some cases it is at the option of the lessor or lessee to leave surface support for buildings, and in some cases coal is being left as support unnecessarily. The mine worker may have plenty of coal to work and prefers to leave pillars sooner than face the risks of onerous claims for surface damage. In other cases where the lessee is anxious to work the coal he is prevented by the prohibition of the lessor. The damage which would result if the coal was swept out in a wide face would very often be negligible and thus valuable coal is being left unnecessarily."

I may say I have tried this myself under my own house. On one occasion I worked the coal by long wall face and packed it tight, and the damage was very much less than would otherwise have been the case.

26,860. It subsides evenly?—Yes, a wave of subsidence, and then it settles.

26,861. *Chairman*: I will now ask the Secretary to read the next part. When we come to any point where you wish to add anything or make observations, will you say what you have to say?—Certainly.

26,862. *Secretary*:

"*Support of Railways and other Statutory Undertakings.*

I do not consider that at the present time any very serious loss is taking place in the leaving of coal for support of railway works which is not absolutely necessary for the public safety or on grounds of economic policy, viz., that the cost of repairs would far outweigh the value of the coal. Mining engineers to railway companies at the present time have, of course, a much better conception of the effect of colliery workings than was the case a generation ago. The recent Howley Park decision, which gives a railway company a common law right of support outside the statutory distance, and which it was apprehended might result in the sterilisation of coal, has in very many cases been met by mutual arrangements between colliery companies and railway companies, on the basis of a proportionate distribution of the cost of repairing the damage caused by working the coal, and the setting free of the embargo which would otherwise exist.

Certain of the older Canal Acts, however, confer on the undertakers an absolute right of support, and I believe that in some cases this right is being exercised without regard to the value of the coal support entailed being taken into account. I am of opinion that such cases should be the subject of inquiry with a view to the national interest being asserted.

Onerous Terms imposed by Lessors.

I have frequently met with cases where the prospective lessor has known that his particular area of coal was of vital moment to a colliery company, and in some cases opportunity has been availed of to extract extortionate terms, either of wayleave or by unduly inflating the price. Underground wayleaves are, in my opinion, absolutely unjustifiable where the exercise of such wayleave does not inflict any loss on the owner of the property passed through.

In some cases lessees are forced to take in lease and pay minimum rent for seams which they have no possibility of being able to work in a reasonable time, merely to obtain the lease of vital areas.

Difficulty sometimes arises on the termination of a lease where renewal is sought. It may be that the lessees have had to pay a minimum or certain rent, which has been in excess of the value of the coal worked during the term of the lease, and on the conclusion of the lease they may be overpaid to a considerable extent. Such overpayments are frequently in whole or in part forfeited which, while it may be right in law, does not seem to be right in equity in all cases.

(3) *Value of Lessors' Agents.*—I admit that in many cases the existence of a mineral agent who is looking after the interest of the owner of the minerals is to secure the working of coal which would otherwise be lost—particularly is this the case where the royalty is paid on a tonnage basis, where, if no check is taken, the tendency might be to leave coal which presents for the moment some difficulty in working.

I consider, however, that the present system of Royalty Owning is against the National interest and, if the minerals were owned by the State, it would be possible to remedy many abuses which now exist.

(4) *The method adopted in valuing mineral properties.*—The valuation of mineral property may arise in three ways:—

(a) On sale of the freehold.

(b) On the disposal of the goodwill, i.e., sale of the colliery.

(c) For the purpose of local assessment, i.e., rating.

6 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.O.B.

[Continued.]

I am at the moment concerned only with the first of these. In making a valuation for the sale of the freehold the principal points for consideration are:—

- (1) The probable quantity of marketable coal contained in the area in question.
- (2) The date at which the property will commence to be worked if not already worked.
- (3) The probable yearly output; and
- (4) The annual income derivable therefrom calculated at so much per ton of coal or per acre, or by whatever other means is locally adopted.

Having ascertained the probable revenues derivable from the various seams and the period of their endurance, the annuities are capitalised by allowing to a purchaser a fair rate of interest with an annuity to recover the capital.

With regard to the amount of the percentage to be allowed, or years' purchase a mineral property is worth to a present purchaser, much difference of opinion exists. In fact the question of "interest upon the capital invested" and the "interest required to redeem capital" is at present imperfectly understood and carried out. I, personally, have adopted the following figures, as the result of rather long practice and a comparison of the methods of the most experienced valuers of mineral property and the examination of many hundreds of valuations made over the last 100 years:—viz., the allowance of 8 per cent. upon the annuity which, in the case of perpetuity, would be 12½ years' purchase; [The duration of a mine is less than a perpetuity; the allowance for that depends entirely upon the length of time the mine has to last] and for the purpose of redemption of the capital an allowance of 3 per cent. [the method of valuing these annuities is that described in King's "Theory of Finance," third edition].

But it will be seen that an obvious fallacy exists in the allowance of so low a discounting figure as 3 per cent. at the present time—the conditions in respect of the value of money have altered considerably during the last ten years or more, particularly so of late.* Instead of redeeming capital at 3 per cent., one can and should substitute 4½ to 5 per cent. The effect of this increase would be to increase the amount of the purchase price. I am doubtful, however, whether one should increase the percentage allowed to a purchaser much beyond 8 per cent. Any increase would of course reduce the amount of the purchase money.

In determining the value of a virgin property, one has to assume a date at which it will become productive, frequently a matter of pure surmise, and presenting a field for the exercise of the valuer's knowledge and experience. The further the income derivable from the property is deferred the less, of course, is its present value.

(5) *Considerations to be observed in any system of expropriation of mineral properties.*—If the nationalisation of minerals in connection with the coal mining industry is undertaken it would appear necessary to nationalise:—

- (1) All those minerals which are worked in conjunction with coal and on which royalties are payable, viz., coal, clays, and ironstone. Royalty is not, or very rarely, payable on building stones worked from coal mines, and therefore may be neglected, and only in some cases is royalty payable in respect of clays worked from coal mines. Where the "clay" is of a special kind, e.g., fire-clay of South Staffordshire and West Yorkshire, or the ganister of Yorkshire, rent is charged and is usually higher than in those cases in which it is a by-product of coal mining; e.g., North of England, where it is not incumbent on the colliery owner to work the clay and where, I believe, either no rent is chargeable thereon or merely a nominal rent. It is all a question of the terms of the individual lease.
- (2) I think, as the Coal Industry Commission has been established to inquire into the Coal

Mining Industry, it need not—cannot, in fact—concern itself with the question of the nationalisation of the minerals worked by other branches of the mining industry, e.g., the oil shales of Scotland, the hematite of Cumberland and North Lancashire, the clay ironstone of Cleveland in the North Riding of Yorkshire, or the tin of Cornwall, and the lead, zinc, and copper of other parts of the country. Although it is to be presumed that were coal and the minerals worked in conjunction therewith nationalised, the collateral question would be forced to the front.

- (3) But the question does arise for immediate consideration as to how those properties adjacent to coal mines are to be treated which, though not containing coal, contain the minerals (clay and ironstones) which are worked in the adjoining coal mines. I take it they would have to be treated in like manner to the coal mining properties."

That is rather an important point. I hope I have made myself clear. In this country there are stratified iron deposits, such as the clay ironstones of Cleveland, which come under the Coal Mines Act of 1911 and the previous Coal Mines Acts. I exclude those entirely. It is a complete and separate field. But inter-stratified, as in the case of North Staffordshire, with the coal and ironstones, and a man may be one month working in coal and, conceivably, the next month working in ironstone, and the minerals come along the same road and up the same shaft. It seems quite impracticable to exclude the ironstone in a case of that sort from the coal—to separate them. I want to make that point quite clear.

26,863. *Secretary:*

"Mineral properties can be divided under three heads:—

- (a) Developed or producing properties.
- (b) Potential. Coal known to exist but awaiting development.
- (c) Properties in which the existence of coal is uncertain but suspected.
 - (a) The first, as I have shown, it is easy to value.
 - (b) As to the second, while such minerals lie dormant, the owner is in exactly the same position as he would be if the minerals did not exist at all, and, as I have said, in valuing such properties one would have to take into consideration the probability in point of years as to development taking place and determine the extent of deferment accordingly. My own practice in the case of unopened mines would be to allow, in deducing the present value deferred, from 20 to 25 per cent."

That ought to be years. In an unopened mine as I have said further on, you have to exercise your experience in determining the probabilities as to the time when it will become productive, that is to say, at what time the annuity will commence and in such a case when valuing such properties I have adopted the practice of regarding the deferment as being from 20 to 25 years.

26,864. *Secretary:*

"My own practice in the case of unopened mines would be to allow in deducing the present value (deferred) from 20 to 25 per cent. to a present purchaser, and redeem the capital at 3 per cent. That is, in the case where the prospects were of an average character; but there is great variation in the value of such properties, as wide differences exist as to certainty and extent of occurrence of minerals in such lands."

Yes, the words "per cent." should remain as they stand. If any member doubts how that is put into practice I can work out an example for him and show it to him.

26,865. *Secretary:*

- (c) As to the properties included under the third heading, the mineral rights are probably valueless.

* For correction, see the opening remarks of the Witness on Friday, 13th June.

6 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

The valuations under (a) will exist in nearly every case and could soon be modified to bring them up-to-date, and many valuations will exist under (b). Perhaps the best way would be for a Valuation Board of Experts to be set up and proceed simultaneously, district by district, to draw up a schedule of valuations when the work could, no doubt, be accomplished within a year, as it could proceed on a pre-arranged and common basis of valuation for the whole country.

Thus, it would be reasonable to at once exclude from the valuation:—

- (a) All areas as to which the existence of coal, ironstone, or fireclay therein is at present unknown.
- (b) All properties, the ownership of which is undetermined within a period of, say, one year from the date of notification of the commencement of the valuation of coal, &c., properties in the United Kingdom.
- (c) All deposits below a depth of 5000 feet from the surface (the deepest coal mines in the world are just about 4,000 feet, and 4,000 feet was the depth limit assumed by the Royal Commission on Coal Supplies in estimating the available resources of coal in the United Kingdom). I do not doubt that some day coal will be worked from a greater depth than this limit, but the period is so long deferred that we may safely exclude the coal from this scheme of valuation.
- (d) It would probably be deemed just to exclude underground wayleaves."

Sir L. Chiozza Money: Is it permissible to ask Sir Richard a question on this point? Does he contemplate remaining with the State a liability to pay compensation in respect of coal hereafter found in at present unsuspected fields?

Witness: That is dealt with later on in the proof. I can deal with the question now, if you like.

26,866. *Chairman:* Yes, please do so?—Inasmuch as the existence of the coal is unsuspected and may be found and determined by Government boring, I suggest later on in my proof that there should be a proper comprehensive system of boring determined on now in fields which may be suspected; the boring for the discovery of that coal should not, in common justice, confer any benefit on the owner of the surface, but it should be the property of the State. Appendix B relates to that point, or, at least, it indicates the coalfields that may exist.

26,867. *Secretary:*

"To allocate in advance of valuation of each individual property a definite sum to cover the expropriation for division among the several parties concerned has occurred to me as a possible means for settlement, and has the merit of simplicity, but I am a little doubtful as to whether this would be a sound procedure, and it would probably result in the total purchase price being in excess of what was required to meet the just demands of the owners. But some rough idea of the total expenditure, which would be involved in the transaction might be arrived at by valuing the annual sum derivable from royalties payable in respect of coal alone."

Witness: That is, royalties exclusive of wayleaves.

Secretary:

"From the Royalties Commission (1889-1903) the average royalty paid on coal in Great Britain and Ireland is about 5½d. per ton, and the average wayleaves, &c., upon all coal produced, i.e., whether sold or not, is about ¼d. per ton.

Taking an average of the annual outputs for the five years immediately precedent to the war at 270,000,000 tons, viz:—

1909	...	...	...	263,774,312
1910	...	...	...	264,433,028
1911	...	...	...	271,891,899
1912	...	...	...	260,416,338
1913	...	...	...	287,430,473

Average; 269,589,216, say ... 270,000,000

and deducting 5 per cent. for colliery consumption (in some cases an allowance is made for colliery consumption, in others none is made), there remains 256,500,000 at 5½d. = £5,878,125, which may fairly be taken as the annual sum paid in respect of royalties alone. Deducting from this figure the annual value of the mineral right duty, the average of which over the period 1912-1916 = £321,000, we have the sum of £5,557,125. The value of this annuity, allowing 8 per cent. to a purchaser (12·5 years' purchase), is worth in present money £69,464,062, say, £70,000,000, or if 10 per cent. is allowed to a purchaser, the present value would be £55,571,250. As this annuity may for the purposes of valuation be regarded as a perpetuity, it is not necessary to consider the question of redemption of capital.

The position of the State, if it became the purchaser, would be as follows:—

It would say, in effect, to each owner of a mineral tract: The value of your property to a purchaser is in present money "X," and you are required to lend to the State the amount of this purchase price at, say, 5 per cent. per annum, in exchange for which you will receive bonds bearing interest at that rate in perpetuity, which bonds you can sell whenever you like.

The question arises, Would the national total "X's" amount to £70,000,000 or £55,571,250, as the case may be? I doubt it for two reasons, viz:—

- (a) In many instances the annuities being for short terms are not worth 12½ or 10 years' purchase; and
- (b) In many cases, e.g., undeveloped properties, the annuities would be deferred for a number of years and, consequently, in present money are worth very little—in some cases nothing. Properties which will not be developed for 50 years are practically valueless and might, therefore, be at once omitted from a compensation scheme.

I have mentioned the exclusion of underground wayleaves from the valuation, but there are two forms of wayleave which should in all equity be included in a system of compensation, viz.: (1) shaft wayleaves and (2) surface wayleaves, in those cases where the grant of these wayleaves tend to destroy the amenities of an estate. In some cases an owner of coal benefits considerably by sinking shafts on his property, as his coal may thereby be worked earlier than would otherwise be the case; on the other hand, it may be that the shaft is such, and the main roads driven through his property that the working of his coal is deferred for many years. In the former case I am doubtful as to whether he should be compensated for the loss of his wayleave; in the latter case he should be compensated.

It has been from time to time suggested that exploratory borings should be carried out by Government with a view to determining the existence of new coalfields (see Appendix B)."

Chairman: We had better look at that.

Witness: That is an extract from an address I delivered a few years ago on this point.

Chairman: I will read that.

" APPENDIX B.

EXTRACT FROM A PRESIDENTIAL ADDRESS (BY WITNESS)
TO THE INSTITUTION OF MINING AND METALLURGY,
APRIL, 1916.

An estimate of the available resources of coal was made by the Royal Commission on Coal Supplies which reported in 1905. But since that date our knowledge in respect of the available resources of coal has been considerably enlarged.

The extensions—then of a somewhat speculative character—of the Notts and South Yorkshire fields have been proved, and the limits are now roughly known. The compass of the Kent coalfield has been more correctly determined, and extensions of the Warwickshire field have been proved. Geologists are now not only speculating on the co-termination of

6 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

the Warwickshire and Staffordshire coalfields, but as to the probability of the existence of an entirely hidden coalfield in Southern England. Much, however, yet remains to be done in the way of exploratory work. Thus the eastern and western limits of the Warwickshire field have not yet been determined. In respect of the Staffordshire coalfield west of Birmingham, the area between Wolverhampton and Shifnal remains to be proved, and I incline to the belief that in the latter area there are considerable deposits of coal. Another large and apparently profitable area of investigation is in Lancashire, where there is every reason to believe that there lies, immediately under the Red Rocks to the south-west of Manchester, a very large tract of Middle Coal Measures, "the accessibility of which depends only on the thickness of the Permo-Triassic Cover." Much good work could be done here by correlation of existing information, but the area is so complicated by faults and the like that borings would seem to be absolutely necessary satisfactorily to prove the value of the extension of the coalfield in this direction. Coming south, many borings have been put down round and to the north of London—well into Buckinghamshire—and the underground geology of this area is broadly known. But to the west, viz., the area between Loudon and Bristol, remains unproved.

Dr. Watts, in his Presidential address to the Geological Society in June, 1912, drew attention to this subject, pointing out that in Eastern and Southern England there exists "an area of Palæozoic rocks unconformably covered by Neozoic rocks larger in extent than the uncovered Palæozoic outcrop of England and Wales." Exploration has not proceeded far, and he argued that the time had come "for the organisation of a systematic survey of this area by means of a considered series of borings, so planned as to investigate the structure of the concealed Palæozoic floor, to ascertain the thickness of cover, to locate any coal basins which may form part of the floor, and to elucidate their exact tectonic conditions in order to determine their suitability for profitable working."

It is eminently desirable that further extensions of our coalfields should be defined, and hidden fields, if they exist, be discovered to replace the dying fields of South Staffordshire, Bristol and elsewhere. It is to my mind essential that the exploratory work necessary to prove the areas indicated should be placed in the hands of persons thoroughly versed in both geological and engineering knowledge."

Then, returning to your *précis*, you say:

"In those instances where such boreholes were successful, it seems to me to be doubtful whether the owners of the surface should receive an unearned increment to their property, though they should be compensated for any damage done to their property which might result from the working of the minerals contained therein.

(6) *Gradual acquisition by the State of Mineral Properties.*—An ingenious suggestion was made by Mr. Gemmel to the effect that, were the State to determine upon Nationalisation of Minerals and Collieries, this could be effected by its acquiring the properties as and when the leases fell in, and then and at such time take over and work the collieries. But this does not commend itself to me as a satisfactory solution. The effect would ultimately be disastrous to production; owners of collieries having no expectation of renewal, there would be no inducement to carry on development other than was necessary to maintain the normal output during the term of the lease, at the expiration of which the collieries would be in a very backward state, and, consequently, not in a position to continue the current rate of output, beyond the terms of the lease, without the expenditure by the State of considerable sums on development, during the prosecution of which the output would suffer."

26,867. Now would you kindly read the second paragraph of your *précis*?—Yes.

"POSSIBILITY OF GREATER APPLICATION OF MECHANICAL APPLIANCES IN COAL MINES.

1. The wider application of mechanical appliances for getting and transporting coal in mines does not

tend, as is sometimes ignorantly supposed—perhaps I should say used to be supposed—to a decrease in employment of labour and a lowering of wages, quite the reverse is the case, as we see in America, where labour shortage in the past has led to the more extensive application of so-called labour-saving devices with resulting increase in wages. Decreased costs allow of the payment of higher wages. Indeed, the chief impression left by an historical review of coal mining in the United Kingdom is the enormous progress made during the last two or three generations in every respect except the return made to capital. This is apparent when one reflects that such everyday features of colliery working at the present time as shaft cages and guides, the safety lamp, the steam locomotive, the trade in coke, ventilating fans, wire ropes, mechanical haulage, mechanical screening, the use of compressed air, and application of electricity to signalling, lighting and motive power have all been introduced within the last 120 years. There is hardly an appliance (save the simplest tools) or a machine in use at a modern colliery which could have been made at the beginning of the last century. Wages increased enormously; thus, taking the Great Northern Coalfield as an example, at the beginning of the eighteenth century the wages of coal hewers (roughly then as now, one-half of the workmen employed underground) were 1s. to 1s. 2d. per shift. One hundred years later they had doubled, being at the beginning of the nineteenth century 2s. 3d. to 2s. 6d. per shift of 8 to 12 hours, and at the end of the last century they were 5s. to 6s. for a shift of seven hours. (Free house and coals are not taken into account in these wages.) The return on capital, on the average, remained stationary."

The whole point there is to show that, after all, the introduction of these appliances, so far from acting as a deterrent to the advance in wages, in my opinion, has conduced to an increase of wages, the return on capital remaining stationary.

26,868. Mr. R. H. Tawney: Taking an average of what?—Taking one year with another. Taking the last 120 years, the average return on capital is pretty nearly what it is now. Such variation as there has been is not comparable to the variation in respect of increase in wages.

26,869. I only want to know what average means: It means over a period of years?—Yes. Then subparagraph 2 says: "It may be reasoned therefore that what has characterised the past will be true of the future, and it is in this direction that our hope must lie in keeping down the cost of production," namely, the further increase of so-called labour-saving appliances.

"There has at times been some opposition from the miners in the early days to the application of so-called labour-saving devices to mining, but a more intelligent realization of the benefits accruing therefrom now exists, and I am not aware that opposition does now exist to its introduction.

3. I have already in my previous evidence indicated in general terms the directions in which mitigation of loss of output from shorter working hours may properly be expected. I refrained then from putting a definite percentage value upon these prospective mitigating causes, and am still unable to do so, but I can indicate the probable further extent to which they can be adopted."

Then:

"4. *Mechanical Coalcutting.*—Mechanical coalcutting had at the beginning of the present century only emerged from the experimental stage. The table which I put in when giving evidence on the last occasion illustrated this.

Machines fitted for work in Longwall-faces are the type most commonly adopted. A further extension of these is possible, and the use of the reciprocating and "heading" types, so largely used in America, is capable of considerable extension in those mines worked on the bord and pillar and double stall methods. The amount of coal cut per machine per annum for the years 1903–1918 inclusive in Great Britain and the United States of America respec-

6 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

tively shows the increasing gain in output which may properly be expected from this source."

26,870. *Chairman*: I do not think we ought to trouble you to read the tables, but I would like to take the total in 1903 when there were 643 machines. In 1908 (after five years) there were 1,659. By 1913, the next five years, there were 2,897. In 1918, the next five years, there were 4,047. So that from the year 1903 to the year 1918, a period of 15 years, the number of machines had gone up from 643 to 4,047?—Yes, about seven times.

26,871. And the output from 5,000,000 tons odd to 27,000,000 odd?—Yes. I would like to point out one curious fact, that the output per machine has gone slightly down.

26,872. In 1903 the output per machine was 8,158 tons; in 1908, 8,143 tons; and in 1918 the output has gone down to 6,820 tons per machine?—And may I point out that the average output per machine was roughly about 8,107 before, but that the decrease synchronises with the war period, so that that fact probably the conditions inherent to the war have to be taken into account.

Then passing to the next table and adopting the method of dealing with it which you did, Sir, it shows the total number of coal cutting machines in use and the output of bituminous coals mined by machines in America. In 1903 their machines were 6,658, and the latest year for which we have a return was the year 1916, when there were 16,197. The output cut by machine was, in the year 1903, 69½ million tons, and in 1916 there were 253½ million tons. The output per machine has gone up from 10,457 to 15,638. That is a very remarkable comparison, but one cannot put too much upon it. One cannot draw too many deductions from these facts because, as I say further on, "It should be stated that the American machines are nearly all of the percussive and chain-breast types and are working as a rule much thicker seams and under different conditions than obtain in the United Kingdom."

Chairman: Yes, I follow that. Then you say:

"It may be taken as clearly proved by practical experience that there are many seams where the adoption of coal holing machines in place of hand holing will ensure,—

- (a) a larger output from the same area of workings with the same number of men;
- (b) more "large" coal; and
- (c) a lower working cost.

This reduction in cost will be greater as the cost of labour is higher and the holing harder."

Witness: That may be regarded as axiomatic. The point at which it pays to introduce a coal cutter is largely determined by the conditions. It becomes increasingly economical the higher the rate of wages and the harder the coal. Then I say:

"Judging by published statements, 6d. per ton is an average saving, but it is doubtful whether cost of motive power in driving the machines is fully considered in all the statements. As has been stated elsewhere by witness—

"The working cost per ton is naturally the point which receives the first attention of the colliery manager, but it should not be overlooked that an increased production of large coal may give a profit considerably outweighing even some increase in working cost."

The North of England Institute of Mining Engineers issued a report on Mechanical Coal Cutting in 1903 in which are published the results obtained with machines under-cutting in Longwall faces at about 30 collieries in various coalfields of Great Britain. The examples included all the then best known machines and a great variety of natural conditions of working—thick seams, thin seams, level and inclined, good roofs and bad roofs, deep and shallow. The average saving in comparison with hand holing was 7d. a ton on labour in the face, but this 7d. had to cover first cost of plant and the cost of power and maintenance. But machines at many collieries were

being tried in a tentative and experimental way and the cost was therefore higher than it probably is at the present time."

It seems to me the time is ripe really for a thorough enquiry now by experts into the possibility of further introduction of coal cutters and machines, and if such a committee would visit America, I think they would gain some very useful knowledge.

"(5) *Conveyors*.—The rapid clearing away of the undercut coal is a matter of much importance and in this connection mechanical coal conveyors are of importance. They were introduced into mines at a date later than mechanical coal cutters. They are usually worked in conjunction with the latter but may be and are frequently used where mechanical coal cutting is impracticable.

In those mines in which, owing to liability to the occurrence of firedamp in dangerous quantity it is inadvisable to use electricity for actuating the coal cutters or conveyors the motive power can be supplied by air compressed some distance back from the face, the compressors being driven by electricity.

(6) *Mechanical haulage underground*.—There are two dicta true of all coal mines, viz., (1) wherever 7 horses are employed in underground haulage it pays to substitute them by a mechanical haulage engine. (2) The closer you can keep the mechanical haulage to the face the lower the cost for haulage. This has led of late years to the introduction of what is known as secondary mechanical haulage, the nature of which witness will explain."

With regard to that, the haulage on the main roads is carried out in the vast majority of cases—you might almost say in all cases but for the fact that there are a few exceptions—by mechanical means, either electric compressed air or by some system of mechanically-driven rope haulage. Those are large roomy roads and have cost a considerable amount to make and are laid with heavy rails. But there comes an intermediate stage between that haulage and the face haulage which is usually carried on by ponies and in some cases by hand, and that linking-up haulage is known as secondary mechanical haulage. It is haulage actuated by light engines along roads as to which, owing to the roof conditions not having perfectly settled, it is impracticable to make those roads fit for permanent haulage. Of late years this secondary haulage has been more and more carried out by mechanical means, and is still capable of being carried out in some cases to a greater extent by mechanical means than at present. That is the point I wish to make.

26,873. *Mr. Herbert Smith*: Have you any figures on that?—No, no definite figures. My knowledge is drawn from experience.

Then I say in paragraph 7:

"(7) *Winding, Pumping, etc., by Electricity*.—Witness endorses the statement made by Mr. Merz to the effect that if electricity were available in "bulk," that is if it were supplied from an electric system, it would pay to drive even colliery winding machinery by electrical energy."

The reason why I say "even" is this: A winding engine is a most peculiar piece of mechanism. It has to overcome considerable inertia in lifting the weight from the bottom; it gains speed, and that speed becomes at one point almost actual acceleration. Then it has to slow down and land its load. That is a most difficult process to carry out economically by electricity, and the last thing that would be driven electrically at a colliery or a mine would be the winding engine. But if electricity is supplied at such a price as, for instance, the price charged by the Newcastle Electricity Supply Company in this county, which is the largest electrical concern in this country, then it pays even to wind electrically. I put it as the last resource.

"(8) *Consumption of Coal at Mines*.—An investigation was carried out by the Distribution Branch of the

6 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

Coal Control into the consumption of coal at 23 representative collieries when the following facts were ascertained:—

	Tons per annum.
The total consumption at the 23 Collieries is	408,710
Equal to 9.5 per cent. of the total production at these Collieries.	
It was estimated that economies in consumption could be effected under various headings as under:—	
Without additional plant... ..	10,486
By Electrification	78,580
By installing other new plant...	8,600
Total	97,666

Equal, on present consumption, to a saving per annum of nearly ... 24 per cent.

The estimated coal consumption at Collieries is about 18 million tons per annum.* If, therefore, the possible economy at mines generally be taken at only half thereof the results shown at 23 mines the annual saving would be 2,000,000 tons.†

The reason I take 17,000,000 tons is because, as explained in the footnote, the actual consumption for boiler fuel is 16,856,341 tons. The balance is equivalent to waste heat converted into tons of coal.

"(9) It may be asked why, in view of the mitigating factors indicated above, they are not put into practice to a still greater extent than at present? The answer is that, in many cases, the present system of numerous separate ownerships militates against it. Thus, the larger the load factor the cheaper is the unit of electricity. Under a system of collective production power would be more cheaply supplied with a corresponding economy in the use of coal. Capital would also be available to allow of the smaller concerns adopting labour-saving appliances to a greater extent than at present. This is one of the directions in which the present system (of numerous small entities as against a combination of interests) is wasteful and extravagant."

Then I come to paragraph III.:

ECONOMIES OF ADMINISTRATION AND WORKING PROCURABLE UNDER A SYSTEM OF COLLECTIVE PRODUCTION.

(1) I have already, in my previous evidence, pointed out that the accumulated experience gained in the different coalfields might be so directed as to raise the standard of efficiency in many directions in operating the 3,129 coal mines at present existing in the British Isles. That that end could best be achieved by a system of collective production is, I think, obvious.

A system of "general" management broken into so many units, I suggest, falls short of the high water mark of efficiency. I have had an excellent simile put to me by a railway friend, "Assuming that each station on a railway system was left to evolve its own destiny, without control from a central authority at Headquarters, we should get something akin to the system of separate units which obtains in coal mining."

(2) *Distribution.*—Prior to the War, the distribution of coal was regulated mainly by the need for getting a market, plus the idea that only certain classes of coal were suitable for manufacturing purposes. As a result, coal was sent freely up and down the country from one producing area to another, regardless, to a large extent, of real requirements.

* viz., consumption of boiler fuel.	16,856,341 tons, or 6.2 per cent. of output.
Equivalent coal of heat from coke ovens or blast furnaces or from outside sources.	1,539,402 " 0.57 "
	18,395,743

† viz., 12 per cent. of 17,000,000 tons.

A great deal of misconception existed prior to the War, and still exists, as to a particular class of coal being necessary for a particular manufacturing purpose. In the majority of instances it has been demonstrated to be largely a question of efficiency of combustion.

The principle should be established that coal should be consumed as near the actual point of production as possible, with great resultant saving in transport; this can only be achieved by setting up central control.

The present system of private ownership of wagons is obviously wasteful. There are some 700,000 privately owned railway wagons hampering the railway companies by reason of special shunting and marshalling of the rolling stock. The system also has the effect of increasing colliery costs owing to the amount of shunting they also have to do.

Keen competition between rival coalowners allows of the foreigner in normal times largely exploiting the coal output of the country.

Prices should be regulated by a central authority comprising—

- Representatives of the Coal Owners.
- " " Miners.
- " " Government.

(3) *Central Purchasing of Materials for Collieries.*—

A central purchasing agency would, as I have previously stated, make for efficiency and economy.

The material annually consumed by the collieries of the United Kingdom is enormous. It must be apparent that some 1,500 concerns purchasing materials independently cannot do so as effectively or cheaply as if they were one concern. It has been argued that combination in this respect would lead to combination on the part of the sellers. I would point out in reply to this that in respect of two items largely consumed at collieries this already exists as regards one of them, viz., explosives, and as to the other, pitwood, the commodity is mainly (normally) an imported article and in the hands of comparatively few traders.

(4) *Displacement of the vested interests.*—Economy of administration in this respect is obvious. The number of directors would be greatly reduced, as also the number of managing directors, consulting engineers, and general managers. The middle man would largely disappear.

(5) *Saving in Freights.*—A national coal combination could control freights to an extent that would be impossible to an individual freighter.

(6) *Underground Haulage.*—This would be simplified and cheapened by the abolition of eccentric boundaries.

(7) *Central Pumping.*—Under a collective system of production pumping could be concentrated at the most advantageous points with considerable resultant saving in cost.

(8) *Working of the Coal Seams.*—Generally, under a system of collective production artificial factors which impede mining would be removed. Owing to the extinction of the competition prevalent in normal times between rival coal owners coal, good and inferior, could be worked together instead of bringing up only that which is necessary to allow of one owner competing with another. It might be argued that the consumer would suffer in that he would on the average be provided with a poorer class of coal than heretofore, but this does not necessarily follow, and the fact of there being a lower grade of coal on the market would lead consumers to make use of it on the score of cheapness and adopt more scientific means of burning it than at present, with advantage to everybody."

I do not mean to say that the good coal would be excluded from the market, but there would be more inferior coal on the market and the average would be lower. If the consumer wished to have a higher class of coal he would still get it, but my point is that he would purchase the cheaper coal and improve his process of consuming it.

Chairman: Gentlemen, we now come to one of the most important parts of Sir Richard Redmayne's proof. I announced the day before yesterday he

6 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

would deal with the question of diminution of output. This paragraph is headed: "The present Position of the Coal Mining Industry in point of Output"; and I will ask him to read that.

Witness: With regard to the first paragraph, I have had to alter it because of a numerical error. It should read: "The movements in point of total output per shift per person employed and the total number of persons employed are shown by the figures before you." They are shown by a diagram also of which I have only one copy. "This discloses a disquieting fall in the output per person per shift worked, a reduction of fully 9 per cent. as compared with the pre-war figure and of nearly 5 per cent. as compared with June last year, and the declination has been gradual and persistent." Then:

"It is not easy to account for this fall. Mr. Straker has put forward one reason which, while it may be a partial explanation, does not, in my opinion, entirely explain the decrease—far from it—viz., that the mines are crowded by the miners returning from the Army and that there is insufficient pit room for the workers, with consequent diminished output per person employed. But I would point out that the decrease commenced nearly a year ago"—as a matter of fact it commenced before a year ago, and I have a diagram here which shows the whole thing graphically—"that is, before the advent of the large body of incoming men—and has continued on the down grade ever since. Other reasons which might be advanced as contributing causes to the decline are:—

- (1) Possible backward state of development of the mines and lack of plant.
- (2) The probable fact that the incoming men, owing to long absence from the mines, have not yet "got into their stride."
- (3) The fact that so many men are working on the minimum wage which, together with the war wage and the flat rate advance recently granted, allows of a considerable daily wage being obtained without resorting to payment by piecework.
- (4) Generally, the high rates of wages.

As to (1), the mines are not in a more backward state of development and are not less well provided with plant than they were a year ago.

As to (2) and (3), the same criticism that I have applied to Mr. Straker's contention is to some, but lesser extent, applicable to these possible explanations.

I think that probably the main explanation is to be found in (4).

The average miner works to attain a certain standard of comfort, and when that is attained he is satisfied. The higher wages rule, the less work is necessary to attain that standard. That there is a policy

(Adjourned for a short time.)

Chairman: It will be quite apparent to us now that there will have to be one other public sitting, and that will be on Friday next at half-past ten. Sir Richard Redmayne's evidence is too important to be dealt with in the short time at our disposal. The next and last public sitting will be at half-past ten, and there may be then two quite short witnesses, in addition to Sir Richard Redmayne. I hope we shall finish quite early on Friday next.

26,874. *Mr. Arthur Balfour:* Taking the mineral rights first: I gather from your proof that you really think the best way to dispose of all the disabilities is for the State to purchase the mineral rights?—That is my idea. I recognise that a royalty does fulfil a certain function; it is a differential tax on production, allowing bad collieries to be worked side by side with good collieries, using good and bad in the terms of the minerals that they contain. It seems to me that it makes for simplicity and directness and to develop the resources of the nation to the greatest advantage if the nation owns all the minerals.

26,875. When the last Commission was held on the question of royalties, that was in 1893?—It reported in 1893.

of deliberate and organised restriction I do not believe, but the result to the community as a whole may well prove very serious if something is not done, and done quickly, to remedy the evil.

I have, after careful consideration, come to the conclusion that I would be failing in my duty did I not bring these facts to the notice of the Commission. That the miners can increase their output, and have responded to an appeal to do so in the past when they realised in 1915 that the necessities of the nation demanded it, is proved by the results obtained in the period when the output per person per shift rose above the pre-war period to the extent of 4 per cent.

I know that the leaders of the miners are just as anxious as I am that the highest possible output, consistent with the health and safety of the miners, should be secured, and I feel sure were they to organise and carry out a crusade, having for its object the bringing home to the miners the seriousness of the position, they would be successful in their efforts.

I put in a comparative statement of the extent of absenteeism at coal mines. It will be seen that this also shows an unsatisfactory state of affairs."

That has since been put in by the Controller.

26,874. *Chairman:* Yes?—I would like, if I may, to call the attention of the Commissioners to some words written in the year 1893 by my late friend, Sir George Livesey. He and I used to correspond on the co-partnership principle, which he was anxious to see extended to coal miners, and writing in the "Times" of 1893, during the time of the great Midland strike, he gave expression to some words which seem to me to be remarkably applicable to the present stage, and although it is not perhaps evidence, it is interesting. He says: "It is clear that the present system is extremely unsatisfactory with coal owners and miners separated into two hostile camps frequently, and at the present time, at open war, but both united in one object, to sell coal at the highest possible price, whereas coal being the foundation of England's industrial prosperity, it is essential that after the coalowners and the miners have received fair remuneration and good wages coal should be sold for all purposes at the lowest possible figure."

Chairman: Sir Richard, I desire to thank you in the name of the Commission for the very careful and excellent proof which you have given us. We know that you have been here every day assisting our deliberations, and it must have taken a great deal of time and energy at nights to get all this valuable information together. We are very much obliged to you for the result.

Witness: Thank you, Sir; I am very much obliged to you.

26,876. What was their principal reason for reporting against the acquisition of mineral rights by the State?—As far as my memory carries me, there was no reason: they did not give a definite reason. I think they said that there was not any widespread demand for nationalisation, and, to put it simply, they shied at the proposition.

26,877. Yes, I think that is the case?—I refreshed my memory a few days ago by reading it up, and that is the impression it left on my mind.

26,878. Taking it for the moment that the mineral rights were acquired by the State, how would you propose to deal with surface wayleaves in the future?—In exactly the same way, subject to certain modifications, as they are dealt with now. Such wayleaves as are right would be continued to be charged. I mean if a man hauls coal from a mine right past my drawing-room window, I say, Yes, you may do so, but you must compensate me for the unsightly trucks I see going round. That seems to me a matter quite apart. It is quite simple.

26,879. But you do agree that in the future, if surface wayleaves are required for the working of collieries, some reasonable compensation should be

6 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

made?—Certain surface wayleaves, but I should like to enter this caveat. Supposing I am a royalty owner, and the pits are sunk in an unsightly position, and I receive at present a wayleave on everybody else's coal coming out, the State comes along and takes my royalty and compensates me for it. It also compensates me then and there in a lump sum for the wayleaves.

26,880. Those are what I call present and past wayleaves. I was referring to future wayleaves?—They must be, I grant you, dealt with quite differently.

26,881. What is the present position with regard to the disablement of minors? What fund is there to compensate them?—If a miner is disabled through accident or ill-health occasioned in the mine and proved to have been so occasioned, then he receives compensation under the Compensation Act; but short of that, if a miner, through a break-down of health, quite apart from that, short of his being on a permanent relief fund or some other fund, of course there is no means of compensating him.

26,882. I take it you agree that there should be some kind of arrangement made for men working in a colliery?—What I should like to see in all industries is that when a man has borne the heat and burden of the day, before he is crippled, and before he is exhausted, he should be able to retire to a well-earned rest and spend his latter days in well-earned comfort without the fear of being put on the street, so to speak.

26,883. Regarding the retirement fund, as separate from a disablement fund, you say the man at a certain age should retire; but there is no fund except that which is set up by the individual colliery, at the present time?—I am not aware that there is any fund even in any industry, colliery or collieries, for providing a miner with an income when he retires, voluntarily, from a break-down of health. What I mean is this: A man might arrive, say, at the age of 65: his health may not be broken, but he may have the infirmities inherent to *Anno Domini*, and I think it would be only right and proper that there should be some arrangement whereby that man, when he attains the age of 65 or 70, if he so desires, should be able to retire in comfort. Some men would not perhaps retire: I can call to mind one of my coal-hewers who hewed on his 79th birthday.

26,884. There are some companies who provide for the retirement of their officials?—Yes.

26,885. And their workers, too?—Yes.

26,886. With regard to the question of research and investigation in the coal industry, do you not think that ought to be centralised in some way in some department to ensure that it should be carried on continuously?—I do, indeed: there is, of course, a good deal of research going on in the coal mining industry: there are all the institutions of mining engineers where papers are continually read, and which have done good work in the past, and then there is the Home Office Department, which has a large station carrying out experiments on safety lamps, colliery explosions, and so forth, and lately on electric signalling. Then there is the small Doncaster Research Laboratory. Then there is a committee set up by the Department of Scientific and Industrial Research—a committee that has not met for some considerable time, but it is composed of mining engineers. I quite agree that all those bodies might be centralised, and the centralisation would make for efficiency, it being more comprehensive.

26,887. And a staff of experts should be kept for investigating, not only the coal mines in this country, but in every country?—Yes, to bring the best practice of every country into play.

26,888. I am much obliged to you for the great trouble you have taken on the question of mechanical safety devices, and so on, but I take it that, in addition to the labour-saving, the great point in mechanical appliances is to enormously increase production so that higher wages might be paid in that way?—Quite so, that is what I have endeavoured to bring out.

26,889. I take it you do feel that there is still room for considerable development in this country on those lines?—Surely!

26,890. Now on the real main question do you think that the mines in this country would be as efficiently run, and would give us the output which is necessary at the price which is necessary, if they are centralised and run as a national concern as compared with the present or some intermediate condition?—No man can say.

26,891. Do you think they would?—It is a leap in the dark.

26,892. You refer to the question of price regulations: do you think it is desirable that there should be price regulations in ordinary times?—A regulation for the selling price of coal?

26,893. Yes, or any other article, in normal times?—I think the law of supply and demand must operate.

26,894. That is probably the best regulator you can put on the price?—I am a firm believer in the law of supply and demand. You cannot interfere with economic laws without getting into an awful mess.

26,895. I take it that in any scheme that might be devised it is important to make the output of any individual hewer the basis of his remuneration if you are to get output?—Yes. As human society is at present constituted, and until we approach a little nearer the angels, I think the reward should always be in proportion to effort, and effort will always be in proportion to the reward offered.

26,896. Do you agree with other witnesses that basing wages on selling prices is not a satisfactory method?—I think it a most unsatisfactory method.

26,897. Do you agree that the present situation, where wages have been paid by subsidy, or by return of taxes that have come from the industry, or by taxes from the general community, is a position that cannot be maintained?—It is economically unsound to run an industry paid for by the taxpayers.

26,898. If the cost of coal is high, through whatever the circumstances may be, finally you have to put it on the selling prices of the coal?—It always comes back to the consumer.

26,899. You are bound to do that?—You must if you are going to run the industry at a profit.

26,900. With regard to the present Coal Control Department, I take it that it is absolutely essential that that should run on for a certain time to clear up the conditions created by the war?—What do you mean by "the Coal Control Department"; do you mean as at present constituted?

26,901. I mean the Coal Control Department as it is at present must clear up the situation left by the war?—I would rather put it in this way, that the situation must be cleared up.

26,902. When that Department ends, do you not think there should be in this country some one central authority to supervise and regulate the coal industry of the country?—The coal mining industry, after agriculture—and only, possibly, after agriculture—is the biggest industry of this country, and what is more, it is the key industry, and in view of those facts, I should have thought that there should be some central authority.

26,903. Any such Commissioner—Coal Commissioner, or whatever you like to call him—I take it you would agree should have probably a National Council to advise him, composed of owners, workers and consumers?—I did not say what should be the nature of the central authority. I agree there should be some central authority, but as to what form that central authority should take, I am not prepared at the moment to say. It should be some central authority: of that I have no doubt whatever, and whatever central authority that is, I should think the powers that be would be well advised if they created a body composed of those chiefly interested (we are all interested, though not chiefly interested) in the industry, and create out of the industry an advisory body to assist and advise the central authority.

6 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

26,904. Do you think it would be advisable to have the central authority's powers vested in one individual with an advisory council? That is the question I want you to answer?—A Minister of Mines you mean?

26,905. Call him what you like: I would rather that he was not a Minister?—I would rather answer your question in this way, that there would perforce be an individual Minister of Mines, or whatever you like to call him, at the head of such an authority as you describe.

26,906. I take it that one National Council would not be sufficient; you would have to have district councils in the different districts of the country, as at present defined by the Home Office districts, to keep in closer touch with the actual facts and to advise the National Council?—Whatever body might be constituted for the control or supervision of the industry, it would have, in order to be effective, to work through district bodies—call them councils or whatever you like; but I would not say necessarily that the districts should be the divisions devised by the Home Office for the purpose of inspectorate. Might I give my reasons for saying that? For instance, the southern division includes Kent, Bristol, Forest of Dean, North and South Staffordshire, Warwickshire, and so on; the methods of work, the whole history and the customs, say, of the Forest of Dean and North Staffordshire, are entirely different. The system which has grown up through the ages is quite different, and it would be very much better to combine like with like in any system of districts, so that probably, instead of being simply the divisions of the Home Office established by the Home Office for the purpose of inspectorate, the divisions for the purpose of economic government would be more numerous.

26,907. Otherwise you would defeat your object if you placed them too far apart?—Yes.

26,908. Further than that, I take it, if the scheme is to work thoroughly, you have to come to a system of pit committees at the collieries?—You mean a still further stage?

26,909. A still further stage?—I think there must be some form of pit committee.

26,910. And they would report to the district council, or report to the National Council?—Personally I do not quite grasp the objection that seems to exist in certain quarters to a pit committee. For instance, what is it more than a stabilising of the deputations which a colliery manager has continually to meet, sometimes every day, on different subjects regarding the health, safety, convenience and comfort of miners? If there were a permanent deputation composed of the miners, personally, as a past colliery manager, I would welcome it—I see no objection to it. The harmonious conduct of a colliery requires tact, and so forth, but personally I cannot say that I have ever found that any system of that sort would be likely to be in opposition to discipline and the good conduct of the mine. It is only stabilising the deputations.

26,911. The difference between the pit committee and the National Council, I take it, you would agree, would be that on the pit committee you have the colliery managers and workmen, whereas on the other you would have the consumers present?—You would have to bring the consumers in somewhere, probably in the district council, to have some say on the price of coal.

26,912. On this question of central pumping schemes, suppose you have a central authority such as I have sketched out, would it be necessary to have compulsion?—Yes, I can speak there with some fervour, because for the last two years I have been wrestling in spirit in one part of the country with the coal owners, and as my colleague, Sir Arthur Dickinson, will bear me out, it is impossible to get them to take any concerted action; it is impossible without compulsion.

26,913. So that you would really have to try to work it by voluntary means, but in the background some authority to do justice, and charge the cost of doing it to the coal owners by some rate per ton, if they would not do it voluntarily?—True.

26,914. We have heard a good deal about the grouping of collieries, and I think it is agreed that

a little more grouping is desirable?—Of course, I stated so pretty strongly on the previous occasion, and I have also inferred it on the present occasion; there are so many small places that are short of capital and one thing and another.

26,915. There, again, would you have to have compulsion?—They have not grouped themselves yet.

26,916. Do you think, if there was a central authority that could assist in those movements, you would have quicker action?—It means a little more than assist: I am afraid it means the application of a big stick.

26,917. Do you think it would be a good plan to publish the outputs of the collieries monthly in some clear concise form so that the public would be informed on the subject?—I think even if the returns were not quite accurate, owing to the haste with which they would be prepared, it would be a good thing. It is so very easy to condemn a department for not issuing their statistics with the celerity with which one thinks they might be issued, because I have had, for my sins, during the last 11 years, to deal with the issuing of statistics, and the work is immense in producing accurate statistics. Anyone who has had to deal with them knows that. I would go this far and say, even if monthly statistics were not accurately kept, but were subject to correction, it would be a good thing: they need not be very detailed, of course, but broad statistics.

26,918. Would you go as far as districts?—I would go as far as some districts—yes, I would go as far as districts.

26,919. With regard to the question of baths and pithead drying arrangements, I think you do agree that they should be established?—Yes, certainly. That has been the Home Office policy of which I am a humble member; but Parliament was too much for us.

26,920. Do you agree in that case that it would be better to try to have them used by the officials and the workers voluntarily rather than have them made compulsory?—I would make them compulsory.

26,921. Would you make their use compulsory?—I would eliminate small mines. You do not want to erect a public bath for five or six people. You might say every mine employing 50 persons or above, or something of that sort. I would make the erection compulsory, whether it was required by a majority of the men or not, and I am as convinced as I am sitting here that within a very few years you would find everybody in the mine using them. That has been the result in France and in Germany: their use was not compulsory originally—I do not think they are yet.

26,922. Do you not think it would be a reasonable thing that the money spent on those baths, say, in the first five years, during which period they should be completed, might be charged against revenue?—I think that is a fair proposition.

26,923. With regard to the inspection of mines, if this central authority were set up, I take it that the inspection of mines should be under the control of that central authority and not separated and under the control of some other authority?—I think that you would have, in order to work a Mines Department—or call it whatever you like—properly, to put all things appertaining to the mines under that authority. For the same reason I would put research under it, but I would work that research in conjunction with the Department of Scientific and Industrial Research.

26,924. Do you agree that it would be desirable to have a few more inspectors?—Yes, I think so, in order to get more thorough inspection. The present inspectors are very hard worked; they are overworked, and, after all, a man cannot do more than he can do. I would welcome an increase in the inspectorate.

26,925. *Mr. Robert Smillie:* If the Government were taking the minerals and not the mines, would not the Government be in a position to establish central pumping plants and charge it on the royalty to the private owners who might work the mines?—Yes, that would be possible.

26,926. But if the Government took over the minerals and the mines then you would not require

6 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

any compulsion to force the mineowners to pay for the pumping; the Government would pump themselves?—Quite true.

26,927. That would remove that difficulty?—Quite true.

26,928. With regard to output returns, whether they are monthly or however they would be done?—I do not think they would be done weekly very well.

26,929. Supposing you propose to have monthly returns, what is the purpose that you wish to serve by having them?—The purpose I had in mind—I do not know what the Commissioner who interrogated me had in mind—but what I had in mind was this, that the nation would know month by month where it was. After all, what is the object of all returns but to give information? These returns would give information to the public for whatever use they might think fit to put them—monthly instead of annually.

26,930. Speaking of the returns such as Mr. Balfour has asked for and such as you have in your mind, they would not indicate as to whether the output per person employed per shift worked is going down or up?—No, they would not.

26,931. It would give an indication for the colliery or for the district, as the case might be?—Quite true.

26,932. It would not give an indication as to whether or not there were reductions per person employed per shift work.

Mr. Arthur Balfour: I hoped that information would be included in the report.

26,933. Mr. Robert Smillie: I want to get it from Sir Richard how impossible it is from the kind of return he has in his mind to give you what you want?—Unfortunately I could not get inside Mr. Balfour's mind. I did not know what he wanted. I knew what my answer conveyed, and that was information to the general public as to what coal had been produced during the preceding month.

26,934. As a matter of fact, to get what Mr. Balfour required, you would want to know the number of shifts worked, the number of persons employed per day, the number of shifts that were lost by men, and divide it from day to day by the total output, to find out whether the output per person employed has gone down?—It could be done. You may remember that we got very elaborate returns for the Coal Mining Organisation Committee monthly as regards absenteeism, and so on.

26,935. What Mr. Balfour wants to know is, amongst other things, whether or not the miners are shirking in any district or any colliery, either generally or individually—whether they are deliberately reducing the output, whether their output goes down as their wages go up.

Mr. Arthur Balfour: Might I say what I really wanted. I really wanted to get a feeling of competition between districts, so that one district could see what another district was doing and would endeavour to emulate the better return.

26,936. Mr. Robert Smillie: Would you be likely to get under State ownership more than under private enterprise the emulation of a colliery manager to beat some other manager, and the emulation of the men in the knowledge that their wages would not be reduced by the State?—I think the spirit of emulation as between manager and manager would exist just as much under State control as under the present control, because the manager if he is worth his salt would be anxious to show what he could do. He is anxious to do that.

26,937. At the present time under private control one of the very things that the colliery owner desires to hide is the question of output?—They do not care to publish it abroad.

26,938. Under State management every manager would be a servant of the State?—I do not use the word "State." In my original evidence I said each unit would benefit from the collective knowledge.

26,939. With regard to baths, do you seriously say that a colliery employing not more than 50 persons should not have a bath? Surely 50 persons is too high?—I said 50, but you might make it 30 or 25. I

am not wedded to any particular figure. There should be some point.

26,940. What is the number under the Metalliferous Mines Act? Is it not 30?—30 constitutes a small mine under the Coal Mines Act.

26,941. What would you say when there is a group of small mines?—I quite agree for the purposes of baths a number of small mines might be grouped.

26,942. After all, the needs of the families of 10 or 15 men are just the same as the needs of the families of hundreds?—Quite so; and if there were not a number of small mines in the region of one small mine the men at the small mine could have the privilege of using the baths at the neighbouring and bigger mine. That is a detail that could be worked out.

26,943. In answer to some questions put by Mr. Balfour you rather favoured the State keeping experts to go into research of one kind or another and to make discoveries as far as possible in connection with the mining trade that might increase output. Do you seriously say that the State should burden itself with an army of experts in order that it might assist private capitalism?—I see your point; but perhaps my answer to Mr. Balfour was too short. What I had in mind was this, if I may go on, that health and safety are matters directly concerning the Government at the present time, and I do think with regard to health and safety the research work could be carried out on a little more extended scope. I think that it would be an advantage to the industry were research work carried out in the region of economics, and that should be under the ægis of Government; but I did not intend my answer to convey the meaning that that was to be paid for by the State and the mines to remain in private ownership. What I meant was that the State should carry out that and see that it was properly carried out, but that they should make the owners pay for it.

26,944. With regard to safety, you know I am with you, whether the mines are privately owned or State owned. I am with you that all the research that can be undertaken for safety ought to be undertaken?—Yes.

26,945. You gave us some very interesting figures with regard to the known extent of the British coalfield and tracts of country in which it is believed that there is coal although it has not been proved. Is it the fact that the surveying which has been carried on and paid for by the Government has discovered certain coalfields and mineral fields in this country?—I would rather put it in this way, to be absolutely accurate: the result of the investigation of the geological survey of Great Britain has conducted very much to economic development, not only with regard to minerals, but with regard to water.

26,946. It has been said that it was the result of the geological survey really that discovered iron in Ransay?—Yes, I believe that is a case in point.

26,947. The Government did not secure anything from that, did it?—I mean in the shape of money?—No, I do not think it did.

26,948. You gave us at the outset of your *présis* some valuable information with regard to the present system of ownership of minerals. Did your remarks apply to Scotland or to England only, or to England and Wales?—As to the law operating?

26,949. Yes?—I was speaking generally of the United Kingdom. I am a little bit uncertain when I come to Scotch law. I have not the experience there that I have had in English coal mines.

26,950. You have heard of a Scotch law of 1592?—I have heard of it from you.

26,951. Do you know that it has been produced here?—I do. I have a copy that I have filed for further reference. I am rather interested in antiquities, and I was rather interested in that antiquated law.

26,952. It is not necessarily ancient?—It is 1592.

26,953. Provided it is the law to-day, it is just as young to-day as it was in 1592?—Yes. I believe there is a law of Charles I. that compels a Magistrate to force everybody to go to church on Sunday, but there is not a Magistrate who would try to carry that out.

26,954. There is a law in Scotland that would cause you to be hanged for stealing sheep. You are not

6 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

going to do that? You are not going to steal sheep?—No, coal is what you are after.

26,955. You have heard it suggested that the Act of 1592 referred only to the precious metals, that it did not refer to coal?—To gold and silver.

26,956. But not to coal?—No.

26,957. Would you believe me if I told you that I hold in my hand a copy of a feu-charter that was granted in 1618, and coal and coalpits are specifically mentioned in it?—That is interesting.

26,958. Do you know that the Chairman has managed to secure a copy of a feu-charter, the Wemyss Charter that I asked for here, and coal is also mentioned in it for the same period?—I will take it from you.

26,959. I hold a copy of one issued in 1618, and coal and coal pits are mentioned in it, and it is granted in feu-farm. It is called a feu-charter, and then in the body it is called a feu-farm. Are you aware that under that charter there was a nominal rent?—I have not read it.

26,960. Will you take that from me?—I will take anything from you.

26,961. That there is an annual rent. Would you be surprised if I told you that it was for the afore-said mines and minerals in addition to the annual rent of one-tenth of the minerals from the same which shall happen to be found and dealt with, deducting always the whole expense and cost thereby contracted. Would you be surprised to know that that is in the feu-charter granted by James, that one-tenth part is to be given back to the Crown, and are you aware that that has not been given back?—No, I am not aware of it.

26,962. If that is the law and if that is the feu-charter under which metals are being worked, do you think that the law should be carried out?—All laws that are on the Statute Book should be carried out—short of one being compelled to go to church.

26,963. Even the law with regard to sheep stealing?—Do you bracket that with sheep stealing?

26,964. If Parliament laid it down that all mines and minerals by whomsoever held belong to the Crown and could only be worked with the consent of the Crown, and that an annual rent was to be charged, and where it was also stipulated in the bond that one-tenth of the product should be given, is not that a strong argument for saying that the minerals ought to be restored to the Crown, which means to the State?—I am not quite clear on the point. I understand that this is a Charter in which there is charged on the minerals a royalty rent which consists of one-tenth which is payable to the Crown. Am I right?

26,965. Yes—in addition to an annual rent?—That, of course, should be paid. I take it that it was a royalty rent of one-tenth. That is a fairly good royalty rent.

26,966. Would you also take it that if Parliament laid down that all the minerals belonged by right to the Crown and were held on behalf of the people through the Crown and that charters were required to be issued in order to work the minerals or coal, would you say the Crown or the State have the right to take back what the Crown at that time had granted?—I am rather out of my depth just now, but I do not think the Crown or anybody else has the right to take back what he has already granted. If I gave you a sovereign to-day I have no right to come and say I want it back.

26,967. But supposing you lent it to me?—Then I should want 21s. back.

26,968. It is only a feu-charter for so long as the King pleased?—If he lent it for a period of years, he should have it back at the termination of the lease.

26,969. As a matter of fact, he took it from another fellow and granted it to this fellow?—They had that way of doing things in those days.

26,970. I have no doubt you would desire to see harmony between the workmen and the employers when the time comes that the State takes over the mines?—Most certainly.

26,971. And that you have done a good deal in your time to endeavour to secure harmony?—I have endeavoured to live at peace with all men.

26,972. I suppose it is not possible to get the best results from the mines of this country unless there is something like harmony between the management and the workmen themselves?—No.

26,973. The results would be better, at least, if harmony is secured?—That is the only way to run the industry.

26,974. That is your own experience?—Yes.

26,975. I think you heard Sir Hugh Bell state yesterday that, as far as Durham is concerned, the relationships there are very good indeed?—Yes, and, generally speaking, they are.

26,976. From your knowledge, they are?—Yes.

26,977. You remember he said prior to the outbreak of war they were very hopeful of establishing committees of some kind which would have improved the relations that existed then?—Yes, I heard that.

26,978. If the Chairman will allow me, I want to read a letter which will explain a question I want to put to you. This letter is dated the 23rd of May, so that it is not ancient history. It is written by Mr. George Thompson, miners' secretary, Shotton Lodge. Do you know the Shotton Colliery?—I do not think I have actually been to the village, but I know it, because I was not far from the colliery when I was an under-manager.

26,979. Is it not part of the Horden Company's property?—Yes, it is worked by the company.

26,980. I think Bell Brothers are nominally the owners?—I think the Horden Colliery Company is a separate concern; they may be largely interested in it.

26,981. *Chairman*: Sir Hugh Bell said that he was the Chairman of it?—I think Sir Hugh Bell stated yesterday that he was either chairman or director; it is a separate company.

Mr. R. W. Cooper: Sir Richard is perfectly right.

Mr. Robert Smillie: I think he says it is a company now.

Mr. R. W. Cooper: He is referring to Dorman Long & Co.

26,982. *Mr. Robert Smillie*: I will read the letter, so that you may see the harmony that is existing there: "Dear Sir, I am instructed to write you on the most vexed question of larger houses for our big families. We have some outstanding large families that are living in houses that are not near large enough, and we are at a loss to treat them properly. If you could meet a deputation when you are at Shotton, when we could talk over the whole question of our big families and bigger houses, we would be much obliged. Our men ask me to state that for you to meet us would be the best course to adopt.—Yours faithfully, GEORGE THOMPSON." Now I will read the reply. The reply is written from Hardwick Hall, Castle Eden, to Mr. George Thompson, Shotton Colliery. "Dear Sir, In reply to your letter of the 23rd instant, you can take it from me that we do not intend to build any more houses at any of our collieries, whether large or small, and for this decision you can thank Mr. Smillie and his friends." That is signed by J. J. Prest. Is that the kind of thing that would induce harmony at a mine?—I think it is a very foolish reply to make.

26,983. Who is Mr. Prest?—He is the General Manager of the Horden Colliery Company, Limited.

Chairman: There may be some explanation of the letter. We had better ask him to attend at the next meeting of the Commission on Friday next week. The address is the Horden Collieries, Limited. He ought to have an opportunity of explaining that letter.

26,984. *Mr. Robert Smillie*: I will not ask Sir Richard any further questions on it. The most important part of your evidence is on the question of output. On page 7 of your *précis*, under No. 9 in the first column, you say: "This is one of the directions in which the present system (of numerous small entities as against a combination of interests) is wasteful and extravagant." Then you give a number of things: saving in freights, underground haulage, central pumping, working of coal seams. All of those things, I take it, seem to you to be wasteful and extravagant as they have been done up to the present time?—Yes. What I was comparing was this: The present system of the number

6 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

of small separate entities as compared with what would result from a combination of those entities either in one group or into large separate groups.

26,985. You used in your previous evidence the words "wasteful and extravagant"?—Yes.

26,986. You said: "The present system is wasteful and extravagant"?—Yes, and I do again.

26,987. I gather from questions put to you here that some gentlemen on that side of the table object very strongly to the term "wasteful and extravagant"?—They do.

26,988. Has your experience, on any of the numerous committees on which you have sat, gone to prove waste and extravagance?—It is interesting you should remark that, because when Sir Adam Nimmo was cross-examining Mr. Rhodes he alluded to the fact, and asked the witness his opinion, and he put the point that my expression of opinion had given rise to a considerable resentment in the country. That I desire now to absolutely deny. It gave resentment in a certain quarter in Scotland, and a meeting was held and considerable resentment was expressed. The chairman, Mr. Mowatt, said he had not had the benefit of reading my evidence except in the newspapers. I would not, personally, condemn anybody if I had not read his evidence in full. Here is a document signed by Sir Adam Nimmo as Vice-Chairman of the Mining Sub-Committee of the Coal Conservation Committee, in which this is said: "While we consider it necessary to oppose a Ministry of Mines and Minerals should have adequate power to prevent permanent and unavoidable loss of coal; we think the end in view might to a large extent be obtained voluntarily, and as the natural result of these operations among the transporters at each district. If the interest of all the collieries in the district were consolidated, the intervention of the proposed Ministry of Mines and Minerals for the purpose of preventing loss of coal would in many cases be unnecessary; not only would combined drainage schemes be introduced where required, but unnecessary barriers would be worked out, and the best methods of working the mines in the districts would be experimentally ascertained and generally adopted, so that loss from working the abnormally thick seams, and from leaving top and bottom coal, and perhaps also from the order of working contiguous seams would be reduced to a minimum, without intervention or compulsion."

26,989. *Sir Adam Nimmo*: Mr. Rhodes, I take it, spoke for his own district?—Yes.

26,990. He was not speaking for Scotland at all?—No.

26,991. He was speaking for those he had come into contact with over a large area of the country that he knew?—I was rather astonished at this. I cannot produce them because they are private, but I am perfectly willing, with the consent of the writers, to hand them to you (addressing the Chairman); but I have received letters from general managers from all parts of the country, Yorkshire included, expressing satisfaction and general agreement with my evidence.

26,992. *Mr. Robert Smillie*: Is Scotland included?—No, Scotland is not included in the letters.

26,993. *Sir Adam Nimmo*: The Coal Conservation Report refers to loss of coal, but I am not aware that it uses the words "wasteful and extravagant"?—I have read what it says. It says what it says—nothing less and nothing more.

26,994. *Mr. Robert Smillie*: If you find that gradually the water is rising, and for want of co-operation amongst the colliery owners in the district an old out-of-date pump fails to prevent the water rising, and they will not combine to get a new pump, and the coal is now drowned out, and many hundreds of men thrown out of employment, would you say that that was wasteful and extravagant so far as the loss of coal is concerned?—Yes, I would.

26,995. Was there not evidence before the Coal Conservation Committee that many hundreds of thousands of tons of coal were lost in Staffordshire because of the lack of combination with regard to pumping?—Likely to be lost and lost.

26,996. I would like to come to a point that you and the miners are concerned with, and that is really the question of the loss of output at the present time. I suppose it may be taken for granted that the returns which the Coal Controller has been kind enough to put before us bear out the statement that there has been serious reduction in output?—Very serious.

26,997. I want to call your attention to your evidence on page 7 in the second column, where you do not agree altogether with Mr. Straker. You said you would like to point that the decrease commenced in 1917. Were we not still calling up young men for the Army at that time?—Yes. The decrease really starts right back into 1916, and what you say is quite true, we were calling up men to the Army.

26,998. You and I know very well that, generally speaking, the youngest, strongest and best of our young men went?—Quite true.

26,999. There were a very large number of old miners, and oven miners who had given up working, went back into the pit?—Yes.

27,000. You would not expect as high an output in those circumstances?—Quite true.

27,001. It is a fact, I think, that up to 12 months ago there were large bodies of our young men called away from the mines?—Yes.

27,002. Would not that account for a reduction of output?—It would.

27,003. You recognise in your evidence that men who serve two or three years at the front and come back will not for some time at least be able to do full work?—Yes, that is so.

27,004. Recognising to that extent that you look for a lower output per person till they get hardened to it?—True.

27,005. Have you had any inquiries made at the colliery where there has been reported a serious loss of output?—Wherever there is a serious loss of output I always inquire into those cases. I have here a pile of very detailed inquiries into case after case of loss of output; sometimes it is one thing, sometimes it is another thing; and my means of determining whether or not there is such a loss of output are various. I got forwarded to me the fortnightly returns of the Inspectors of Mines as to the state of their districts. I have reports from my own Economic Coal Inspectors created under the Coal Department, as to the state of their districts, and besides that we have a form that comes in from every colliery, called Monthly Production and Employment Report, and it states under the heading of number of days or parts of days why coal was not won owing to ordinary stops or idle days—that is one—Sundays another—holidays, transport difficulty, accidents, disputes and other causes—"Please specify cause separately." That comes from every colliery, and the output is given. You can find baldly from that whether or not the output has fallen and the cause probably. On going through these any case of serious fall of output is sent to me, and I institute an inquiry. Now, I have thought over all those items that you have put forward, and they are all contributory causes, no doubt, to the decrease of the output per man, per shift, namely, the fact that the young and most able-bodied men have been largely recruited to the Army, and also that these men are returning, and have not got into their stride. All of that is true, but it is not the whole truth. I am only giving an opinion now, and I may be wrong, but I had all this plotted on a chart, and I find that there have been ups and downs from the year 1916 to the present date, but that the average of those ups and downs is a steady fall all the way to a point that is alarmingly low, and I couple with that the fact that we know that behind every large rise in wages there is a following wave of decrease of output per man per shift. In that respect I would call your attention to the diagram put in by Mr. Hugh Bramwell, I think it was in the form of a diagram, when we were enquiring as to the output in 1915, February I think it was, and that fact was borne out. On only one occasion do I know where the contrary is true, which redounds greatly to the credit of the miners. I instanced that case, I think it was in cross-examination by Mr. Hodges last time, and that was when we urged upon

6 June, 1919.]

SIR RICHARD AUGUSTINE STUBBERT REDMAYNE, K.C.B.

[Continued.]

the mining community the necessity of an increase of output owing to the exigencies of the nation. You may remember that you yourself addressed several large meetings on the point, and that the result was quite remarkable. The increase in output per man, per shift, rose 4 per cent., and that is shown on this diagram, and it attained a level from 1915: in 1916 it was in advance of the level for a number of years back, and if you would like to look at this diagram I will pass it along to you.

27,006. In the meantime there was no charge of absenteeism brought against our men at that time. You and I were sitting on the committee?—We concentrated on a reduction of absenteeism. We thought that was the most useful line of action. We did urge in season and out of season that it behoved everybody in the industry to do their best.

27,007. Mr. Hodges and myself and Mr. Smith probably from day to day, or hardly a day passes but what we get letters signed from one or other colliery complaining that the men have been sent home day after day or are in the pit and are only doing half work, and in some collieries there would be 400 or 500 tons more a day if there could be a clearance. If we are getting these signed letters in which the people say they want to have an enquiry, is it not right there should be an enquiry?—I have not the least doubt in the world you are getting such letters; I get such letters. I go into those cases with the greatest detail. I have here case after case of detailed enquiry into such cases. Sometimes I found there was no shadow of truth in them, sometimes I found there was. It would weary the Commission, but here are these cases at your disposal and all my minutes on the points, the results of my inspectors' reports, and so on. There is case after case, and many of the causes given I must say are not even founded on fact; some are not the whole truth or partially the truth, and sometimes they are true. On reviewing all the cases and preserving an absolutely open mind on the question, I cannot think that is the whole truth, namely, that the cause of the decline in output is attributable to want of clearance—partially, yes.

27,008. Would it not be amazingly useful to myself, Mr. Hodges and Mr. Smith, if those cases were proved from some other source and if we could get information? Would it not help us if we could get that information to show our people and we could show they were wrong?—Quite. I would welcome any form of enquiry, the more thorough the better.

27,009. There has been a dangerous state creeping over the miners of this country, and we have talked it over, and that is that the men begin to think the management does not want the material got away?—If that thought is abroad in the minds of the men—and if you say it is I accept what you say—it is very lamentable, but personally I do not think that is so.

27,010. *Mr. R. W. Cooper*: Have you among your papers the evidence taken before the Mining Royalties Commission which reported in 1893?—I have not got it here.

27,011. There are one or two questions about that I wish to put to you. I thought I cleared up this point at an earlier stage; but, as Mr. Smillie has asked you about the old Scottish Act of 1592, I must ask you a question upon it?—I do not think I have thoroughly studied that.

27,012. Have you been in this room when the Chairman referred to the fact that I had handed to him a Scottish Law Report giving a decision on this very Act of 1875?—Yes.

27,013. Were you in the room when one day I read extracts from the Judgments of the Scotch Judges?—Yes.

27,014. That same question was raised apparently in 1890 before the Mining Royalties Commission, before which Mr. Smillie gave evidence?—Yes.

27,015. Mr. Small, who was then the Secretary to the Lancashire Miners' Association, appeared to be under the same mistake?—(*Mr. Robert Smillie*.) It was not a mistake.

27,016. *Mr. R. W. Cooper*: These are the concluding four questions and answers of Mr. Small's examination before the Mining Royalties Commission:

"(*Chairman*.) You base your argument that all minerals belong to the Crown in Scotland on the Act of 1592?—(A) That is so. (Q) Are you aware that that Act has been appealed to in recent times in Court?—(A) I am aware of that. (Q) Do you know the Court has decided that the Act although it does speak generally of all mines applies only to Mines Royal—that is gold and silver—"being controlled by earlier Statutes?—(A) I am perfectly aware of the position although in my opinion the Court did not give effect to the words of the Act or else it would be different. (Q) Therefore the Courts have decided in opposition to the view you entertain?—(A) Undoubtedly." I will deal with your own proof proper now?—I hope you are not going to take me on the law. I would rather you took me on mining.

27,017. I would rather not do that; I will leave that to Mr. Williams. I want to ask you some questions more particularly on section 1 of your proof. I put it in the most popular language I can employ. You refer to the fact that in this country the presumption of law is that a man who owns a piece of land owns everything contiguous to the land right down?—Unless it is expressly excluded.

27,018. That is the presumption which has to be displaced by evidence?—I start with that; that is an axiom.

27,019. You then point out, quite correctly, that when the ownership of the surface and the ownership of the minerals has been severed, then, of course, the minerals belong to the man in whose favour they were reserved by the severance?—Yes.

27,020. Then you speak of copyhold lands. There I venture to suggest a slight addition to your proof, as your proof is on the notes and I want it to be as accurate as possible?—Please correct it, if I am wrong.

27,021. At the bottom of column 2 on page 1, you say, "But neither the lord without the consent of the tenant nor the tenant without the consent of the lord may open and work new mines"?—That is so, is it not?

27,022. It is so, unless controlled by the custom of the country?—I have read up that case. Years ago, you remember, there was the celebrated copyhold case in Durham.

27,023. You mean Shaftoholekew Vaughan?—Yes, I think that was in your mind.

27,024. Partly?—I thought I might be asked with regard to it, so the other night I read it up.

27,025. I am afraid you rather misconceived it?—No, I have kept all the accounts from the Newcastle "Daily Chronicle" as they appeared and they are in my note books.

27,026. The Newcastle "Daily Chronicle" is not a legal authority. I have the shorthand notes of the case?—Then you would be right and I am wrong.

27,027. The Ecclesiastical Commissioners are far away the biggest?—What is the point, Mr. Cooper?

27,028. That in Durham the custom from time immemorial is that the lord of the manor and his lessee may work the coal without the consent of the copyholders so long as he does not let down the surface?—Yes, provided they can prove custom.

27,029. The point in that case which the Commissioners were trying to establish went one further than that. They were trying to establish there was a custom to let down the surface?—May I refer you to page 2, where I say that the copyholder cannot, unless there is a special custom to warrant it?

27,030. I am talking of the lord of the manor and not the copyholder?—The lord of the manor, if he can prove custom, has the right to let down the surface and work the coal, otherwise he cannot. It is a small correction.

27,031. It is an important correction with regard to the county of Durham. Again, on page 2 you refer to common land. I suppose you know that both in Durham and elsewhere very large areas of common land have been enclosed by Acts of Parliament?—Yes.

27,032. And under those Acts the minerals have been reserved in express terms to the Lords of the Manor?—Yes.

6 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.O.B.

[Continued.]

27,033. With full power to work?—Yes, an exception to the general rule.

27,034. They are reserved the full power to work?—Yes.

27,035. In some cases the Act has given power to let down the surface and in some not?—Yes.

27,036. It turns upon the terms of the Act of Parliament?—Yes.

27,037. I do not know what your object was in making the statement that where common lands are enclosed and if no special provision is made to the contrary the allotments are freehold. That does not bear on the question of mineral ownership at all?—You mean the words “the right of common is the right of taking a profit in the land.”

27,038. No, when common lands are enclosed and no provision is made to the contrary the allotments are freehold. What application has that to mineral ownership?—May I put this question to you? Who owns the minerals in common?

27,039. The Lord of the Manor?—And the Lord of the Manor can work them.

27,040. Yes?—That is quite right; I agree that is perhaps unnecessary, but it is illuminating.

27,041. Might I illuminate it a little further? As a matter of fact, lands that are allotted from a common, when the land is allotted to the original allottee, it partakes of the same title as the ancient land in respect of which the land was allotted?—Yes.

27,042. If you had a farm adjoining an old common, a freehold farm, and the common was enclosed and you had an allotment, your allotment is freehold; if your farm was copyhold, your allotment is copyhold and so on?—Yes. I have an opinion for nothing which is valuable. I live next door to a common and I am very interested.

27,043. I would not have troubled you if your proof had not been on the notes. The rest of your proof to an ordinary reader might convey the impression that tenants for life and tenants in tail and so on?—These are not ordinary readers.

27,044. Quite right—are really suffering from some particular disability in working coal. Have you forgotten the various Acts of Parliament which have been passed ending with the Settled Land Act giving these people full powers to lease coal to be worked?—Quite so. It is impossible to make a *précis* or proof a dissertation on law.

27,045. Then you speak about ecclesiastical persons, and there again the ordinary man might imagine that these persons were under a disability in dealing with coal. May I remind you that there are a series of Acts of Parliament called the Ecclesiastical Leasing Acts by which all these ecclesiastical persons may lease their coal for long terms of years with the assent of the Ecclesiastical Commissioners?—I am aware of that, and they do it, too.

27,046. Certainly?—I have worked it.

27,047. There are other persons in the country or corporations who own land. For example, in the neighbourhood of Newcastle the Newcastle Corporations owning coal?—Yes.

27,048. Then, again, there are charitable corporations owing coal?—Yes.

27,049. You probably have heard of Sherburn Hospital?—I have.

27,050. All these corporations have a power of leasing conferred upon them by Act of Parliament to enable the coal to be worked?—Quite.

27,051. Now a question or two about these cases of difficulty which have come under your notice. Do you remember the general drift of the Report of the Mining Royalties Commission was that whilst there were occasional cases of difficulty there was no such dreadful difficulty to justify any recommendation by the Commission?—I used to think so, but in a very short period covered by the control the number of cases that came before me was very surprising.

27,052. I do not want to ask you the names of individuals, of course. In what particular counties of England do these difficulties arise, or is it in Scotland or Wales?—Wales. Glamorgan, Monmouth, Yorkshire, Derbyshire, Notts, and Stafford. I have had cases there. If you like perhaps the shortest way would be to give you a little résumé which I have drawn up of these cases. It is as well to be very

well armed when under cross-examination, so I sort of put myself as far as I could in your shoes, and I thought of the questions I would ask myself, and so I answered them. Shall I give you these?

27,053. Yes. I gather the county to which you and I belong?—The county to which you and I belong is as near perfect as it can possibly be, and finally I say I was very surprised.

27,054. *Mr. Herbert Smith*: There are only you two saying that?—I agree to Yorkshire. I would like to say it once that with regard to one class of case I have given no examples, because their name is legion, and I did not think you would want any, and that is the case of coal which is prohibited by lease from being worked entirely.

27,055. *Mr. R. W. Cooper*: Prohibited by lease?—Prohibited in the lease from being worked entirely. That is the case largely of coal left under churches, manorial buildings, and so forth.

27,056. Have you found in those cases the leases have only provided that the coal must be left for the support of churches, schools, mission rooms and things of that sort?—Frequently. At the moment I am considering the coal left not so much for mission rooms, schools, and churches as the immense area of coal that is left under some of the old halls where there is as much as 20, 30, 40 or 50 acres.

27,057. Will you take the first case?—May I continue what I was saying? The reason I have not given those examples is because they are so numerous and because every mining engineer must at once recall a number to mind, so it did not seem to me necessary to mention cases of that sort. If you ask for specific cases I will give you several.

27,058. Take one class of building. I suppose you agree with me whoever should be the owner of the minerals in this country, there are certain buildings the stability of which must be provided for?—Yes, this is the point I wish to make there; it is really a point of substance, and it is this. Certainly all these buildings should be supported and the support could be ensured without leaving all the coal. If they allowed us to drive narrow places, or even wide places through that coal and work it in a method approved by all mining engineers, 45 per cent. of that coal could be recovered without any injury to the building. That is my point.

27,059. Your complaint is this. I am speaking of what I will call ecclesiastical buildings for the moment?—I am talking about the manor house or the castle.

27,060. Take a church or churchyard, chapel, mission room, and so on, as you probably know it is the practice of the Ecclesiastical Commissioners to provide that those buildings must be supported?—Yes, quite right.

27,061. I agree. Is your complaint then this, that the buildings might be adequately supported by leaving a certain portion of the subjacent and adjacent coal without leaving the whole?—I do not give that as I thought it would be so obvious.

27,062. Your case is this, that people leasing the coal, like the Ecclesiastical Commissioners, instead of requiring all the coal to be left might have met the case sufficiently by asking you for a certain percentage of the coal left?—And the excavation stowed up to make security doubly certain. These are the cases I propose to give to illustrate every point raised in my proof.

27,063. Come to what I may call a private building. I suppose you know that it has been in recent years, at any rate, the view of many mining engineers that you cannot take out 45 per cent. of coal without actually affecting the surface?—No, I am not aware of that.

27,064. Some mining engineers do take that view?—Yes, I know what experts are. It depends upon which side they are giving evidence.

27,065. You must be careful how you speak. There is a well-known place, probably known to the Chairman, in which there was a Judgment delivered by Lord Moulton, and he is a bit of an expert?—There was another Judge who said that witnesses could be

6 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

divided into four classes—liars, something liars, expert witnesses, and my brother Fred—Sir Frederick Bramwell.

27,066. Take the other class of case, a house. You think in that case the house might have been adequately protected without damage to the lessor?—Yes, I think any right-minded man would agree. Shall I read you these cases?

27,067. Yes?—As an illustration of the difficulty caused by the present system of law of ownership of minerals, one might cite the recent case of X. I will give you the name of the place, if you like.

27,068. What is the county?—It was the case of St. Catherine's College and the Norton Commissioners. I believe that is recorded.

27,069. It was in the Court of Appeal the other day?—The area involved is 600 or 700 acres and the seam at present being worked by the Askern Colliery in the neighbourhood is the Barnsley seam. In the first instance, the minerals under common were leased to the colliery company by the owners of the surface, that is the Commoners. Before the colliery company actually commenced working, the Lords of the Manor—St. Catherine's College—commenced an action claiming the minerals which had been leased by two of the Commoners. The Lords of the Manor won their case in the Court of Appeal, but without power to lower the surface, and the Commoners in question failing to give Notice of Appeal to the House of Lords are bound by this decision. Some time later the dispute was reopened by other Commoners, who carried the case to the House of Lords, the previous decision of the Court of Appeal being reversed. The present position, therefore, is that, whereas certain of the Commoners own both the surface and the minerals, the minerals under other portions of the Common, through a freak of the law, are vested in the Lords of the Manor, but without power to the Lord of the Manor to lower the surface, and he is not able to grant a lease of the minerals without the consent of the Commoners.

27,070. I am familiar with that case?—Then I need not weary you about it.

27,071. Not at all?—The main result is the coal is lost.

27,072. And for this reason, that having regard to the construction placed by the Courts on that old English Act it has held the persons entitled to work the minerals could not let down the surface?—Yes. The second case is this. This is only the case where an authorisation was given by the Board of Trade under D.O.R. Regulation 9 g.g.g. The area was divided up into hundreds of separate ownerships, and formed a part of the industrial district of ——. The area was only accessible to the —— colliery, the depth of the seam was over 400 yards, and the thickness 4 feet 6 inches to 5 feet. We satisfied ourselves that the proposed method of working involving the getting of 45 per cent. only of the coal could be carried out without risk of injury to the surface.

27,073. How many owners had you to deal with in that case?—Scores. Three hundred I am informed.

27,074. They must have been very small owners?—Some small, some large.

27,075. They were all lying intermixed?—Yes. I will take the next case, 23 acres of coal were involved in this case. The main roads of the colliery were stopped owing to the prohibitive price required. The owner, Mr. —— asked for £4,600. The colliery company offered £3,000, which was the valuation of the owner's mining engineer. The case was settled at £3,800 by our intervention.

27,076. Was that the case of a man who was complete owner of a piece of coal which he refused to allow to be worked?—Yes, 23 acres. The next company, it is a large colliery company in Staffordshire, had come to a mutual arrangement with seven large landowners for leasing minerals where a new colliery was contemplated. One owner, Mr. ——, whose estate was surrounded by those owners with whom arrangements had been made, refused to discuss the matter in any way. His reasons were sentimental,

and partly due to the fact that Charles I. had once slept in a house on the property. This action was holding up the promoters and causing delay. The pressure which the Department was able to bring to bear caused the lessor to enter into arrangements similar to those in the seven cases referred to.

27,077. Under the Regulations Parliament had power to authorise the destruction of the house, subject to compensation in money?—It was not so much the house, the whole property was sacred.

27,078. The whole thing?—Yes.

27,079. Assuming the minerals were transferred to the State, I suppose you agree that the State as the owner of the minerals would have to pay full compensation to the owner of the surface for damage caused to the surface?—Yes, presumably, and I should say justly.

27,080. Then with regard to buildings, would not the owners of buildings be entitled to have their buildings supported?—I take it, speaking broadly, the law of right of support would continue.

27,081. Who would pay the compensation, the Crown or the worker?—It depends who owned the colliery. If I were the State and you the colliery owner, I acquire the minerals in that colliery, and I let you the minerals for such and such a royalty.

27,082. And you put upon me the obligation to pay compensation for the damage I may cause to third parties and to indemnify you?—It is a matter of the terms of the lease. Another case is this. This was a case of joint ownership. The area involved only 2½ acres, but prevented the main headings of the colliery being extended and the dip coal being worked. It was a case of a small area holding up the development of the colliery. Four out of five owners were agreeable to the terms offered by the colliery company. The fifth refused to deal with the matter unless he could handle the money, and as the property was mortgaged this was impossible.

27,083. Omit the mortgage for the moment. Were they not advised, as was the case, that those four part-owners were entitled to work that coal without the consent of the fifth?—We were advised to the contrary by our lawyers. It is a case of lawyers differing. We naturally took the view of our own lawyers who were noted persons.

27,084. It was bad law I may tell you?—I am thankful to hear it.

27,085. Have you any more?—That is just a few. There was a case where the Colliery Company were desirous of extending their workings in certain seams into an area adjoining their present workings. This was in Lancashire. They have in lease to a small extent minerals from Lord —— who also owns a very large area to the dip of so and so workings, and now in lease to so and so colliery. Lord so and so originally leased his minerals to Messrs. so and so, and he stipulated in his lease for a rise barrier to be left, not only in his coal, but in that of other owners, and now refuses to allow this barrier to be pierced, thus effectually stopping Messrs. so and so's developments to the rise.

27,086. On the investigation of the facts of that case did you discover that rise barrier was *bonâ fide* required to keep back water from the rise to the dip?—My own opinion is it was not. I was borne out in that opinion by some very well-known mining engineers in Lancashire. I am bound to say the engineers acting on behalf of Lord so and so took the opposite view. A further company is now working minerals belonging to the Trustees of Lord ——, but on June 30th they have to surrender their lease—the whole of the property having been released to the adjoining —— colliery. It will be 20 or 30 years before —— colliery workings can get into the property, and in some cases there are areas of coal surrounded by goaf which are now accessible to the other colliery. There are two collieries, I do not want to give the names.

27,087. Did you get an explanation why it was the owner of the colliery who could work the coal refused to renew the lease of that colliery?—Colliery A, Colliery B.—Colliery B has its shaft sunk in its own property. Colliery A has two shafts sunk in property owned by Colliery A, and it is working an area belonging to, shall we say, C. Colliery B comes

6 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

along to C and says: "We will take that coal when the lease is ended." Colliery A is most willing, even on the same terms, to take it, but they are cut out by Colliery B, who has been too quick for them, and Colliery B cannot get into that coal for years, and Colliery A must stop working in C at the end of this present month, and a very considerable output is lost to the nation; half the colliery output.

27,088. Colliery B outbid Colliery A, and the owner of C lot the coal over the head of them to somebody else?—Yes, and the nation suffers. Then the next east is the case of a colliery company who agreed terms with a great number of small freeholders, but one owner demanded three times the royalty rent that has been agreed to in the other cases, and his action is preventing the colliery company from developing the minerals, the arrangement in question being more or less interlocked with the others.

27,089. You have given a sufficient number of illustrations?—I have a few more.

27,090. Unless you wish it, I need not trouble you.

27,091. *Mr. Herbert Smith*: Unless you are going to give us the names you have kept back?—In common fairness, I thought I should not mention them.

27,092. *Mr. R. W. Cooper*: Either through the means of your regulations which have now lapsed, or by means of some other statutory power, if some proper authority exists, the Mines Department or otherwise, having the necessary powers, all those difficulties could be got over?—Yes, but would there not be an interminable arbitration? You know what an arbitration is, and the time lost while some of these things are being arbitrated might be most detrimental to the progress of the colliery in question.

27,093. I only want to get out both views?—I thought very seriously over that, and it struck me it would be better to take one bite at a cherry than two.

27,094. I quite see your point. Now let me continue. On the question of barrier coal, what is your experience? Does it agree with mine that, generally speaking, barriers which may be 40, 50 or 60 yards wide are generally excepted under the lease?—You mean, may be worked.

27,095. You are leasing an area to me, you being the owner, and you stipulate for a barrier to be left; you would not only make me enter into covenants that I would leave the barrier, but you would exclude from the lease the 40 or 50 yards to constitute the barrier?—Yes.

27,096. You would still remain the absolute owner of the barrier?—Yes, true.

27,097. Therefore you could let the barrier to anybody you pleased?—Yes.

27,098. Either to myself or my next door neighbour, if you thought the barrier was unnecessary?—Yes, and that by mutual agreement between adjoining collieries has resulted in a barrier being worked sometimes.

27,099. You refer to the fact that you have known cases sometimes—we had better see the good side as well as the unfavourable side of the picture—where you say the colliery lessee has paid a good deal of money in the shape of dead royalties in anticipation of his right to work the coal afterwards?—Yes.

27,100. Then owing to his lease expiring he lost the right, obviously, of course, to work that quantity of coal which is represented by those over-payments?—Yes.

27,101. Have you ever known of cases of owners renewing their leases and allowing the lessees to work off the short workings which had accrued under the expired lease without asking anything for it?—Yes.

27,102. With regard to the working of coal generally under the present system of private ownership, do you agree with me, as a general rule the lessees or tenants of coal are placed under an obligation by the lease to work out all the coal which is fairly capable of being worked?—Yes, the lessor's mine agent is or should be insistent upon seeing that that is done, but I am quite prepared to say it is not always fulfilled.

27,103. Of course, at the present moment the Crown is lessor as well as a private individual?—Yes, true.

27,104. And they have an agent, too?—A very astute and insistent agent, too.

27,105. Now, with regard to the valuation on page 4. Your remarks apply entirely to what you call the freehold?—Yes.

27,106. I suppose by that you mean the rental value of the coal?—Quite.

27,107. Then you go on valuing the goodwill of the colliery, which you do not concern yourself about?—I just, perhaps, needlessly put in, as well as the one I was concerned with, two other forms of valuation. I am at the moment only concerned with the value of the minerals.

27,108. I am only going to suggest this, that what you call goodwill I should call a leasehold interest?—You give it a different term.

27,109. You mean that?—I mean that exactly.

27,110. Of course, you have heard from the Inland Revenue that, generally speaking, the method of valuation you have described is that which is adopted by the State in assessing the value of mineral property for death duty purposes?—That is so. That is why, when one has to earn one's own living by the making of valuations, one adopts the form which is most accepted or, in fact, only acceptable to the State, and that is the method laid down in King's "Theory Finance," 3rd Edition.

27,111. The only points, if I may venture to say so, which I want to give any consideration to at all on your suggested method of valuation is as to what should be the rate of interest for redeeming the capital?—One always learns something and I learned something from Mr. Sidney Webb, if he will allow me to say so. It passed through my mind the value of money had altered considerably, but I never applied it—perhaps because for the last 10 or 11 years I have not had to do with valuation—I have never applied it in theory to the valuation of property. One would redeem one's capital presumably at 4½ per cent. in preference to 3 per cent., which makes the present value somewhat less.

27,112. I am grateful to you for that. The next time I have to deal with the revenue I shall bear that point in mind?—I daresay you will. I doubt whether one would be quite justified in altering the return allowable to a purchaser, which I have always put at 8 per cent. (I put it somewhat higher, between 12 per cent. and 15 per cent. in valuing the colliery), and perhaps Mr. Sidney Webb would put it at 10 per cent. I am doubtful about that and I have been turning it over in my mind ever since. It seems a high rate to allow a purchaser of mineral property.

27,113. You think it ought to be 8 per cent.?—I have an open mind; until converted I stick to 8 per cent. Mr. Sidney Webb has convinced me on 4½ per cent.

27,114. That is a matter of dealing with capital?—Yes.

27,115. Now as regards the method of determining these values. You suggest further down in your *précis* on page 4 that perhaps the best way would be for a valuation by a board of experts to be set out?—It is such a technical matter. I happen to know that valuing is done in a very sloppy way in many directions. I have seen valuations that have passed that should not have passed. The theory of valuation is not, as I say, as well understood as it might be. There are in this country a number of very expert valuers known to you and known to me, very eminent men whose valuations could be relied upon, and I think if the State took over these mineral royalties they should be taken over at a fair valuation, but I would expressly exclude from the valuation certain properties which I mention. It seems to me that such a body of experts should be given a guiding line on which to go on that it could be said to them, "Now proceed and value."

27,116. You do think district by district they should investigate the actual merits of each property by

6 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

valuation, and not have any haphazard overhead valuation?—I think so.

27,117. Whatever the total amount of all these valuations amounted to would be the total. I mean to convey this. It would not be fair to adopt an arbitrary lump sum and then let that arbitrary lump sum be partitioned out amongst the various owners?—I do not know.

27,118. The owners must vary in their rates very much?—Yes.

27,119. One man may have a very short lease and one a very long one?—The end might be perhaps secured by each property being rigorously valued, absolutely correctly valued subject to a drastic exclusion. For instance, I would say every property that will not come into development within a period of 50 years should be excluded, and so on, and so on.

27,120. Because as a matter of arithmetic the mining area that does not come into operation for 50 years, as far as the present day value is concerned, is nothing?—I am very much impressed with the point of view which I think has been expressed here, that it would be as well for the State if it took over the properties to know where it was before it started to take them over, and it would lead to very great simplification if a lump sum could be set aside and the valuations made to come within that sum. I will tell you why. Otherwise it might result in an immense amount of litigation, trouble, worry, deferment in point of time, and so on. I am not decided in my mind at all. I cannot help seeing and being impressed by that side of the question.

27,121. Do not you think that there will be just as much contention in ascertaining the respective shares of all the numerous royalty owners in the lump sum?—The State would be outside it. It would be like the bun thrown to the bears. They would all be quarrelling about it for themselves, but the State would be happy.

27,122. How would you be sure that the lump sum was big enough?—That is why I say with a view to arriving at what the figure might be I put an outside figure. I suggest it should not exceed such and such a sum, but if the valuation of all the properties comes out at something less I would not give them all the money.

27,123. *Mr. R. H. Tawney*: How do you propose to arrive at that outside figure?—I have arrived at it.

27,124. *Mr. R. W. Cooper*: As described here?—Yes. £70,000,000 if you allow 8 per cent. If you allow 10 per cent. £55,000,000 odd.

27,125. £70,000,000 assumes the capital value?—Yes.

27,126. That was based on the revenue existing in 1893. You are quoting the amount set forth in the Mines Royalties Commission Report in 1893?—5½d. If anything, they have gone down since.

27,127. Having regard to the evidence from the Inland Revenue and Dr. Stamp, is that so?—He included wayleaves and other minerals as well. I was driven to go to the Royal Commission on Royalties in order to arrive at a figure.

27,128. You would agree if better information could be got for the purpose of estimating the assumed capital sum that better information ought to be resorted to?—Yes. You may take it it would not be more, but less, if anything.

27,129. *Mr. Sidney Webb*: The Inland Revenue know the amount of the royalties to a £, but they have not published it?—In that case the information is available.

27,130. *Mr. R. W. Cooper*: When you talk about a royalty being unproved, I want to see if you and I are in accord with regard to that. I appreciate what you said about the present value of a royalty which cannot be worked for 50 years. Supposing you had an area of coal that had never been touched by anybody, but was surrounded by other areas where the coal is in active course of working and therefore there was a moral certainty there would be the same coal seams existing in the area I am talking about, would you treat that as being for all practical purposes a proved

area?—So much so that I would not bore; I would sink.

27,131. You take the coal and work the adjacent royalties?—I think that is a proved property. In valuing such a property you have to take into consideration the main question—I know you know this as well as I do—you have to consider what is the likelihood in point of years of that property coming into operation; that is where local knowledge and mining knowledge comes into play.

Mr. Frank Hodges: What would be the situation if the enclosed area was filled up with disturbed strata?

27,132. *Mr. R. W. Cooper*: Suppose it is filled up with faults, and so on, you would then get the information you got from the adjacent strata?—It is a question to be determined by the local and engineering knowledge. With regard to the value, if there was a great dyke running through that property, or I can imagine it being so cut up by faults and washouts as to be valueless.

27,133. Is not the bedrock principle that you have to ascertain from the best knowledge and experience what the property you are dealing with will fetch if sold in the open market?—That is it with reservations.

27,134. What are they?—I might be a speculative person and say there may be coal here. I might be a bit of a geologist and say I do not know, but I will buy such an estate, and the man who sells it might be a bit of a geologist and say I think there may be coal here, and I may get or give £1,000 or £2,000 more for that property than I would if it were simply land. The Government comes along and puts down a bore hole and discovers coals. I do not think I ought to benefit by that.

27,135. You would not quarrel with me if I say the fair selling value is what it will fetch in the open market?—That is better.

27,136. Now, near the end of your *précis*, section I, you refer to what Mr. Gemmel said, and I quite appreciate your reasons for disapproving that suggestion. You do not think that if the minerals—what you and I call the royalties—were vested in the State, some provision should not be made for the protection of the present lessees and workers who, incidentally, probably have leases about to expire?—I do not know that I quite follow that point. It is my density.

27,137. May I make my meaning plainer? As you know, there are many different areas of coal leased in Great Britain, and certainly not a quarter passes, or a month passes, without some lease terminating by effluxion of time, and having to be renewed?—Yes.

27,138. And although there may or may not be a legal obligation to renew, yet the practice of renewal is so well established that it is tantamount to an equitable expectation?—Quite so.

27,139. Do you not think, if those minerals were vested in the State, there ought to be some full protection to the lessees in such circumstances as that?—Well, it is so much in the air.

Mr. R. H. Tawney: Can they sell that "equitable expectation"?

Mr. R. W. Cooper: Well, practically, they can. I put it to Sir Richard Redmayne whether that is not so?

27,140. *Mr. R. H. Tawney*: (To the Witness.) Do people sell equitable expectations when they have no legal title?—It is rather hard to answer that "yes" or "no." If I were valuing a colliery concern, composed of, say, two royalties—

27,141. *Mr. R. W. Cooper*: Would you take half-a-dozen?—Well, half-a-dozen, and one of those royalties was about to expire, as Mr. Cooper puts it, in three years' time, and that was a royalty, say, through which my main roads went, if I did not secure the renewal of the lease of that particular royalty, it might mean the closing of my colliery. No landlord, presumably, would fail to renew the lease, and I would certainly take that expectation of renewal into consideration, in valuing the colliery for sale.

27,142. *Mr. R. H. Tawney*: Do you mind my putting this, because you have not quite answered my question?—But one cannot quite answer your question.

6 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

27,143. I submit, for Mr. Cooper's point, it is rather relevant. Can you borrow money on the security of an equitable expectation? That is to say, a moral interest which is not a legal interest?—You could borrow money on the valuation of that colliery.

27,144. *Mr. R. W. Cooper*: That is the answer. If you value the colliery as one entire undertaking, there may be several leases, one of which might expire next year, but the person lending money would have regard to your valuation of the colliery as a whole?—Quite so.

27,145. Therefore, do you not think, if those mineral rights are vested in the State, that all the existing lessees ought to be protected by having the right of requiring to have their leases extended for a satisfactory term of years?—I see your point now. If the State took over the collieries, they should have the expectation of renewing the leases, certainly. The State would be the last person, presumably, not to do so.

27,146. I am not prepared to make that assumption?—I said "presumably."

27,147. I am glad to have your answer.

27,148. *Mr. R. H. Tawney*: To what period is that obligation to extend?—I should say the period normally running for leases, which is either 21 or 63 years.

27,149. Does that then create a new equitable expectation?—On the principle of that, we go on from day to day.

Mr. R. H. Tawney: Apparently so, on Mr. Cooper's argument.

Mr. R. W. Cooper: As a matter of fact, having regard to the rate of interest on which you capitalise the value of colliery property, when you get beyond a certain number of years, beyond that you do not count.

Witness: The collieries work out.

27,150. *Mr. R. H. Tawney*: Does that mean the equitable expectation extends to when the colliery works out?—That is about it.

Mr. R. H. Tawney: That is a novel theory. That is to say, the State never acquires the colliery because it is precluded by the equitable interest?

Mr. R. W. Cooper: The case I put is, if the State only pays the capitalised value of the rent, and the lease falls in next year, the State would acquire for the capitalised value of the rent something far more than the capital value of the rent?

Witness: Is not the whole thing met by this: if the collieries were taken over, they would be taken over on a fair valuation?

27,151. I am not talking of the colliery being taken over, but the royalties?—You are talking of the minerals being taken over and the collieries remaining as heretofore. Of course they should have a proper expectation of renewal.

Chairman: Gentleman, there is a witness who has come here to-day and we must call him in order to prevent him having to come again. I think so far as Sir Richard Redmayne is concerned, we had better adjourn his further cross-examination to next Friday, and we will ask Mr. Cooper to be good enough to resume his questions then.

27,152. *Sir Allan Smith*: Sir, before Sir Richard Redmayne leaves, I should like to ask him whether he would be anxious to revise a statement he has made. We have had a little bit of trouble about the use of phraseology, and for the Government Inspector to say it is required to take the "big stick" to the coal owners may give rise to two interpretations, one legitimate and the other absolutely the reverse. Does Sir Richard Redmayne think it is wise to leave that on the Notes? If so, it must be investigated; but if not, it must be taken out now.

Witness: The question put to me by Mr. Balfour was whether the collieries would combine voluntarily or whether compulsion would be needed. I will gladly substitute the word "compulsion" for "big stick."

Mr. R. H. Tawney: It is only in Scotland that this joke will be misunderstood.

Sir Allan Smith: I am not referring to that.

Witness: I am not suggesting the Government Inspector was going to wield the big stick over anyone.

Sir Allan Smith: But there are reasons, as you will see, from the interpretation and resentment which appear to have been accorded to the words "wasteful and extravagant," which might make an Inspector of your experience more careful in his language.

Witness: I meant "wasteful and extravagant."

27,153. But do you mean "big stick"?—Metaphorically I meant "big stick," but I will gladly substitute "compulsion."

Chairman: It does not quite follow the metaphor?

Witness: No.

Chairman: We quite follow your point, Sir Allan, and we are much obliged to you.

(The Witness withdrew.)

Mr ARTHUR PUGH, Sworn and Examined.

27,154. *Chairman*: I think you are Secretary of the Iron and Steel Trades Confederation?—Yes.

27,155. I must explain to you that I have not had the pleasure of having a *précis* from you, and therefore I want to understand the nature of your evidence. We have had here a number of gentlemen from different trades and associations to speak as to what their views of the nationalisation of coal mines and the coal industry are. We have had gentlemen representing Chambers of Commerce from Birmingham, Leeds, London and Glasgow, who have told us their views and what the views of their constituents are with regard to the nationalisation of coal mines. Now they represent the employers' views, and we thought it right to have the views of the men in different trades. For example, we have had Mr. Cramp, of the Railwaymen, here this morning, who expressed his views and the views of his constituents as to what nationalisation would mean for them. I understand you represent the Iron and Steel Workers. Will you kindly tell me about how many men there are in your Federation or Association?—95,000.

27,156. Are they spread all over the country in various places?—Yes, throughout Great Britain.

27,157. You are, I think, the General Secretary?—Yes.

27,158. How long have you been the General Secretary?—Throughout the existence of the organisation.

27,159. How long has this organisation been in existence?—I am rather afraid that that means an explanation. The Iron and Steel Trades' Confederation, as such, has only existed since the beginning of 1917. Previous to that it was split into a number of unions which formed the Confederation.

27,160. Are you in a position to tell me first of all the views which you think are entertained by your Federation on this matter, and if so, then will you kindly tell me your own view? First of all, what are the views of your Federation on the question of the nationalisation of mines?—Before replying to that, I would like to make one explanation, and it is this: Owing to the extremely short notice given to attend this Commission, I have not been able to get into touch with my Executive Council, and it has not been possible for them to do anything in the way of preparing a considered statement on the matter. I am therefore in somewhat of a difficulty here to-day with regard to speaking on behalf of the organisation, and in replying to any of your questions as to the view of the organisation or its members. Whilst I will endeavour, as far as I can, to state what I believe would generally represent their views, it must be understood that I have not been sent officially, but I am here on my own responsibility.

27,161. Quite right. Now will you continue?—You ask the opinion of the members of my organisation

6 June, 1919.]

MR. ARTHUR PUGH.

[Continued.]

with regard to the nationalisation of mines. I think certainly, so far as the principle of nationalisation is concerned, the great majority would be in favour.

27,162. Why are they in favour of it?—On the ground that with regard to so important an industry as coal mining, its importance to all industries and its importance to the community, the State should be the controlling factor, and that it should not be left entirely in the hands of private citizens, either few or great in number.

27,163. Will you tell me this: Have you formed any view of your own as to whether the nationalisation of mines would increase the price of coal, and whether, if it did increase the price of coal, it would have an adverse effect upon the workers in your industry?—I would hope that it would be possible under a centralised control, which might be carried out through the State, there would be such co-ordination and such arrangements as would make it possible to produce coal from the mine at the minimum of cost. If that were not done, of course, and the cost was increased, it would undoubtedly be a serious factor so far as iron and steel production is concerned. But I think my own view would be, and probably the view of the majority of my constituents would be, that under State control it should be possible to produce coal at a minimum of expenditure.

27,164. Now I understand your views, and I am going to ask Mr. Smillie on the one side, and Mr. Balfour, whom of course you know by reputation, upon the other, to ask you such questions as they think desirable.

27,165. *Mr. Robert Smillie: (To the Witness.)* I do not think I will keep you very long. Your Society is affiliated to the Trade Union Congress, is it not?—That is so.

27,166. I think you yourself have attended a considerable number of Trade Unions' Conferences?—Yes.

27,167. Have the members of the Iron and Steel Trades Confederation voted in favour of the resolution for nationalisation of mines which came before the Trade Unions' Conference?—It would have done.

27,168. Have you, as Secretary, received from Mr. Bowerman in advance the Agenda of the Congress so that you might send in amendments, if you cared to do so?—Yes.

27,169. Have you put the Agenda before your Executive or Conference so that your delegates might be instructed?—Yes.

27,170. Have they been instructed to vote in favour of the nationalisation of mines?—Yes, so far as I remember.

27,171. I believe you have never sent in any amendment?—No, that is so.

27,172. And your delegates never voted against it?—No.

27,173. *Mr. Frank Hodges:* Have you received, as secretary of your organisation, any communication from any official concern connected with the Miners' Federation soliciting your support in favour of nationalisation?—No, not so far as I am aware of.

27,174. Would all such communications be directed to you as secretary?—They should be.

27,175. *Mr. Arthur Balfour:* Your members, I take it, voted for the general principle of nationalisation? They had no definite scheme before them?—No definite scheme, but they would vote for the resolution as it stood.

27,176. Have you seen the proposed Nationalisation of Coal Mines Bill which has been handed to the Commission by the Miners' Federation?—I do not know that I have.

27,177. You agree, I think, that there would be a grave risk to the steel and iron industry of this country if nationalisation of coal mines should increase the cost of coal?—If the cost of coal were increased, it would undoubtedly affect the steel and iron industry.

27,178. Particularly in view of the very cheap coal which is being produced in America?—That would be a factor to be taken into account.

27,179. Do you agree it would be unwise to step suddenly from our present position into such a very big change as nationalisation without attempting in some way first to test the possibilities?—I think clearly one must look well ahead in whatever one does in regard to industry.

27,180. And move gradually?—Yes.

27,181. *Sir Allan Smith:* I should like to be clear on the point Mr. Smillie raised. When was it last that the Federation voted on the question of the nationalisation of mines?—I could not give you the date, because I do not know when the resolution last came before the Trades Union Congress.

27,182. Have you any idea what ballot the Federation polled on that question on the last vote?—At the Congress?

27,183. No; that the ballot of your Federation polled on that point?—We would not take a ballot on the resolution coming before the Trades Union Congress.

27,184. Does it follow your Federation has not taken a ballot on that point?—That is so.

27,185. Did the British Steel Smelters take a ballot on that point?—No.

27,186. Therefore the question of nationalisation has not been put before the members for voting either on the part of the Steel Smelters or the combination called the Federation?—It would be done through the delegates who would be appointed by the men in the districts.

27,187. But they have not balloted?—No.

Mr. Robert Smillie: It might be made clear that no one has balloted—not even the miners.

Sir Allan Smith: I am obliged to you, if that is on the Notes.

27,188. *Mr. R. H. Tawney:* I think Sir Allan Smith is under a misapprehension about the practice of the Trade Unions in instructing their delegates to vote on a subject. What is it?—The usual course is for the matter to come before the respective branches. They have their delegates who will probably be attending district or divisional committee meetings. There the delegates discuss it, and having regard to the views of the members of their branches, so they vote for and against. Then the next procedure may be that your districts or divisions in turn appoint their delegates to the annual conference or to the Congress itself, and so you get from the branches through delegations the views of the members so far as you can ascertain them to the final point where the vote of the organisation is recorded.

27,189. The ordinary practice is for all resolutions which are going to be submitted to the Trade Unions Congress to be discussed in the branches of the Trade Unions: Is not that so?—Yes, in the branches or in the districts.

27,190. And for the delegates to the Congress to vote in accordance with the instructions which are given them in the branches or the districts?—That is the general trade union practice.

27,191. That is to say, resolutions carried at the Trade Unions Congress do not simply represent the views of the persons who happen to be attending, but they represent the views of the rank and file?—Generally speaking, that is so.

27,192. *Sir Allan Smith:* It is a strong point. (*To the Witness.*) Do they represent the views of the rank and file?—So far as it is possible to obtain the views of the rank and file by the methods available. If you say in every question that a trade union has to decide it must have a referendum, and in respect of every conference which a trade union representative may have to attend, the representative must not attend until you have taken a referendum of the rank and file on the questions to be discussed, you are putting an entirely impracticable proposition.

Sir Allan Smith: I do not suggest that.

27,193. *Mr. Evan Williams:* Is there any representation of the views of the minority at the Trade Unions Congress? I take it your Federation would have more than one representative at the Trade Unions Congress?—Yes.

6 June, 1919.]

MR. ARTHUR PUGH.

[Continued.]

27,194. Assuming it was by a majority only that these views were held among your members, would all the representatives of the Trade Unions Congress give the vote of the majority, or would there be any representation of the vote of the minority?—So far as our organisation is concerned, we usually have a meeting of the delegates before the Congress. You will find on many important questions of principle a difference of opinion among the delegates and representing the difference of opinion in the different districts where they have come from. On questions of principle we usually ascertain the views of the delegates before the vote is taken, and if the majority are against it, then the vote would be against irrespective even of the general view of the Congress upon the matter. That is to say, we do not simply take a card containing so many votes and hold it up to be declared as a block vote until we know whether the majority of the delegates there are in favour of the proposition.

27,195. Supposing you had 100 lodges, and you found 40 were against a certain proposal, and 60 were in favour of it, and you sent 10 members to the Trade Union Congress, I take it the 10 would vote in favour of the proposal if there was a majority of the lodges in favour of it?—You see, the point is this, that the representatives appointed from the districts generally represent the majority view of their district.

27,196. But it comes back to this, supposing you have 10 representatives, those 10 represent the majority view, without any reflection at all of the minority.

Sir L. Chiozza Money: Sir, may I, in a moment, raise a point which I think of importance to raise before we meet again?

27,197. *Chairman*: (To the Witness.) First of all, do you want to say anything more?

Witness: No.

(The Witness withdrew.)

Chairman: Now I have a letter to read from Sir Lionel Phillips, who gave evidence yesterday. It is addressed to me, as Chairman, and he says: "May I supply an omission in my evidence of yesterday? Mr. Sidney Webb cited the work of boring oil in England as evidence of Government initiative and enterprise in industry. The facts do not sustain that view. Lord Cowdray, at the head of a great corporation, having oil interests in various parts of the world, took the initiative in securing certain areas which, owing to the study of his experienced advisers, were deemed to present favourable prospects. He was ready, and, in fact, obviously intended to bear the expense, and incur the risk, of boring, and, of course, would have done so in the hope of deriving profits from his enterprise. That the Government should, at a critical moment, have been ready to avail itself of the preliminary work done by specialists, is no evidence that, in normal times, permanent officials would have either the knowledge, or incentive, or be permitted to spend public monies in search of new fields for industrial activity." That is signed by Sir Lionel Phillips. Now, Sir Leo, what is the point you want to raise?

Sir L. Chiozza Money: The point I wish to raise is this. Evidence has been brought before us, and evidence has also come before each Commissioner, individually, I think, that an agitation is being worked up to cause certain bodies to pass certain resolutions in a certain direction. It is true we have only one more day to hear evidence. After all, the evidence which comes before us ought not to be prejudiced by such methods. Could you, in the small time that now remains at our disposal, call the Secretary of that Association?

Chairman: What is its name?

Sir L. Chiozza Money: It is the Coal Association.

Chairman: What is the name of the Secretary?

Sir L. Chiozza Money: Mr. Gee. I ask whether he could be called to explain to us the methods which have been used, and what money has been spent to cause these resolutions to be forwarded to members of this Association, and to cause, as it seems to me, an artificial presentation of views before this Commission—views which would not have been expressed spontaneously.

Sir Allan Smith: What does it matter? I suppose activities are going on at the instigation of the Trade Union bodies and others.

Sir L. Chiozza Money: We have the very reverse evidence to show that nothing of the kind has occurred.

Mr. R. W. Cooper: Do you think we should pay the least attention to these things? I certainly do not.

Sir L. Chiozza Money: The public is led to believe that certain resolutions are spontaneous when they are not spontaneous.

Sir Allan Smith: I think the best answer to that is this, while I did not wish to refer to it; if two gentlemen of the Commission wish to go into the witness box to give evidence, on oath, in favour of nationalisation, why should they blame outside persons for trying to work up an outside agitation?

Chairman: We are very much obliged to Sir Leo Money for raising this point, and to Sir Allan Smith for his remarks. We shall have an opportunity of discussing it privately in a few moments.

(Adjourned to Friday next.)

SECOND STAGE—TWENTY-SEVENTH DAY.

FRIDAY, 13TH JUNE, 1919.

PRESENT :

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. R. W. COOPER.

SIR ARTHUR DUCKHAM.

MR. FRANK HODGES.

SIR LEO CHIOZZA MONEY.

SIR ADAM NIMMO.

MR. ROBERT SMILLIE.

SIR ALLAN M. SMITH.

MR. HERBERT SMITH.

MR. R. H. TAWNEY.

MR. SIDNEY WEBB.

MR. EVAN WILLIAMS.

SIR ARTHUR LOWES DICKINSON, }
 SIR RICHARD A. S. REDMAYNE, } (*Assessors*).

MR. ARNOLD D. McNAIR (*Secretary*).MR. GILBERT STONE (*Assistant Secretary*).

Mr. Arthur Balfour: Sir, before you begin to take further evidence, may I make one remark with regard to this question of reduction of output, which seems to be of the very greatest importance not only to the miners and coalowners, but of even great importance to the consumers? I think it is a question which ought to be investigated, but whether this Commission, which is considering nationalisation, consists of the right people to investigate it, I have not quite made up my mind. If it is not, perhaps the Coal Controller could set up a Commission or Committee to investigate it. An any rate, I do not think it ought to be left where it is.

Chairman: No, I do not think it ought to be. I am very much obliged to Mr. Balfour for mentioning the point. He is quite right in saying that this question of the diminution of output is most important, and I suppose it has most importance for the consumers' class. Mr. Tawney has just drawn my attention to a letter from the Chamber of Commerce and Shipping at Great Grimsby dated 11th June last, which is addressed to him at the Coal Industry Commission, and it says: "Sir, I have the honour of enclosing herewith a resolution passed by a special meeting of the Council of this Chamber to-day: 'That the Great Grimsby Incorporated Chamber of Commerce and Shipping, having in mind the fact that the Coal Industry Commission has no representative of the consumers among its members, and representing, as this Chamber does, large and small consumers alike, views with alarm any suggestion of the nationalisation of coal mines, being

strongly of opinion that such nationalisation would be disastrous to the general commerce of the country and especially to the trade of Great Grimsby.' " I think that resolution contains a misapprehension so far as it states that the Coal Industry Commission has no representative of the consumer. We have had the invaluable assistance on this Commission of two very considerable consumers of coal, Mr. Arthur Balfour and Sir Arthur Duckham. If the Chamber of Commerce of Great Grimsby means the domestic consumer, I can understand it, but so far as consumers in general are concerned, it is an injustice to both the consumers I have mentioned to say that the Commission is not representative, because we have had most invaluable assistance (if they will allow me to say so) from two of the largest consumers to be found in the country. I quite agree with Mr. Balfour that this question of diminution of output is most important. However, I am glad to say that in the interval since our last sitting Mr. Herbert Smith has made very searching enquiries throughout Yorkshire. I understand that he has communicated with about 179 lodges and has had replies from 135. When Sir Richard Redmayne goes into the witness-box I will ask Mr. Herbert Smith to indicate the result of those enquiries. Whether this Commission will meet again for some time or at all after June 20th, of course, for the moment, I cannot say: but that some one ought to make an enquiry into this question I have no possible doubt, and having regard to the fact that we have had two very large consumers sitting upon this Commission, I think this body would be quite able to make those enquiries.

MR. JOHN JOSEPH PREST, Sworn and Examined.

27,198. *Chairman:* I think you are the manager of the Blackhall Colliery?—I am the General Manager and Chief Mining Engineer for the Horden Colliery Company, Limited.

27,199. I observe that Lord Gainford in his proof of the evidence which he gave before this Commission says this with regard to you, when talking about the Blackhall Colliery*: "The sinking and the electrical equipment of this colliery formed the subject of a paper read by Mr. Prest and Mr. Leggat before

the Institution of Mining Engineers on June 4th, 1914. Before leaving this part of the subject I must testify to the skill, endless resource and enormous energy shown by our manager, Mr. J. J. Prest, by whose indomitable perseverance and courage all difficulties were overcome." Therefore we know that you have had very large experience and have taken a very prominent part in the development of these collieries. The reason that we have asked you to be good enough to come here and give evidence is in consequence of a letter which you are said to have written to the miners belonging to some lodge of the Durham Miners' Association. If the Commissioners

* Shorthand Notes, Second Stage, Fifteenth Day, page 832, column 2

13 June, 1919.]

MR. JOHN JOSEPH PREST.

[Continued.]

will kindly look at the Shorthand Notes of 6th June (Second Stage, Twenty-Sixth Day), Question 26,982, they will see that Mr. Smillie read a correspondence which took place between you and a Mr. George Thompson. Mr. Smillie puts the question and he says: "I will read the letter, so that you may see the harmeny that is existing there." The letter is signed by Mr. George Thompson and is addressed, as I understand it, to you, and it says: "Dear Sir,—I am instructed to write to you on the most vexed question of larger houses for our big families. We have some outstanding large families that are living in houses that are not near large enough, and we are at a loss to treat them properly. If you could meet a deputation when you are at Shotton, when we could talk over the whole question of our big families and bigger houses, we would be much obliged. Our men ask me to state that for you to meet us would be the best course to adopt.—Yours faithfully, George Thompson." The reply apparently is written from Hardwick Hall, Castle Eden, to Mr. George Thompson, and is signed by you. It is as follows: "Dear Sir,—In reply to your letter of the 23rd instant, you can take it from me that we do not intend to build any more houses at any of our collieries, whether large or small, and for this decision you can thank Mr. Smillie and his friends." Now, when I heard that letter I said that you might have some explanation of it, and that it would not be fair in your absence to make any comment upon it, because we should like to hear what you have to say, if you desire to say anything. What I actually said was this: "(Chairman.) There may be some explanation of the letter. We had better ask him"—that is you, Mr. Prest—"to attend at the next meeting of the Commission on Friday next week. The address is the Horden Collieries, Limited. He ought to have an opportunity of explaining that letter." Now this is your opportunity: Do you desire to say anything?—I do not think the letter is very ambiguous. I think the letter is perfectly frank. What explanation do you require?

27,200. I do not require any, but I should have thought that perhaps you would like to clear the matter up. Is that your true sentiment?—There are two questions raised in this letter. The chief point is the question of the building of additional houses. I told Mr. Thompson that we did not intend to build additional houses.

27,201. *Sir L. Chiozza Money*: Who is "Thompson"?—A check weighman.

27,202. "Mr. George Thompson"?—Yes. He is check weighman of the Shotton Colliery. I informed Mr. George Thompson that we did not intend to build any additional houses at any of the three collieries, "and for this decision you can thank Mr. Smillie and his friends." The first part of the communication does not require any explanation. It is the second part, I take it, you want explained. With regard to the question of building houses, I may say frankly that prior to this Commission being appointed, I had in mind to build 600 additional houses. I have already built 2,300, and I was going to increase the quantity up to probably 3,000 to enable us to increase the output at the last new colliery, the Blackhall Colliery, referred to by Lord Gainford. This particular colliery, I may say, has cost up to date £734,000. Our present output from that colliery is at the rate of 320,000 tons a year, and it is only half developed. It will probably take another 500 additional houses to enable us to get our 700,000 tons of coal per annum. In other words, to get that 700,000 tons of coal per annum we should have to build houses that will cost us roughly £275,000. The total capital expenditure on that colliery will be then £1,000,000 sterling. We should be then in a position to obtain an output of 700,000 tons of coal a year. If that colliery is to be nationalised along with our other collieries on the terms set out by Mr. Straker, we should receive in compensation for a new colliery and one of the best equipped collieries in the United Kingdom about £165,000. Is it probable that, as a commercial man,

I should advise anyone to build additional houses at a place like that if my colliery is going to be taken away from me, and I should receive in compensation only a sum of £165,000? That argument applies elsewhere. If you take the whole of my concern prior to the war, our average output was about 1,350,000 tons of coal a year from two collieries. The third colliery did not commence to draw coal, although we had spent about half a million of money on it at that time. If you take Mr. Straker's method of nationalising collieries and his proposed system of purchase, on our pre-war output of 1,350,000 tons a year at the rate of 10s. or 12s. a ton, we should receive in compensation a sum of about £650,000 for the whole of our concern, and, as I have explained, I have spent at one colliery up to date £734,000. I have spent during the last 19 years over £2,000,000 sterling on new collieries equipped with the best plant money can purchase and laid out in the best manner my intelligence and experience can direct. Half our total expenditure is going to be lost to us. Is there any inducement for me or my Board of Directors at the present time to try and find sufficient money to build 600 houses, which are going to cost £270,000 or £280,000? What we should get the money at Heaven above only knows, but probably not less than 7 per cent. All the houses we have built range from four to seven-roomed houses, and a large number are fitted with bathrooms and a large number have electric light in every room. The streets are all made up and wide, just as they are in a provincial town, and we have spared neither money or anything else to make a good job of our town. The total expenditure is just about £2,034,000, and our output is at the rate of 1½ million tons of coal a year. If we are to be nationalised on our present rate of output we get £775,000. On pre-war output we get about £650,000. What inducement is there for me as general manager to go on building houses? I have another colliery I should like to open—I have two, as a matter of fact. Two or three years ago I had the plans completed for the re-opening of one colliery, and the total cost of that will be £600,000. Why should I commence spending £600,000 to get a probable output of 450,000 tons of coal a year when I may be nationalised and receive less than half the money I am going to spend?

27,203. *Chairman*: That is the reason for saying, "for this decision you can thank Mr. Smillie and his friends"?—Well, as a matter of fact, this pamphlet which I have here published by Mr. Smillie and Mr. Hodges gives the facts of the Coal Commission, and I take it that Mr. Straker is of the same opinion as Mr. Smillie and his friends, and if I am to be bought out on those terms I am going to keep what money I have in my pocket. I am spending no more, but if I get a fair square deal I am going ahead. I thought I would finish my career as a mining engineer by completing the last two collieries and equipping them and making them an example for other folk who wanted to develop collieries, and I would like to leave my mark as a mining engineer in the county of Durham.

27,204. *Mr. Robert Smillie*: I suppose you do not know Smillie, do you?—No, except by photographs. I take it you are Mr. Smillie. I have not had the pleasure of meeting you before.

27,205. Are you of opinion that Mr. Smillie has any friends at all in the country?—I should think a lot.

27,206. Who do you mean by Mr. Smillie's friends?—What I meant was the Executive of the Miners' Federation principally—those in favour of nationalisation.

27,207. Do you include everyone who is in favour of nationalisation as amongst my friends?—Yes, I should say so.

27,208. Supposing there is a majority of the people of this country in favour of nationalisation you would call them my friends?—Yes.

27,209. What do you mean by saying, "If you are nationalised"? Do you think they are going to nationalise you?—No, but my collieries are to be nationalised, and I have considerable financial interests in them.

13 June, 1919.]

MR. JOHN JOSEPH PREST.

[Continued.]

27,210. But you said, "If I am to be nationalised?"—You cannot nationalise me personally.

27,211. That is what you said. I wondered if you thought that?—You would have some trouble in doing that.

27,212. Now you have had very considerable experience in Durham, have you not?—Yes; 18 years as general manager of the Horden Collieries. I commenced them and built them up. I have had 8 years' experience as general manager of the Shelton Collieries and Ironstone Mines. I had 3 years' experience in North Yorkshire, and I have had experience in Kent.

27,213. Have you read Lord Joicey's evidence?—I have read Sir Hugh Bell's evidence.

27,214. You have read his evidence?—Yes.

27,215. Is he chairman of your company?—Yes, of my company.

27,216. It is partly his company, too, is it not?—He is a shareholder; that is all. It is not Bell Brothers or Dorman Long's, as you imagined, but it is a public company in which you or anyone can hold shares if you like.

27,217. Consequently it is not yours in the sense that you own it?—No, I am general manager of it and I have considerable financial interest in it.

27,218. But you have referred to it several times as your colliery and said that if your colliery is nationalised you are to be robbed?—Yes. They are my company's collieries.

27,219. And the company is not yours at all?—No, not at all.

27,220. I wanted to find out whether it is or not. I suppose you would refer to the men at Horden Colliery and Shotton Colliery as your men?—Yes, very often. It is a colloquial saying.

27,221. They are only your men in the sense that they are producing coal under your directions?—That is all. Most of them I have set on myself.

27,222. Are you aware that it has been said the best of relations exist between the workmen in Durham and the employers?—Yes, by Sir Hugh Bell.

27,223. And that just prior to the outbreak of war you were on the eve of being likely to be able to bring about a closer arrangement for the regulation of wages and other matters?—Yes, quite so. We had the matter discussed at several of our meetings on the question of letting the men see the working cost and so on, and we were in a fair way to get to an agreement on the subject.

27,224. I think Mr. George Thompson, in addition to being a check weighman, is secretary of the Shotton Lodge?—Yes.

27,225. It is not an uncommon thing for the members of any Lodge in Durham to approach the General Manager to ask him to meet them, is it?—No, quite common.

27,226. This was an ordinary application asking you to meet them?—Yes.

27,227. Did you think it would be your duty to your directors to write such a letter as this letter rather than meet the deputation?—Quite so; I thought it was hammering a dead horse to discuss a subject I did not intend under any circumstances whatever to proceed with.

27,228. Is a seven-roomed house the largest house any of your workmen have?—Yes.

27,229. I suppose you do not live in a seven-roomed house yourself?—I have not counted them.

27,230. Do you know how many rooms you have?—No.

27,231. Are they so many that you really do not know?—No.

27,232. Would you like to live in a four-roomed house yourself?—I have lived in a four-roomed house myself.

27,233. And got out of it as quickly as you could?—Yes, the same as you would do. I have lived for a number of years in a three-roomed house. I did not commence life as a general manager.

27,234. Are you going to treat me as you treated Mr. Thompson?—I shall treat you exactly as you treat me.

27,235. I will treat you as one man should treat another?—Right oh!

27,236. You would not like to live in a three-roomed house 'now, would you?—Certainly not. I worked hard enough during my 40 years of graft to be able to do without it.

27,237. To justify—?—To justify my existence.

27,238. To justify your having a better house than a three-roomed house?—Yes.

27,239. Is there any person who works harder than the coal miners of Shotton or elsewhere?—I have nothing whatever to say against our men. I have some of the finest hewers and workmen generally in the Kingdom, but when you are comparing one class of labour with another, coal hewing is a soft job compared with puddling. You get in front of a puddling furnace in midwinter with hell in front of you and snow behind you.

27,240. We should neither of us get in front of a puddling furnace if we could help it. We are dealing with collieries at the moment. Colliers work sufficiently hard to justify them in having a decent house to live in, do they not?—So far as the colliers are concerned, I have been associated with them for 40 years, and there is nobody who can say a bad word against them in my presence. I have lived with them and through them, and I am still as intimate with them as ever, and I have their best interests at heart. If you consult the agents of the Durham Miners' Association as to my character in that respect, you will find out how I stand with them.

27,241. I only know of it from this letter?—Well, that is not evidence alone.

27,242. But it is evidence. You do not deny what was said here, and you are trying to justify it?—Yes.

27,243. I put it to you that it is in the interest of any colliery company to have large families in which there are a number of workers?—Quite so.

27,244. And it ought to be in the interests, surely, of a colliery company to endeavour to house large families as well as it possibly can?—Certainly, and I have done that—we have done that.

27,245. Did you write this letter because the Company had made up its mind that they were not going to build additional houses?—Until we saw exactly where the question of nationalisation came in, and how it was settled, and what the Government proposed to do.

27,246. Had the Directors decided that and instructed you in that direction?—Yes, they had decided that.

27,247. Are you altogether correct when you say that under the Bill which Mr. Straker was speaking about with regard to the nationalisation of mines you would only get a fixed sum?—Yes, 10s. or 12s. a ton.

27,248. Is that the only thing the Bill says?—Yes.

27,249. Does it not make provision for arranging for what might be an increase of output in an undeveloped colliery?—Yes, but it all comes to 10s. or 12s. a ton.

27,250. But I think you were putting your case just now that the money you would get for your colliery would be small because your output was undeveloped?—Yes, it is half developed.

27,251. Does not this Bill make provision for taking into consideration what the developments may be of an undeveloped colliery, and to pay for them accordingly?—Yes, but if we have to spend for this Black-hall Colliery, say, £300,000 to build additional houses—we have spent £734,000 now—and if we have to make that up to £1,000,000 sterling to build additional houses, and the total quantity to be got from that colliery when fully developed is 700,000 tons of coal a year, we should then receive 10s. or 12s. a ton on the whole of the possible output according to Mr Straker's Bill.

27,252. That does not answer the question I put. Have you not given a misleading statement here this morning when you said that a certain sum only would be paid for that colliery, when you know this Bill provides for dealing with the colliery according to what its output may be when developed?—And I have given you an illustration of a colliery which when fully developed will mean confiscation and not payment.

13 June, 1919.]

Mr. JOHN JOSEPH PREST.

[Continued.]

27,253. Is it not the case that the clauses of this Bill, if acted up to, in the case of nationalisation provide that where the colliery is not fully developed a consideration would be given to that with a view to endeavouring to find out its output when developed?—I say you can put the output at anything you like but I lose two-thirds of my capital. That is the effect of it.

27,254. Then what you have stated you would get for such a colliery as you speak of is not the amount you would get under the Bill?—No, because I have not spent the additional sum referred to.

27,255. The price it proposes to pay for collieries is so much per ton on its output, or in the case of collieries not fully developed the facts should be taken into consideration in order to endeavour to pay a fair price if it were fully developed?—Yes, but you take the colliery, as I have pointed out, when it is not fully developed. If it were fully developed, what about it? I have told you I get about 350,000 tons from a colliery half developed, and to fully develop the colliery I shall have to spend practically £300,000.

27,256. Are you aware that in addition to paying for the collieries on the output, or on the output which it would come to if developed, it is proposed to buy the associated properties in addition to that?—No, I was not aware of that.

27,257. Would that to some extent change your view?—Absolutely.

27,258. Well, that is the proposal.

Mr. Sidney Webb: It is in the Bill.

Mr. Robert Smillie: We propose to buy the houses?—At what price?

27,259. At a price to be agreed upon.

Chairman: A valuation?

Mr. Robert Smillie: Yes, a valuation?—To-day's valuation, or the money I spent, £460,000, in building houses?

27,260. We propose to be more honest and to buy the houses at a fair valuation put upon them by valuers. Is there anything unfair about that?—No, not at all. Up to date I have spent £460,000 in building houses during the last 19 years. I have learned in 19 years a lot as to the building of houses, and I am still learning. I have installed the electric light in all the rooms in about 500 of the last houses I have built; and I had hoped to establish large public baths, wash houses, and laundry at each colliery, with the object of dispensing with the washing day at home. It was our intention also to build a central hospital for large collieries, with a permanent staff of nurses, to enable us to promptly deal with accidents occurring at our own collieries. I have progressed in 19 years, and I want to make a model property, but I cannot go on doing that in the face of the proposed nationalisation of the collieries. I am not going to waste £80,000 or £90,000 and more of my money until I see where it is going.

27,261. Mr. R. H. Tawney: Not if it is to be paid back?—You give me an undertaking to pay it back, and I will go ahead.

27,262. But it is in the Bill.—It may be, but the Bill has not passed the House of Commons.

Mr. Sidney Webb: The valuation is exclusive of the associated properties.

Mr. R. W. Cooper: But they are not associated properties as it is drawn in the Bill.

27,263. Mr. Robert Smillie: You may take it the miners are not so foolish as to think that they should buy two properties, one a colliery for which there were no workmen's houses, and another colliery for which there were 1,000 houses built, and to give the same price for the two collieries if the output were the same. You may take it they intend to treat the employers fairly in a matter of this kind.—I should hope you do.

27,264. I should like to thank you for all the good things you have done on behalf of your workmen in building good houses and the baths and the hospitals, and so on. You have not yet given them baths at the collieries, but I hope that will be the next thing.—I had all the plans completed, and I was going to start in 1914 when the war broke out. I was going

to spend £16,000 at Blackhall in building a model bath.

27,265. Do you think "Mr. Smillie and his friends" are out to rob you and your Company?—I do, according to Mr. Straker's Bill—I do not know that you were. I read the Bill and I said that I had worked 40 years of my life, and at a time when I was going to retire I am to go into the workhouse.

27,266. We did not propose to nationalise you at your age, but we propose in any event, even if we take the collieries over for nothing, that we would make sure that you and your family have decent living until the end.—What do you call decent living? It is a very elastic term.

27,267. People have different views.—If you let me name it, I am on it.

27,268. What people call a decent living for a miner would not be called decent living for you at all, I can assure you, in the ordinary sense of the term such as you and your Company would look at. However, when I said decent living, I meant to provide you with all that was necessary to make life worth living, with a decent house to live in. That is what I call decent living. That is what we are trying to get for the rest. Now I want to make this point. You are anxious to continue the good feeling between the employers, the managers, and the workmen?—Yes.

27,269. Do you think this is the way in which to encourage it—by writing such a letter as this?—I am a very blunt, straightforward person, and if a man wants to waste my time discussing a subject which is absolutely as dead as Julius Cæsar, I am not going to waste time.

27,270. Do you not think it would have been a fair and frank reply to make to Mr. Thompson, or to your miners through Mr. Thompson, that the Company had decided, under the existing circumstances, that it could not see its way to build further houses because nationalisation was coming along, without bringing "Mr. Smillie and his friends" into it?—I daresay you are right, but when you are up against such a proposition you make a blunt reply to it. A *propos* of these committees, I have brought a list of all our committees in the County of Durham. If every county had its committees like those in the County of Durham, you would work as peaceably, generally speaking, as you do in the County of Durham.

27,271. And if every general manager was writing letters like this, there would be no committees in a fortnight?—Would there not? If you want my character as a general manager and employer of labour, apply to the agents in the County of Durham. I happen to be the Honorary Treasurer of the Aged Miners' Homes Association, and I happen to be Treasurer of the Christmas Tree Fund, and I raise money every year and have done for 15 years. I look after the financing of these associations and their housing accommodation and all that sort of thing. I get a large sum out of the colliery owners to help keep these old people, and I have shown my sympathy to the class to which I belong by performing these honorary duties.

27,272. I have heard of you very often from your agents and the workmen, as I can assure you.

27,273. Chairman (to the Witness): Will you let me have that list of committees?—Yes. (Same handed.)

Mr. Frank Hodges: It is very desirable that this misapprehension under which this witness is labouring should be removed with regard to compensation, because I think if it is once removed from his mind he will not repeat that statement again. If he turns to paragraph 5 of the Bill, Section A, he will see half way down it says: "Whether in course of being made or driven for commencing or opening any such colliery or mine, or otherwise, and all associated properties (including vessels, lighters, railway rolling stock, and all works, including works for the manufacture of by-products, in the opinion of the Mining Council belonging to any mine undertaking or connected with any colliery or mine, and every house belonging to the owners of any such colliery or mine, which, in the opinion of the Mining Council, is usually occupied by workmen employed

13 June, 1919.]

MR. JOHN JOSEPH PREST.

[Continued.]

at such colliery or mine)." All those things are embraced in the term "associated properties."

Mr. R. W. Cooper: I do not agree with you.

27,274. *Mr. Frank Hodges:* That is the English of it?—It says: "all of which are herein included in the expression 'mine.'"

27,275. I quite agree. Then it is referred to on page 7, paragraph 9, and it states: "The purchase price of mines exclusive of associated properties." The associated properties which embraces the houses in which the miners live are excluded?—By-products, coke ovens, and what not.

27,276. They are excluded?—Particularly excluded.

27,277. They are subject to a separate valuation?—I spent a million on that sort of job.

27,278. *Mr. R. W. Cooper:* When this matter materialises you can always make the moaning clear

by suitable drafting. My submission is, as this Bill is drawn, the drafting does not convey the intention of Mr. Smillie and Mr. Hodges?—That is exactly how I take it. The "mixe" meant everything above the mine.

Mr. Sidney Webb: It is expressly stated to the contrary there.

27,279. *Mr. Herbert Smith:* It is true Mr. Slessor said, when a member put the same question to him, that clause ought to be redrawn?—It is a very important withdrawal, as far as I am concerned.

27,280. *Mr. Frank Hodges:* It is a question of understanding it?—I understood it, as I told you.

27,281. If the explanation given here satisfies you, then you agree you misunderstood it?—Yes.

(The Witness withdrew.)

Mr. PHILIP GEE, Sworn and Examined.

Chairman: I think Sir Leo Money wishes to ask you some questions.

27,282. *Sir L. Chiozza Money:* Do I understand you are the Director of the Coal Association?—I am the Director of the Coal Association.

27,283. When was that Association formed?—I think the date was about the third week of April—roughly that.

27,284. Did you send out an undated letter printed in type which looks like typewriting, but which I think is not?—(Handing letter to the Witness.) Yes, that is my letter.

27,285. To whom did you send this letter?—I am afraid I cannot tell you exactly to whom that particular letter was sent. We have circularised most public bodies and most public men, and we more or less stick to the same form; there may be variations.

27,286. A large number of copies of this letter have been sent out?—Very large.

27,287. To Chambers of Commerce?—Yes.

27,288. Chambers of Trade?—Yes, I think so.

27,289. And public men generally?—And public men generally.

27,290. The letter says: "Dear Sir, The Coal Commission. Without in any way attempting to give a forecast of the findings of the Coal Commission, we would venture to draw attention to certain broad aspects of the situation." That is the first paragraph. The second paragraph, which is underlined, says: "The consumer, who naturally desires a good supply of cheap coal, is not represented on the Commission." Is that the letter?—Yes.

27,291. Did you, at the end of the letter, remind the recipients of the same statement by saying: "While reminding you once more that the consumer—the very large majority of the nation—is not represented on the Coal Commission." Do you remember that?—I am afraid I cannot remember the text here. I am willing to adopt it.

27,292. Do you think those statements are true?—I do.

27,293. Have you acquainted yourself with the names and occupations of the members of the Coal Commission?—Those who have been responsible for the drawing up of that letter have. Generally speaking, we have as an organisation.

27,294. You signed it?—I am the responsible person who signs all these letters.

27,295. Did you acquaint yourself with the nature of the occupations and interests of the members of this Commission before you wrote this letter?—Not particularly. Most of them were, I think, in a general way known to me.

27,296. You were acquainted with them?—Yes, more or less.

27,297. You knew of Mr. Balfour before writing this letter?—I heard what Sir John Sankey said this morning.

27,298. Did you know when you wrote this letter Mr. Balfour had an important connection with certain not unimportant branches of the steel trade?—I am afraid I cannot tell you exactly what I know about Mr. Balfour.

27,299. You know he is in his own person an important coal consumer?—No doubt.

27,300. Have you heard of Sir Arthur Duckham before?—Yes.

27,301. Do you know that he is an important coal consumer?—No, I did not. I did not know he was a coal consumer.

Sir Arthur Duckham: Mr. Chairman, I should like to make a statement. I am not a coal consumer any more than anybody else round this table is a coal consumer. I was not appointed on this Commission as a representative of any consumers or any body of consumers. I have been put here as a Government representative, it may be, because I have some knowledge of the use of coal, and, it may be, for the work I have done for the Government. I am not a consumer. I do not control any works that consumes a large quantity of coal; I am not a consumer in that way at all.

27,302. *Sir L. Chiozza Money:* Are you aware you are using the word "consumer" in this letter in the ordinary sense by which we understand persons who use coal and are interested in coal from what one may call the public point of view?—Possibly.

27,303. Is not that the way you use the word in this letter?—I think so, yes.

27,304. Is it not clear that you are inaccurate in your letter if you mean by that word "consumer" the public interests are not represented on this Commission?—I adhere to that statement entirely that they are not represented.

27,305. The public interest is not represented here?—Or most inadequately represented.

Mr. Sidney Webb: That is different.

27,306. *Sir L. Chiozza Money:* You have heard what Sir Arthur Duckham says?—Yes.

27,307. You still think the public interest is not represented here?—I do.

27,308. Although its Chairman is a Judge of the High Court?—I do.

27,309. You adhere to that statement?—Yes, I do, of course; I said so.

27,310. You wish your evidence to be believed after making that statement?—I do not follow you.

Sir Adam Nimmo: Is that a fair suggestion to put to the witness?

27,311. *Sir L. Chiozza Money:* After going into the personnel of this Commission and after hearing what Sir Arthur Duckham says, are you justified in adhering to this letter in which you say the public interest is not represented on this Commission?—I do.

27,312. You do?—I do.

Sir L. Chiozza Money: Then I certainly shall not ask you any further questions.

27,313. *Mr. R. H. Tawney:* How do you think we were appointed?—I will tell you. I think it was simply a development of the political situation.

27,314. Who do you think appointed us?—I am afraid I do not know. I am not hardly in a position to know that.

27,315. Is it not rather relevant to know that, if you are going to make a general statement of this kind?

13 June, 1919.]

MR. PHILIP GEE.

[Continued.]

—I do not know that it is. I judge by the results; I look at the results here.

27,316. Do you think if the results are unsatisfactory to you you are justified in making reflections as to the constitution of this Commission? I am sure you do not mean that?—I am not quite sure of that.

27,317. Otherwise no Commission could be correctly appointed because the results would not please everybody?—In this particular case there are a great many people who think as I do.

27,318. I am not concerned to deny that. I want to know what you meant when you said that no representative of the public was here. Do you think they are nominated by bodies other than the Government?—I must stick to my general answer. I do not think this Commission is representative of the public.

27,319. What do you mean? Do you mean they were appointed by bodies other than the Government?—No, not necessarily. I am afraid I am not exactly acquainted with the details of the appointment.

27,320. Again, if you are making these general statements, is it not rather important to be acquainted with the details?—In all probability the writer of the letter whom I trust is fully acquainted with the details.

27,321. How do you think a Commission representing the public ought to be constituted?—It is a difficult matter to trim your balance quite right. My idea of a properly constituted Commission would be a Commission entirely different from this.

27,322. You have explained the weight to be attached to your letter admirably.

27,323. *Mr. Sidney Webb*: I do not want to trouble you any further about whether the Commission is properly representative or not. In the letter you signed you say: "The consumer, who naturally desires a good supply of cheap coal, is not represented on the Commission." At the end you say: "The consumer—the very large majority of the nation—is not represented on the Coal Commission." Those are statements of fact. Were you aware when you signed that letter and sent it out that out of the 13 members of the Commission there were seven who were not connected with the coal industry, and of those seven, four had no connection whatsoever with the coal industry except as domestic consumers? In the face of that, do you think it is correct to say that the domestic consumers were not represented, when four out of 13 members have no other connection with the coal industry than as domestic consumers? You say: "The consumer"—evidently meaning the domestic consumer—"is not represented on the Coal Commission." That is a matter of fact. Were you aware when you stated that fact that four out of the 13 members were nothing but domestic consumers?—In that way 13 members are domestic consumers. They all consume coal. I say there are 13, obviously, of such domestic consumers.

27,324. Were you aware of that?—I answer it in the way I wish to answer it.

27,325. Were you aware of that or not?—Will you go over your question again?

27,326. Did you know whether four out of the 13 members of the Commission had no connection with coal at all except as domestic consumers?—If you say that is so, I accept it. I am not aware that is so.

27,327. Were you aware of that fact?—I am not aware that is so.

27,328. I did not ask you whether you are aware of that. I ask you whether, when you stated the domestic consumer was not represented on the Coal Commission, you were aware that four of the members of the Commission had absolutely no connection with the coal trade except as domestic consumers?—I am not sure of that.

27,329. I do not ask whether you are, but whether you were at the moment you issued this letter?—I do not remember what I was aware of when I issued the letter.

27,330. On that fact, would it be correct to say you have made a false statement here?—Certainly not.

27,331. When you say the consumer is not represented?—No, nothing of the kind.

27,332. You have said the consumer is not represented?—What you are trying to put into my mouth I refuse to have put into my mouth.

27,333. I do not wish to put anything into your mouth. You say the consumer is not represented. That is what you said?—I say as a general statement that is, perfectly accurate—the consumer is not represented.

27,334. Measured by quantity, the majority of the consumers of coal are not domestic consumers but industrial consumers. You are aware of that? Are you aware when the Commission was first formed three of the 13 members of the Commission were representatives of the large industrial consumers?—I am not aware of that.

27,335. When you issued the statement that the consumer was not represented, had you made any inquiry?—I am not aware of that.

27,336. Has your attention been called to the fact that the Commission does include amongst its members representatives of some of the largest consuming industries?—You tell me so.

27,337. During this time you have not made any inquiry into that and you were spreading this statement broadcast that the consumer was not represented?—Personally, I take full responsibility for that letter.

27,338. You have signed it?—I have signed it.

27,339. You were spreading this broadcast during the time when you were not aware whether the consumers were represented or not?—You have not twisted me as you think you have, *Mr. Webb*.

27,340. I have not twisted you at all. You have been spreading this statement of fact broadcast. There is the statement underlined, that the consumer is not represented?—And I adhere to that.

27,341. I can only say you may adhere to the statement, but the literal fact is you have heard that of the thirteen members of the Commission four are nothing but domestic consumers, and, of the others, two at present, if not three, when you wrote this were representatives of the largest industrial consumers. What larger representation you would have wished I do not know?—I should wish it to be very much larger to make it apparent to me.

27,342. The Government, which is responsible as representing the consumer, has formed this Commission. Does that satisfy you?—No, not at all.

27,343. *Mr. Arthur Balfour*: Are you aware I was appointed as a Government member?—I believe that is so.

27,344. Are you aware I am a considerable consumer of coal?—Yes.

27,345. Is it your opinion *Mr. Sidney Webb* was appointed because he is a consumer of household coal?—Certainly not.

Mr. Sidney Webb: Would you mind making it clear that I was appointed by the Government in the same sense as you were?

27,346. *Mr. Arthur Balfour*: Was *Mr. Sidney Webb* appointed by the Government as a consumer of household coal?—I should not think so.

Chairman: We can all assure you of one thing. Whatever our shortcomings are, we are all anxious to be larger consumers this year than last year.

(The Witness withdrew.)

13 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B., Recalled and Further Examined.

Witness: Before Mr. Cooper examines me I should like to ask your permission to make a correction in the *précis* of my evidence. It is an obvious slip. It occurs about the middle of the first column on page 1186. The sentence reads, "Instead of redeeming capital at 3 per cent. one can and should substitute 4½ to 5 per cent. The effect of this increase would be to reduce the amount of the purchase price." The word "reduce" should read "increase." For the effect of increasing the sinking fund accumulative interest rate the capital value is also increased. The effect of an increase in the remunerative interest rate is, of course, to decrease the capital value. I would suggest the sentence should read as follows: "Instead of redeeming capital at 3 per cent. one should substitute 4½ to 5 per cent. The effect of this increase would be to increase the amount of the purchase price," and the next sentence should read, "I am doubtful, however, whether one should increase the percentage allowed to a purchaser much beyond 8 per cent. Any increase would, of course, reduce the amount of the purchase money."

27,347. *Chairman:* The word "reduce" should be "increase"?—The effect is different with the two rates.

27,348. *Mr. R. W. Cooper:* In your *précis* I omitted to notice some of your points of difficulty which you thought necessitated the proposed change of ownership. You refer, I think, to the ownership of coal under roads. You talk about coal being left under roads on page 2 under the heading of "Unknown Ownership of Minerals." You say there, "I have knowledge of the fact that considerable areas of coal are of unknown ownership—take as one instance the severance of properties caused by roads"?—"Canals and railways."

27,349. I will deal with roads first of all. What had you in mind when you thought there was a severance of the ownership of minerals caused by roads?—Might I refer you to one of the notes on that point that I did not read last time because you kindly intimated you had heard enough. This is the note I have on that. It is gathered from the evidence of Mr. H. S. Child, 25th November, 1902, before the Royal Commission on coal supply that certain portions of the Ayre and Calder Navigation —

27,350. I am talking about roads, not canals. Will you deal with roads first?—What is true of one is true of the other to some extent.

27,351. With all respect may I suggest that is wrong?—I know you know more about this than I do. If you say so I am quite prepared to take your opinion.

27,352. You may take it from me when a road divides two properties the ownership of the minerals to the middle of the road belongs to the owners of the property on each side of the road?—Is that in all roads?

27,353. Except perhaps where roads are set out under an Enclosure Act and the minerals belong to the Lord of the Manor?—In each respect up to the middle of the road.

27,354. Yes?—It is limited to certain roads.

27,355. Yes. There is no legal difficulty caused by roads?—Up to within what you say.

27,356. I suggest altogether. There is no legal difficulty caused by the ownership of minerals under roads?—The roads under the other properties alluded to by you are met by the other difficulty.

27,357. Tako canals. In the case of a canal, is it not perfectly clear that the coal under the canal must belong to the owner or the person who was the owner of the land on which the canal was constructed?—Mr. Child stated in his opinion that a considerable portion of this coal might have been worked but for a provision in the Canal Act that no injury shall be done to the works of the undertaker

27,358. Stop there for a moment. That is a different matter from any difficulty arising out of the

ownership of the coal. That is owing to the provisions of the Canal Act protecting the canal.—More coal is lost in many such cases than is absolutely necessary to protect the canal.

27,359. Is not that a matter depending upon the exercise of the judgment of the person on whom the responsibility of protecting the canal rests?—Entirely.

27,360. That is in no sense a difficulty caused by the existing state of the law of ownership?—No, not of ownership. There is considerable loss.

27,361. You were talking in your *précis* of the ownership?—Unknown ownership.

27,362. Ownership. I suggest the ownership is perfectly well known.—Is that so?

27,363. Tako railways?—There is a considerable quantity of coal that has been lost underneath canals the ownership of which, I take it, is not known.

27,364. With all respect I think there can be no doubt about it. The ownership of the land on which the canal rests was perfectly well known. Let me take you to railways.—Before you leave canals I am not satisfied about that. My proof goes on to say that subsequent sales and resales of adjoining properties have resulted in title to the mines under the severing strips being lost.

27,365. What is your authority for that? I have never heard of that. I have heard of cases coming into the Law Courts of disputes arising with regard to the construction of the plan attached to the deed. That is another matter altogether. What instances have you of that, I have not any?—I will try and give you a case. Here is the case of the Cossall Colliery Company, Limited.

27,366. Is that a case in the Law Courts?—No, it is a case that came before me. Here is a considerable area of coal under the Midland Railway in this case which is not claimed by them and the ownership of which is unknown. Would you like to see the case? (*Handing documents to Mr. Cooper.*)

27,367. Yes.—There is the whole correspondence concerning the case. It is applicable more particularly to canals. That is a case with regard to railways. The case arose through their asking for permission to work that coal, and we were unable to find the ownership.

27,368. Was not the ownership of the land immediately adjacent known?—Yes. That is the trouble. The ownership of that particular land under that particular railway is not known.

27,369. Could they not by the examination of the Midland Railway title deeds discover from whom they got the land?—No. The whole case is set out in the correspondence there.

27,370. I see the Colliery Company told you the ownership was unknown. No doubt unknown to them. That was no proof the owners could not have been ascertained?—The whole case is set out there. My mind is not quite clear on that.

27,371. Take railways generally. As you know all railways constructed since 1845 are controlled by the Railways Clauses Act?—That is under a railway.

27,372. Generally speaking, in fact, can there be any difficulty at all in discovering the owner of the land which the railway company bought for their railway?—We failed to discover it in that case.

27,373. Did you examine the Railway Company's title deeds?—We did not. The Railway Company said they did not own it.

27,374. Of course they would not own the coal. Under the Railway Clauses Act the coal is reserved. Did it not occur to you to examine the title deeds under which they got the land?—I was not seeking to work the coal. The colliery company was enquiring and they said they would have advice as they could not discover the ownership.

27,375. They must have been very supine?—We took them to be honourable people.

13 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

27,376. We do not doubt their honour at all?—If I acted as investigator for every colliery company it would be impossible. We must take their word as to the facts of the case.

27,377. It would involve a very drastic alteration of the law?—They put it to me they could not discover the ownership.

27,378. Take railways generally. Can it be suggested there is the slightest difficulty in ascertaining the owner of minerals under and adjacent to railways?—We were unable to determine it in this case.

27,379. That is one case?—Yes.

27,380. I suggest they ought to have been able?—That is another point; I cannot go into that.

27,381. I asked you about it on Friday and you gave me a certain number of illustrations. I forgot to ask you how many cases altogether have come under your notice which have suggested to you that the ownership of minerals ought to be altered?—I could not say off-hand.

27,382. You said you had chapter and verse for every case?—I will have it made out for you by tomorrow.

27,383. I should like to know the total number?—That shall be made out for you. I can give you a general sort of idea, but I would not like to bind myself to the exact figure.

27,384. I should like the exact number?—It is round about 100.

27,385. Can you give me any idea of the total acreage involved?—I can do that.

27,386. I should like to have that?—We will have that done.

27,387. Have you any idea of the total acreage of the British coalfield?—No, not off-hand.

27,388. Can you get that?—Yes, certainly. It would mean a memorandum. As you are quite well aware, the total acreage of the British coalfield is not known.

27,389. It is my faulty expression. I should have said the known and proved British coalfield?—We will endeavour to have that made.

27,390. Do not trouble about the area where coal is not proved. What I want is the proved British coalfield?—What do you mean by that?

27,391. The area in Great Britain where coal is?—Leased?

27,392. I will take it at that?—I will have that made out. It will be interesting, but it may take a few weeks.

27,393. That will be too late. Can you give me an approximate idea of what proportion of these cases that may bear to what may be popularly called the British coalfield? I do not tie you to 100 acres?—I would not be tied to 1,000 acres. It would mean my getting the plans of every colliery in this country.

27,394. May I take it that the number of cases that have come under your notice are only very small in proportion to the British coalfield?—I grant you that, certainly. The number of cases in which there has been difficulty in arriving at a settlement—

27,395. On which you have based an opinion that a change of the ownership of minerals ought to be brought about?—That is a totally different point. You include at once the whole of the barriers. Only, I think, two cases of barriers have come before me. At once I say the question of barriers alone is of sufficient importance to warrant a change in the ownership of the minerals. The leases of coal in the area amounts to tens of thousands of acres.

27,396. I want to have a word or two with you as to the position supposing the mineral rights were nationalised. First I can take it, generally speaking, coal is leased and worked by the leaseholders and not worked by the freeholders?—Usually it is leased.

27,397. If, therefore, any of these barriers are comprised in an existing lease the mere fact of the

ownership would not enable that barrier to be touched at all without the consent of the leaseholder?—As things are.

27,398. I say as things are?—Yes.

27,399. Therefore if you wanted to make your reform, as I would call it for the moment, effective, you would have to have some overriding authority created?—As they are.

27,400. Even if the ownership was vested in the State?—Well, supposing it is vested in the State.

27,401. You would still have to have some overriding authority created by the State to enable the barrier to be dealt with?—I presume the State if it owned the minerals would administer.

27,402. If the State holds the minerals subject to leases held by leaseholders the State would not acquire the rights of the leaseholders?—Let me put that in my own language.

27,403. Do you follow what I mean?—I am trying desperately hard to follow what you mean. I am the State for the moment and you are the colliery lessee. You are working the colliery and the collieries are not nationalised.

27,404. Yes?—You are the leaseholder. You own the lease for a period of years, and so long as that lease runs, until the termination of that lease, all the provisions of that lease hold good, I grant you that.

27,405. You agree with me?—I agree with what I understand you mean.

27,406. If you wanted to deal with a barrier in the case I put during the currency of that lease, which might be for many years, you would require some statutory power to enable the State, although the State might be the owner, to deal with the barrier?—It would have to proceed by legislation during the currency of that lease.

27,407. Of course, it follows the same thing would hold in numerous other cases which you and I might suggest. I will suggest another that will be somewhat familiar to you. Colliery A, a leaseholder, leases next to colliery B, a leaseholder, and a certain portion of A's area is cut off from A's pit by a big fault, but might be worked by colliery B; but without the consent of colliery A no power short of legislation could compel A to give up the coal on colliery B's side of the fault to be worked by colliery B?—The common practice in such cases is for colliery A to say to colliery B, or for colliery B to come to colliery A and say: "I can work that coal more conveniently than you can; I am willing to give you a bit here which you can work more conveniently and you give me a bit there," and an exchange takes place.

27,408. That is frequently done and no legislation is thought of?—That is frequently done.

27,409. With regard to support, as you said the other day minerals could only be vested in the State subject to the existing rights of support of the surface owners?—I think I said it would be only fair that the surface should be upheld.

27,410. I put it, it is much higher than fair. If it were otherwise you would by a piece of coal or mineral legislation be taking away rights of surface owners?—You would be injuring the surface without compensation.

27,411. Taking away part of their surface?—Yes.

27,412. Therefore a mere transfer of the ownership of the coal from the private individual to the State would not get rid of that right of support of the surface owner without legislation?—The right to support exists unless it is repealed.

27,413. It can only be taken away by legislation?—Unless it is repealed by legislation, as I understand it.

27,414. You are perfectly right. We talked a good deal last Friday about payment of compensation for example to surface owners. There is one aspect I forgot to mention. Supposing the State became the owner of the coal and entitled to work the coal, or to lease the coal to others to be worked, ought there not to be some very carefully thought out provision for

13 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

the protection of the surface owner? I mean supposing a man wanted to sink a new pit, or make a new railway, ought not the surface owner or occupier to have a voice in the determination of that new pit or railway?—You mean they might go and sink a pit right in front of my drawing-room window.

27,415. Or put a colliery wagon across your lawn?—I should not relish that.

27,416. There is by no means an uncommon stipulation now where private owners have granted leases to stipulate that the position of all surface works must be agreed upon by the surface owner or settled by a referee?—That can be carried too far. You doubtless are aware of cases where a man has objected to a colliery being sunk in any position that he can see it from his window.

27,417. I ask you whether it is not quite a usual thing for a colliery lease to contain a provision that the position of any surface works must be either agreed upon or in case of difference settled by some independent referee?—That is so.

27,418. Is that a reasonable provision?—Within limits. Take the case of Lumley Castle.

27,419. Which do you think is the more important section of the community, those who live on the surface or those who work underground?—Those that work under the surface live on the surface.

27,420. They are a part of those that live on the surface?—They are a part of those that live on the surface.

27,421. Do not you think the rights of the surface owners ought to be carefully considered as well as the rights of the mineral proprietors?—I am considering the British public. Anything that tends to prevent the proper working of the coal hits the British public—the nation. I am only concerned with the British public—the nation, on the present occasion. There are, on occasions, difficulties put in the way of opening out collieries by the owner of the minerals. I was about to instance the case you know and I know of Lumley Castle, where the colliery was required to be placed at a certain distance, and, in fact, at one time they would not have a colliery seen from any of the windows. That is frequently the case in the north of England. That, I think, is going too far.

27,422. Let us do Lord Scarborough justice. I know all about that case. Lord Scarborough assented to the construction of that new colliery so long as it was worked by electricity, and the colliery has been for some years in full operation?—Yes, I am going further back than that. There is a reason in everything. That there should be an absolute right in the State or anybody else to allow the sinking of a colliery to destroy the amenities of my property I think is wrong, but there must be reason in everything, and it is carried too far, as you and I are aware, as I say, in the case of many mineral owners.

27,423. Do not you think the point would be entirely met by the particular point being left to be decided by some independent referee?—It depends very much on the referee.

27,424. You cannot get beyond the independent referee, can you?—If it was left to a referee, one would like to know what is to be the character and condition of the referee. For instance, if the referee were a fox hunting squire the results might be disastrous.

27,425. Let me amplify my phrase by saying a competent and independent referee?—I accept your expression now.

27,426. With regard to these various difficulties that you have suggested, practically every one of them could be dealt with by an over-riding authority without changing the ownership of the property?—You put that point to me last time, and I said I would rather take one bite at a cherry than two. If there was an authority that had to deal with all these cases, it means an interminable series of arbitrations, or what amount to arbitrations, and Counsel on both sides would have to be heard and the case gone into in detail.

27,427. There is no necessity for Counsel or solicitors either?—It means all the cumbersome machinery of

an arbitration, even if Counsel and solicitors are not heard. That means time, and I think the answer I gave to you when you put that question last Friday was, I would rather take one bite than two bites at the cherry, as very often time was an important factor in the case.

27,428. Do not you think, having regard to the answers you have given this morning, even though your remedy of change of ownership was applied, you will still have to make another bite at the cherry by your over-riding authority; in other words, legislation?—I do not think so. I do not think that my answer implied that.

27,429. Let me put it again. You have told me of two or three cases, notwithstanding the change of ownership, things being as they are, and likely to be for many years to come, probably?—I qualify everything I said by this: if things are as they are, I grant you during the currency of the lease. Leases will expire; they are always expiring.

27,430. Many leases may run for 50 or 60 years?—Yes.

27,431. Which are now current?—Yes. Let us take the case of a lease that has 50 years to run, which is quite a good long time, and I am the State, and I became the owner of the minerals subject to the lease unless the law states otherwise.

27,432. Then do not you know if the law states otherwise you must expropriate the leaseholder?—Might I finish?

27,433. Yes?—Unless the law states otherwise, I take it it is within the realm of possibility that if and when acquiring the minerals the State will say we terminate all leases.

27,434. It could not possibly do that without confiscation or compensation?—Compensation.

27,435. That means again another legislative project?—That is the possibility. I say it is within the realm of possibility.

27,436. Without legislation?—Oh! no; but I grant short of that the lease would have to run, and during the currency of that lease, if there are difficulties in respect of that lease, barriers or what not, it would require some authority to deal with difficulties of that sort—some machinery.

27,437. The number of cases where colliery companies work their own freehold coal is comparatively small; still there are such cases of collieries working their own freehold coal; that is to say, collieries that have bought the coal out and out. Is it part of your suggestion that in those cases that coal should be transferred out and out to the State?—The State would become the owner of all coal, freehold or otherwise.

27,438. Let me give you two illustrations. You have two collieries side by side, and the coal fields attaching to one are held under lease. The State buys out the freehold interest subject to the lease and stands in the shoes of the original lessor. Do you follow me?—I do not.

27,439. Take the case where you and I first met of the Hetton Colliery. That was composed of a number of areas, and the colliery was held by the colliery company under lease. If the minerals of Hetton were transferred to the State, as suggested by you, they would be transferred subject to those leases?—Yes, when the leases ran out.

27,440. Subject to the leases as long as they are granted?—Yes, I presume so.

27,441. That is what I expected you intended. I do not know if you know the names of other collieries. I will give you the name of one, Garesfield. There the freehold coal belongs to the colliery company; there is no lease?—I have worked freehold coal myself.

27,442. What is to pass to the State under your suggestion?—The coal.

27,443. The entire colliery?—The coal.

27,444. That means the entire colliery?—Let me think about that for a moment.

27,445. Think it over; that is a striking instance?—I take it the colliery would have to pass to the State.

27,446. Do you intend it should pass under your suggestion?—I will put it this way. There are two means by which that could be arranged. The

13 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

State could say: "Inasmuch as we are taking over all the coal we will take over that particular coal and the colliery as such remains in our hands, that is to say, we become the lessor."

27,447. The State will say: "We will take over the colliery but will simultaneously grant you a lease on the customary terms for the customary period"—The freehold colliery would under existing conditions presumably charge itself with a rent which was similar to the rent current in the district, and the State would take over at a fair valuation the mineral property and become the lessor. Instead of the colliery company being its own lessor the State would be the lessor.

27,448. The State would pay the capitalised value of rent which the colliery had been accustomed to charge itself with and at the same time grant to the colliery company a lease for a long term of years?—I think that would be a fair way of approaching the matter; do not you?

27,449. I appreciate the practicability of it. After all, what you and I are discussing is the practicability of the proposition you put before us?—All these points would have to be faced.

27,450. With regard to the farm tenants of the surface, I assume you would intend that the State or the State's lessees should continue under the same obligations as colliery workers are now under to the farmers and others for crop damage?—I take it that was covered by your original question of support of the surface.

27,451. I do not propose to ask you any questions upon the rest of your *précis*, but my colleagues will do that?—I should be happier on purely mining points.

27,452. *Mr. Frank Hodges*: Have you during the sittings of the Commission, subsequent to the day on which you gave evidence, the 11th March, heard any additional evidence from other witnesses which would shake your conviction as expressed in these words on that date, "In my opinion the present system of individual ownership of collieries is extravagant and wasteful"?—No. I must say misconception seems to have existed in the minds of certain persons who have not been present during these sittings as to what is implied by that expression. I was comparing a collective system of production with the present system of individual and separate entities. If I remember I gave the reasons which in my opinion led me to state that the numerous separate entities were from the very nature of the fact—not condemning the management as managers—but simply condemning—I would not even use the word "condemning"—but pointing out directions in which the number of separate individual ownerships was wasteful and extravagant when compared with a system of collective production which would not be wasteful and extravagant. People who have not been present here have put the expression of words and ideas into one's mouth which one never gave expression to, and have stated that one has been blackening the character of the colliery owners and condemning the management, which is the last thing I had in mind and the last thing I did; far from it; I never used an expression derogatory at all to the management as managers.

27,453. I must confess that impression was never made on my mind?—Nor on any sensible man's mind either.

27,454. You, in a perfectly impartial way, I gather, set forth under the generalisation a series of economies which you thought could be effected under collective ownership?—Yes, and which I still think could be.

27,455. I take it from your *précis* that the thing that has given you the greatest concern since you made this statement on March 11th is not so much the criticism of your statement by people outside this Commission, but the falling output in the industry?—That gives me great concern.

27,456. Does that give you the greatest concern?—It gives me great concern.

27,457. I suppose your greatest concern is to find a remedy for it?—Yes.

27,458. After all, I take it, you judge the efficiency of the industry by its productivity?—Quite. Productivity with due regard to health and safety.

27,459. Always with those considerations. Needless to say, you are agreed we are all equally anxious about this?—I am sure of that.

27,460. Since the figures which were put in on behalf of the Coal Controller have appeared in the Press a great many explanations have been offered as to the cause of the declining output. I think it is true to say, is it not, there has been all through the years a falling output per man employed?—Through the years for a considerable period back.

27,461. I will take you back as far as 1890?—The point that troubles me most is that the fall has been so sudden and so marked from the period to the end of 1916.

27,462. Have you taken it in stages of 10 years to arrive at anything like a satisfactory conclusion by way of comparison?—If you take it even in decennial periods you will find if you take a curve right back say over a period of 30 years, I think I am right in saying you will see no such fall as has taken place from 1916 to date. I grant you there have been sudden falls and sudden rises. And the falls in output have been almost coincident with the rises in wages.

27,463. You have to go back, I think, a good many years to find the average output per man employed at 25 cwt. per day. What does your chart say?—The chart I have before me is a chart from 1913 to date.

27,464. Have you 25 cwt. in that period at all per man per day?—Per man per shift, no, I have not, and considerably below that.

27,465. Your chart does not go back beyond 1913?—No.

27,466. The figures are rather erratic, I think you agree, as afforded by the various authorities before that period. One cwt. per man means a considerable quantity over the year?—Yes.

27,467. If the output falls only by 1 cwt. per man it is a lot spread over the year?—It is very serious.

27,468. It is a very serious proposition?—That is so.

27,469. Would it surprise you to learn that since these figures have been produced in the Press, quite unsolicited, men have written from the collieries giving specific reasons why output has fallen, not by 1 cwt. per man per day, but by considerably more?—Really.

Mr. Frank Hodges: With regard to this I ask the Chairman's indulgence.

Chairman: It will be useful to follow that up.

27,470. *Mr. Frank Hodges*: I should like to bring Sir Richard's mind to a report which a check weigher submitted to his Committee, and which has come to me in an unsolicited way, I have not asked for it, with regard to the declining output at his colliery. I will give the name of the colliery if the Commission thinks it desirable?—I should be glad if you gave to me, if not to the Commission, the name of the colliery as I enquire into these cases as they occur.

27,471. This is the Pilkington Colliery, Ltd., Astley Green?—In Lancashire.

27,472. This is a report of the check weigher to his Committee: "For the first three months I have been continually bombarding the management for reasons as to the shortage of tubs, &c., which the men are constantly complaining about. During my investigation I found there have been stoppages of the main haulage roads through having day-work men working on the haulage getting the roof down and stopping gangs whilst the tubs were filled with dirt. On May 15th four men came out of the Trenerbone Mine as a protest for the manner in which they were being treated in regard to empty tubs. It was 12 o'clock noon when they got to the surface, and they had not had any empty tub from 11 o'clock of the previous day. Their tally number is 53. For the last few weeks the men in the Cranberry Mine have been having a bad time of it owing to the shortage of tubs. I am satisfied that more than nine-tenths of the men have been thrown on the minimum wage. Practically the whole of the

13 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

men have filled from 8 to 10 tubs each person with 9 cwt. to 9½ cwt. in each tub tonnage, 3 to 3½ per day, and with war bonus, war wage, and Sankey award added, that shows what would be lost to the community. One set of men, that is, 380 tally, have filled 9 tubs in 3 days. 316 tally, 312 tally and 311 tally were down the pit a whole day and did not fill any tubs. There are lots of other cases where men have gone to their work and not filled more than 4 or 5 tubs for 3 men in one day. All these cases could have, and would have, filled at least 8 tubs each person had they been supplied with the empty tubs. I have spoken to the firemen. They say they are ashamed to go among the men who have to get their time over the best way possible. These men were asking me what they must do in order to get the matter right, so I advised them to appoint three out of their number to interview the manager of the mine with me." I have similar cases from the Ashington colliery, the New Cumnoch, Scotland, from whom I have received a telegram. I had better put it in evidence.

Sir Arthur Duckham: This is not evidence.

Mr. Frank Hodges: I want it on the Notes.

Chairman: It will go on the Notes.

Sir Arthur Duckham: It is not sworn evidence?

Chairman: No.

Mr. Frank Hodges: I am sorry I called it evidence. I describe them as facts. They are facts that might be mentioned if the man was in the box.

Sir Arthur Duckham: If we are going to take this up I should like to have the witnesses.

Mr. Frank Hodges: The telegram is: "Miners here only getting from three to four days per week on average. The country is crying for coal. The men are willing to work, but cannot get work for want of wagons. 1,000 men are affected every day."

27,473. *Chairman:* What sort of a life does a tub have? Is it possible there has not been a renewal of tubs during the war?—The question of tubs is a very important question. It is a question that has received one's very close attention right through the war. The inquiry one was constantly addressing to collieries where there was a decrease in output was: "Are you short of tubs; are your tubs in a state of disrepair? If so, let us know and we will see how we can help you." That was the trouble throughout the war. Material was difficult to get. When the tubs are made of steel or iron, of course, it was peculiarly difficult to renew them. The position in respect to tubs is nothing like as acute as it was. There are not a great many cases now where there is a tub shortage. I should like to say, further, this question of shortage of tubs, what you might call underground clearance, has been from the earliest times a trouble underground with miners. In making one's round underground the question is addressed to the coal hewer: "How are you being kept with empty tubs?" "Very badly; and so-and-so, three stalls away, is getting an undue share," and so on. The curious point is this, that if, say, on a Monday or Tuesday morning after the week-end the full complement of the miners does not turn up, you frequently get just as good an output for a short time as you do when the full number of miners are there, or, anyway, the decrease of output is not commensurate with the decrease in the number of men, because the men who are at work get perfect clearance. One has had from time to time during the last few years, when one has been paying more attention to this particular question of economics of mining, one has frequently had complaints such as those that Mr. Hodges put before us. I had here the last time a number of cases, a hundred or more, which I had as instances pointing to the inquiries one institutes in these cases. All sorts of allegations are put forward from time to time, sometimes by the workmen, sometimes by others, and sometimes by the management as to the cause of the decrease of output. These are all inquiries into a frequent cause of complaint as shortage of supply of tubs.

Sometimes it is borne out in fact—in the majority or cases it is not borne out in fact—always provided that in no case is there, or has there ever been perfect clearance, because you cannot get it.

27,474. You think the position as to tubs has become accentuated since the war?—The position as to tubs is not as bad as it was, say, in the year 1917. It is very much better. Personally and honestly, I do not think that the insufficient supply of tubs is the cause of the decrease in output. I do think, if I might say here, this subject is so serious and the position is so serious with regard to the output that there is bound to be differences of opinion on all sides as to what is the cause of the decrease, and we should have it cleared up. The Coal Controller has had a meeting—I was not present because I was elsewhere—on Tuesday last, and my colleague, Sir Arthur Lowes Dickson, informs me the meeting took place, and the Controller is perfectly willing to do everything in his power to get at the bottom of the decrease in output. If I may venture to make a suggestion, I would say that the Coal Department be asked to set up machinery for going into this thing with the greatest possible care and detail, and put the information before this Commission.

Chairman: I should like the public to know the real reason for this.

27,475. *Mr. Frank Hodges:* You said that you thought the position was improved as compared with last year or 1917?—With regard to the quantity of tubs available?

27,476. What evidence have you of that?—This evidence; the complaints that one has received from the management as to the shortage of tubs are nothing as great—in fact, they are practically nil.

27,477. That is exactly my point?—And knowing the managers of collieries as I do, and believing them as I know them to be honourable men, I know they would not do other than ask for our assistance in the provision of tubs if they were short of them. Furthermore, the difficulty with regard to the supply of material is nothing like as great now; in fact, it is rather the other way about. There was considerable difficulty in providing the material. We had to proceed by way of priority during the war, but that difficulty does not exist now.

27,478. You depend for your conclusions upon the fact that your correspondence is not so heavy from colliery managers on the point?—And reports from my inspectors.

27,479. Have you any census of the number of trams turned out?—No.

27,480. Have you any census of the number of trams that have lived their life and are scrapped?—No.

27,481. Your conclusion in that regard would be without facts?—I say again, knowing the managers as I know them and believing them to be honourable men and knowing them to be capable men, and we can only get the information through the managers—short of going to each colliery myself and taking a tally of the tubs—and you must trust somebody. There is not such a shortage.

27,482. Does not that pre-suppose the owners of the colliery are as desirous to-day of putting you *au fait* with the position of the collieries as they were in 1917?—It does. I think they are just as anxious.

27,483. Is that pre-supposition a valid one?—I think so; I know of no reason to the contrary.

27,484. You do not think there is any possibility of the statement being true that there is a growing indifference at this moment on the part of the collieries to get a maximum output out of their undertaking?—I do not think so. I try not to think ill of anybody.

27,485. It is not a question of ethics, it is a question of fact?—I grant you it is a question of fact. I have no reason to doubt the integrity of the management of the collieries in this respect.

27,486. It has been stated that the workmen, because they are earning more money, at least, because of the increase of wages provided under the report

13 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

of this Commission in its first stage, are producing less coal per man?—I stated last Friday, in giving evidence, that I believed—it is only a belief, which may be wrong—that the majority of miners worked for a certain standard of comfort. If they could arrive at that standard of comfort in four days, whereas it took five days' work before, I believe they work for that standard of comfort. You are quite right and justified in saying to me, "Well, why say that when you are prepared to take the word of the management they are doing everything possible to provide clearance?" My reply would be, "I can only make deductions from facts, and it is a fact that in the past there has been a fall in output consequent upon a rise of wages, with one very notable exception," which exception I mentioned in my evidence last Friday, namely, the period when a special crusade was started by the Coal Mining Organisation Committee, and certain of the miners' leaders went amongst the men advocating they should put forward every effort to increase output to meet the exigencies of the nation at the time, and there was that remarkable rise of 4 per cent. in the output per man per shift over that period 1915-16, which is shown on this diagram and is very illuminating. That is my answer.

27,487. That period of 1915-16 is familiar to most of us and the reason why the output went up. It is sorry consolation to quote that, having made a bigger declaration that you believe the output per man is coming down because of the increase in wages?—In the *précis* of my evidence I consider the various reasons and I say the decrease is explainable in part by these various reasons, but mainly I think is the reason I have just given.

27,488. It is perfectly well known to you, the figures are available, to maintain that standard of comfort which a man enjoyed before the war he has to work much harder than he would have worked in 1914?—It is a question of the cost of living.

27,489. Exactly. If the cost of living has gone up 120 per cent. and his wages have gone up 115 per cent. he has to work harder in 1919 in order to get the same standard of comfort as he enjoyed in 1914?—Granted your premises.

27,490. The figures are before the Commission. Now I will return to the question of the shortage of material at the collieries. I am anxious, and I feel perfectly sure you are also, to get at the actual facts. Were not tubs released on priority certificates during the war from the Government?—The position with regard to tubs is this, some are made at the collieries, in which case we endeavoured to get priority for the material to make them and repair them. In some cases they were supplied by makers; in some cases we endeavoured to get high priority, and were successful in getting it for their supply to the collieries.

27,491. In the cases where firms had to buy their trams from steel makers they had to get priority certificates?—Yes, they are firms of tub makers.

27,492. Were the quantities permitted always in accordance with the demand at the particular collieries?—Yes.

27,493. Always?—As near as we could. We got the priority.

27,494. *Chairman*: Would you kindly tell me, because on this matter I hesitate to ask a question as it is a technical matter, and I am not like every other member of the Commission, because I do not understand these things, but is there any relation between the number of tubs in a colliery and the number of working places?—You have put your finger on a point that is of great importance in colliery management. The number of tubs should be, other things being equal, proportionate to the number of persons employed in coal getting, but there is one other governing factor, and that is the quality of the coal. In one case two men of equal ability and strength working in different seams will produce a different quantity of coal; one man may produce twice as much as the other because the coal is easier to get. In a colliery of that class it would still be proportionate to the number of persons employed, but it would be a higher proportion.

27,495. *Mr. Robert Smillie*: The distance from the bottom is surely the main factor?—Quite true; you must have ropes always manned, supplied with tubs.

27,496. You may have 500 tubs in a large colliery?—Quite so.

27,497. *Mr. Frank Hodges*: You are acquainted with Baldwin's collieries in South Wales?—Yes, I know them.

27,498. You are aware that Baldwin's collieries are associated with steel works under the same Company?—Yes.

27,499. Therefore, their supply of trams would be what you might describe at the maximum point?—Presumably they would supply what they wanted. I do not know the details of their steel works, whether they make that class of steel.

Mr. Evan Williams: They do not make that class

Mr. Frank Hodges: They make their own trams.

Mr. Evan Williams: But they buy the steel.

27,500. *Mr. Frank Hodges*: I am saying that they are supplying their collieries with trams they make themselves?—If they have to buy the steel plate they might not always be able to get it.

27,501. Of course, they may be subject to the market in that respect?—I was thinking of during the war when there was a difficulty in getting the plate, but now I suppose there is no difficulty in getting the plate.

27,502. Would it surprise you to learn that even in a colliery of that description the trams are so scarce that a man who has managed to fill his share by Friday afternoon of the week's supply does not present himself for work on a Saturday, because if he did there would be no tubs for him to fill. Are you aware of that?—No, I am not aware of that. I should have to inquire into the particulars.

27,503. Would you take it from me that that is a fact?—I would rather inquire into the details of the case.

27,504. Then you will not take it from me?

Mr. Evan Williams: Which are the collieries?

27,505. *Mr. Frank Hodges*: After that I will not press that question any further. I shall, I hope, treat Sir Richard Redmayne's evidence in a slightly more generous spirit than that. Has it ever occurred to you when you got a complaint of this kind that you should at once proceed to make a representation?—Yes.

27,506. Have you done it?—Yes.

27,507. How do you set up your representation board?—I do not have a board.

27,508. Whom do you appoint?—I have a man already.

27,509. Who is he?—Mr. Phillips.

27,510. What is he?—He is an inspector of mines under the Coal Control.

27,511. What district does he work?—South Wales.

27,512. Is that how he is described, inspector of mines?—Inspector of mines under the Coal Control. He has an assistant. He is not an inspector of mines at the Home Office.

27,513. I have had some experience of that gentleman at a colliery that I asked him to come and inspect with regard to the fall of output. It was no credit to your department that the output continued to fall at a much greater rate after his visit. What does he do? Does he consult the Workmen's Committee at the colliery?—He inspects the face.

27,514. When he goes to investigate a complaint how does he set about it?—I am explaining. He goes down the pit, goes round the face, talks to the workmen, asks the management for their reasons, and should, if he does not, ask the representative of the workmen for their complaints.

27,515. Do you know of any case where he has been to the workmen's committee and asked the workmen's committee to supplement their complaints?—Here is a case I have before me of Messrs. Partridge and Jones's works. This is his report. It will perhaps epitomise the points you had in mind, and if I may read it it will explain it exactly. The report is dated the 2nd of August, 1918.

27,516. I beg your pardon, that is not a report that has come to your notice since this great outcry with

13 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

regard to the falling output?—No, it is the 2nd of August, 1918.

27,517. You are dealing with a report as to gas found in the mine?—No, I am dealing with a question of development underground, fall in output, and so on. I thought that was what you were on.

27,518. I am dealing with the present position, but I should be glad to hear what the procedure was in 1918?—The procedure in 1918, and the procedure at the present time is precisely the same. We go into everything as far as we can and endeavour to arrive at the cause of a fall in output. This was a fall in output from 246,127 tons in 1913, and it had been steadily falling till, in 1918, it had fallen to 125,551 tons and I wanted to know the cause of this.

27,519. Chairman: That is 50 per cent.?—Yes, exactly: "I have visited the offices of this company and interviewed Mr. Smith, the managing director, and examined the plans and books and accounts generally, but more particularly of the Llanhilleth Colliery, and I can confidently say that there is no undue development of work taking place, but rather the reverse, as I do not think the company have pushed on the development during the control period with sufficient vigour to maintain their pre-war standard of output, and I find that there are now many collieries in the Llanhilleth pits doing repair and other work which would, if places were ready, be on the coal face. The books show that the output of coal per man is very low, averaging 12 to 14 per cwt. per shift, and that of the men employed only about 36 per cent. are coal getters. This for black working is very low. The number of men employed on the surface is extremely high as are the repairers underground these both being much the same numbers as were required for getting the far greater pre-war output." Then the report gives the outputs for the different years.

27,520. *Sir L. Chiozza Money*: Would you give us those because it is rather important?—1913, 246,127 tons; 1914, 216,986 tons; 1915, 118,923 tons; 1916, 160,724 tons; 1917, 139,873 tons; 1918, 125,551 tons.

27,521. That is up to when?—That is for the six months ending June the 20th in each year.

27,522. In each year?—Yes, in each year. "It will be noticed that a slump in output occurred in 1915 caused by the breakdown of the Cornish pumping plant in the shaft. No spares were installed, and before one could be set going all the west or dip side had drowned as well as the cross measure district, and in the old coal." Then it goes on at considerable length giving the various reasons.

27,523. *Mr. Frank Hodges*: Is there any reason there to prove that the individual workmen were restricting their output?—No, none in that case.

27,524. Therefore, you have no ground in that report for you to arrive at your belief?—No. This was on August the 2nd, 1918.

27,525. How many reports have you got to provide a foundation for your belief?—Would you like me to go through the reports.

27,526. I should like to have a summary of them to see whether you have any ground for your belief?—I will provide a summary.

27,527. Chairman: Can you select one now?—I will try and find one.

Sir L. Chiozza Money: I did not catch clearly the beginning of that report.

Chairman: Let Sir Leo have a look at it.

27,528. *Mr. Arthur Balfour*: Was the object of it to prove an undue amount spent on development?—Yes.

27,529. *Mr. Frank Hodges*: While you are looking for that report I should like to repeat my previous question as to whether any enquiry has been made during the last few weeks about a complaint made by workmen as to falling output?—I could not say because I have been sitting here all day, but I expect there have been.

27,530. You have a department, have you not? *Mr. Phillips* is one of the inspectors in that department?—Yes, and we have *Mr. Cook*.

27,531. His principal duty is settling disputes, not inquiring into output?—Yes, and inquiring into output too. He was at Beddlay last week.

27,532. *Mr. Robert Smillie*: He was there about disputes, not inquiring into output?—No, but incidentally he looks into other matters when he is inquiring about disputes.

27,533. *Mr. Frank Hodges*: I put it to you straight that you have not compiled any data which justifies you in coming to that conclusion?—I have given you the reasons.

27,534. They are speculations, are they not?—Entirely my belief. I grant you at once that, short of the fact that this wave of falling output follows the wave of advance in wages, I have no data.

27,535. I challenge your belief and ask you to be good enough if you would, to institute enquiries at once into these that I have here, and about 150 that *Mr. Smith* will bring to your notice in the course of a few moments?—Certainly, everyone of them shall be investigated.

27,536. A proper joint enquiry?—I should be very pleased to discuss with you or any representatives of the miners the method on which the enquiry should proceed.

27,537. And that is should be proceeded with immediately?—The sooner the better.

Sir L. Chiozza Money: Would you mind asking whether there are many more cases like this.

Mr. Frank Hodges: I feel so sure in my own mind that in that list of cases that *Sir Richard* has there he will find so few which will enable him to come to a conclusion that the fall in output is due to slackening on the part of the men due to increased wages that I will not trouble him to read them all through. I have no doubt if he did read them all through they would afford very interesting revelations to the Commission.

27,538. Chairman: Might we have the one you were going to find. We should be able to see the sort of thing then?—This is a case on August the 5th, 1915, at the West Hallam Colliery.

Mr. Frank Hodges: Could you not find a more modern one?

27,539. *Mr. Sidney Webb*: That is before the increase in wages?—The Chairman asked me to produce a case, but I will try to get a more convenient one.

27,540. Chairman: Yes, you might give us a more modern instance?—This is a case at South Griffin Colliery, No. 3 pit. This is a letter from *Mr. Cook* of the 11th of January, 1919, in which he says: "When I was in South Wales on Tuesday, *Sir Richard Redmayne* sent me a wire requesting me to visit the No. 3 Griffin Pit for the purpose of urging the workmen to secure a larger output of coal. This arose out of an interview which the owners had with *Sir Richard Redmayne* on the 7th instant in which it was stated that the workmen were practising restriction of output. It was impossible for me to do anything in the matter as I had to leave Cardiff for Halifax, and was, therefore, unable to go to see either *Mr. Williams*, the general manager, or yourself in connection with the matter. I am arranging, however, to meet *Mr. T. Jenkin Williams* on Thursday or Friday of next week, and shall be glad if at the same time I can arrange an interview with yourself. Please let me know at your earliest convenience which day is most convenient, and whether you think it will be necessary to hold a mass meeting of the men."

27,541. *Sir L. Chiozza Money*: It was not proved that the men had restricted the output?—I am trying to come on to the report.

27,542. *Mr. Frank Hodges*: Who received that letter?—*Mr. Manning*.

27,543. The miners' agent?—Yes. I am trying to find the outcome of all that. I am afraid the report is not attached to it.

27,544. *Mr. Sidney Webb*: Then at present there is no evidence?—In this case.

27,545. Is there any in any case?—Here is a report by *Mr. Cook* of the 9th of August, 1918: "Lancaster Steam Collieries, Blaina, South Griffin Collieries. Arising out of complaints made to the Comptroller as to the low amount of coal production from these collieries, and to the financial obligations involved thereby, I visited Blaina on the 2nd and 3rd of August for the purpose of inspection and general investigation. After meeting representatives of the

13 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

Company and the workmen, I made an inspection of a portion of the underground workings at the No. 3 Griffin Pit. The portion referred to, employing about 100 men and boys, was barred off owing to an excessive quantity of gas in the return air current; in fact the workmen had only been able to work 7 days out of the last 11, including the 2nd August, due to the same cause. The examination revealed a fluctuating quantity of gas varying from "not visible," and so on; I need not go into the question of gas. "From investigation, discussion and inspection, the chief causes of the present fluctuating and unsatisfactory condition of things appear to be (1) irregular and generally inadequate supply of empty trams to the coal-getters due to bad traffic arrangements and insufficient number of trams at colliery; (2) delays to coal haulage caused by insufficiency of shackles or tram couplings. This was partially put right on Saturday morning; (3) lack of effort and deliberate restriction of output by sections of workmen for the purpose of retaining certain allowances paid additional to the tonnage rates; (4) charges by workmen of inopitudo on the part of a number of under-officials, and that in some cases of officials (this is specially being gone into by Mr. T. Jenkin Williams, general manager); (5) hindrances to coal haulage caused by excessive quantity of rubbish causing congestion at the pit bottom and on the surface instead of being used to pack the waste in the workings; (6) the excessive number of minimum wage cases which result in minimum production instead of tonnage allowances where such are needed to induce maximum production; and (7) great disproportion in the number of "onecast men" as compared with the number of coal-getters, and limitation in the amount of work done by repairers and other grades of workmen. All these and other matters affecting production were fully discussed at a meeting of both sides held on Saturday, the 3rd instant, at Blaina office, and at the invitation of both sides (which fully believe substantial improvements can be effected). I have agreed to attend a mass meeting of South Griffin workmen which is being called to specially deal with these matters on Thursday, the 15th instant. I have also agreed to follow this matter by further underground inspection of alleged abnormal places."

27,546. *Chairman*: Were there many strikes at that colliery?—It runs in my mind that there have been quite a number.

27,547. *Mr. Frank Hodges*: You will remember that at that colliery there were strikes which were described as safety strikes?—Yes, it does not show a very high state of affairs.

27,548. The workmen complained that the colliery firemen failed to report the presence of gas, and the workmen asked for the dismissal of the colliery firemen?—Yes.

27,549. Is there anything else in that letter which would help you to the conclusion that, because of high wages, the men are restricting output?—No. You see I say it was a belief, and I have not based it on any definite enquiry. I have based it on the general principle, as I have told you on two occasions to-day, of the fall of output which is evidenced when there is a rise of wages over previous years. I may be wrong in my supposition, but that is a fact.

27,550. I put it to you that the basis of such a belief was badly founded in the light of the fact that, to maintain the same standard of comfort in 1919 as the men enjoyed in 1914, they must perforce work harder than in 1914?—I should like to work out the figures, and if that were so, that would be a distinct blow at my theory for accounting for the fall on the present occasion, naturally.

27,551. I have one request to make, and then I shall not put any further questions. I wish you would prepare a summarised statement from the documents that you have there giving the causes you have ascertained as resulting in declining output and the kind of investigation that you adopted in order to ascertain the cause?—Yes: I think that would be a very necessary preliminary to any enquiry.

Mr. Frank Hodges: I should think it is a necessary preliminary before you came to a belief or a conclusion. That is all I want to put.

27,552. *Mr. Evan Williams*: Have you had recently any allegations or complaints or representations made by workmen at any colliery that the owners are not doing what they should to get output?—No. I cannot call any to mind at the moment, but really one's correspondence is so big that when I am asked a question like that from either side it is difficult for me to give a direct answer without looking through my correspondence. After all, there are so many things to deal with that these do not photograph themselves on one's brain; but I cannot call to mind one at the moment.

27,553. That would be something that would fix itself on your mind?—In ordinary circumstances it would.

27,554. Have you found in the past that there has been reluctance on the part of workmen to make complaints to the Home Office or those who are in control?—No, I have not found any reluctance. I would like to say at the same time that I have constantly had complaints from workmen that they were not being provided with clearance, and that the management are not doing all they can to secure output. I have those constantly, some anonymous, some not. Every case, whether anonymous or not, is dealt with. That is what I wish to emphasise—no case, however insignificant, or even if it comes from an anonymous quarter, is failed to be dealt with, and dealt with quickly.

27,555. Is there any cause, that you know of, that would rather tend to make owners at the present time wish to restrict output?—No, I do not see why they should desire to decrease the output. Of course, I quite realise that it might be said it is arguable that, with the possibility of nationalisation hanging over their heads, they might not perhaps proceed with the same ardour in the management of their concerns; but I do not know that there is anything in that. I say it might be argued.

27,556. Do you not think that it is present to the minds of all of them that if the mines are nationalised, output would be one of the chief considerations in the price that they would get?—That entirely depends on the system of valuation and the time the output is reckoned from.

27,557. The only basis for the price is on the output?

Chairman: On the previous output.

Mr. Evan Williams: There is something that deals with future output.

Mr. Sidney Webb: Only undeveloped mines.

Chairman: Yes, quite right.

27,558. *Mr. Evan Williams*: What inducement there is in the direction of producing a greater output?—Presumably.

27,559. Take again the basis of financial control, as has been proposed under the Sankey Award that has been adopted by the Government, the retainable profit of the coalowner is in direct proportion to his output?—It is.

27,560. In fact one might say that output is the only consideration, so far as the remuneration of the owners is concerned, that comes into the calculation?—It is a very important factor.

27,561. So that the coalowner, from that point of view, would strive to get every ton he can out of the colliery?—Presumably.

27,562. He has not been generally accused of being reluctant to make a profit, or to increase his return?—No.

27,563. With regard to the Llanhilleth case that Mr. Cook investigated, was there in his report any statement as to the difficulty with the surface men? I think you say they had the same number of surface men employed when 125,000 tons were raised as when they raised 248,000 tons?—Yes.

27,564. Does he report there that the men threatened to strike if any of the men were dismissed?—No, it was not in that report that I read; it may be in the correspondence. It is very difficult for me at a moment's notice to give all the particulars of every one of those cases.

27,565-6. *Chairman*: Not only difficult, but impossible?—It is really impossible. If I had known you

13 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

were going to put these questions, I would have tried to make a synopsis of them, just as I am going to make for Mr. Hodges.

Mr. Evan Williams: I am asking you that, because

I know the men threatened to striko if the number of the surfaco men was reduced.

Mr. Herbert Smith: If you are making that statement, you had better go into the witness box.

(Adjourned for a short time.)

27,567. Mr. Evan Williams: Before I deal with Part II., there is a question I should like to ask you with regard to your suggestion as to the nationalisation of minerals. How would you deal with the land that is occupied by the surface works of the collieries if the minerals were nationalised?—Well, you cannot remove the buildings.

27,568. How would you deal with the land? Do you suggest that that should be purchased also?—One is only concerned with the minerals.

27,569. Yes, but the land at the present time is occupied in virtue of the powers in the lease?—Necessary adjustments would have to be made.

27,570. If the minerals were purchased by the State, the land would still remain in the hands of the private owner?—Yes.

27,571. And the colliery company would be without any right to the use of that land, except what they got under the lease?—Yes; the necessary adjustments would have to be made.

27,572. Do you suggest the land should be bought, or how would it be dealt with?—The land could be rented from the owner of the land, or could be purchased from the owner of the land. Let us take a concrete case, such as Mr. Cooper kindly put.

27,573. Let me give you a case?—May I take a case and then give my answer. I have, say, a colliery area of 1,000 acres, and both the minerals and the surface are owned by the same individual. The lease states that on payment of, say, 4d. a ton royalty and certain rent of so much, into which the royalty merges, I shall have possession of that for 60 years and a right to a certain amount of land for my buildings, and so forth. The State takes over the minerals at a fair valuation, but it only takes over the minerals at a fair valuation. The right, I take it, that would be given by the land-owner to me during the term of my lease would continue.

27,574. Take a case where a lease of that kind would expire, say, in five years?—Do you mean that the mineral lease expires in five years?

27,575. Yes. Suppose the minerals are acquired by the State, but the surface is not. At the end of that five years, the lease being at an end, the whole of the surface works at that colliery would revert to the owner of the land. Yes. That would have to be a matter to be dealt with in any Bill dealing with the taking over by the State of the minerals. They would have to safeguard the interests of the colliery owner.

27,576. You mean there would be powers to compel the owner?—Yes, I should say so. The point is rather a new one to me, and I should like to think it over.

27,577. It is an important point?—Yes; it is a point so important that it would have to receive the most serious consideration.

27,578. You have no suggestion to make now as to how that should be dealt with?—No, but I will give you a suggestion to-morrow when I have thought it over. I should think there would be many such details which would have to be dealt with by any Bill as to the taking over of the minerals.

27,579. It is a point which has not been drawn attention to, and that is why I mentioned it?—Yes, and it is an important point.

27,580. With regard to the introduction of machinery at the coal face, I suppose you would agree that the advantages would have to be mutual, both to the workmen and to the owner, before machinery could be successfully introduced?—How do you mean, mutually advantageous?

27,581. I mean unless the coal hower gets some advantage from the introduction he would naturally object to the introduction, and unless the owner gets some advantage from the introduction he will not agree to it?—In my proof of evidence I stated and

endeavoured to show that the introduction of labour-saving machinery was an advantage, inasmuch as it allowed of a reduction presumably in the working cost, and, therefore, gave a bigger margin for an increase of wages.

27,582. If the cutting price on the seam is not reduced on the introduction of machinery, it is possible that the introduction may not pay so far as the owner is concerned?—I would not put it, the cutting price; I would rather put it in this way: that the cost per ton is reduced by the introduction of the coal-cutter.

27,583. That may or may not be?—Yes, that may or may not be. If it is not, you do not put it in.

27,584. Have you ever estimated what it costs to run a coal-cutter?—Of course I have estimated what it costs to run a coal-cutter, but you can only estimate what it costs to run a coal-cutter, having regard to the conditions under which the coal-cutter is being run. It varies, of course, in different cases.

27,585. A point that is very often overlooked is that there is considerable cost in the upkeep of a coal-cutter?—Yes. You may remember that I mentioned that point in dealing with coal-cutters.

27,586. There is the capital outlay to begin with for the machine, and the cables, or the pipes?—I gave an example on page 6 of my *précis* from the North of England and the average saving effected thereby. I said, I think, that it is doubtful whether interest on capital has been taken into account.

27,587. That is just the point I want to bring you to, and take some concrete figures if we can get at them?—I say in my *précis*, "Judging by published statements, 6d. per ton is an average saving, but it is doubtful whether cost of motive power in driving the machines is fully considered in all the statements."

27,588. That is what I want to elaborate a little. There is the cost of the machines and the cost of the pipes or cables, according to whether they are worked by compressed air or electricity, and that would run to a very large sum?—Yes.

27,589. Now the machine is subject to great wear and tear, is it not?—Yes, and no machinery more so.

27,590. There is the upkeep of that and the wear and tear and all the repairs?—Yes, which are very heavy.

27,591. It would not be an exaggeration, would it, to say it costs over a pound a day between the depreciation and wear and tear to run a coal-cutter, apart from the labour?—I would not be surprised, but I would not like to bind myself to the figure.

27,592. You do not think it is too high an estimate, do you?—No, not at the moment.

27,593. Now the average out-turn per machine in the country is under 7,000 tons per annum, is it not?—Yes, 6,820.

27,594. Taking 280 working days you get 25 tons a day per machine?—Yes, taking one machine with another on the average.

27,595. So that the cost of upkeep of the machine would run to 10d. a ton on that calculation?—Yes, but I do not think that is quite the sort of calculation I would take if I were going to introduce a machine. That is, taking an average over the whole Kingdom, and there may be certain benefits which accrue from some of these machines that vitiate the total.

27,596. From some of the other machines?—Yes.

27,597. Of course, you may get machines above the average, and you may get machines below the average?—Yes, but you may put in a machine for a specific purpose.

27,598. What I want to bring out clearly is that there is a considerable expense per ton that is often ignored when putting in machinery at the face is talked about, and on the average of the country it

13 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

would amount to something like 10d. a ton?—I think the point is so important that I believe the time is very ripe now for a really thorough investigation into the whole question of the possibility of the wider application of coal-cutters to mines, and I stated that last Friday. The only public information upon which one can base any large-scale results is that of the North of England Institution of Mining Engineers, who enquired into the subject, but that is out of date now. 6d. a ton seemed to be an average saving, but I doubt whether the cost of motive power was taken into consideration. Then you have to consider interest on capital. Wear and tear was, I take it, taken into consideration in that case. I grant you that the position with regard to coal-cutters is a little indefinite, and it would certainly be a great advantage if a scientific body like the Institute of Mining Engineers were to set up a Committee of Inquiry as to the possibilities. I think, myself, the result would be a very much larger application of coal-cutters in this country than heretofore.

27,599. Until that is done, you will agree with me, I think, that there is a good deal of loose talk, based not on reliable information, as to the introduction of machinery doing all sorts of things with regard to increase of output, and so on?—Yes, but I have not exaggerated in it myself.

27,600. No; I do not accuse you of that, but I want you to confirm it, because, if I say it, it would not be evidence, but if you say so, it is?—That is why you say it?

27,601. Yes. It is the same with regard to conveyors, is it not?—Yes. The wear and tear of conveyors is very great. Judging from my own experience I think the sphere of application of conveyors in collieries is very much greater than that of coal-cutters even, because to apply a coal-cutter economically it is necessary almost always to apply a conveyor also, but you can apply a conveyor where you have not a coal-cutter.

27,602. You would agree that the cases where you can introduce a coal-cutter and conveyor together are not so frequent?—I should say they were frequent, but it all depends upon what you mean by "frequent." My opinion is that you can apply coal-cutters and conveyors in a number of cases where they are not at present applied.

27,603. *Mr. Robert Smillie*: Do you say it is general to have coal-cutters and conveyors at the same time?—No. What I said was that to apply the coal-cutter in the most economical way it is desirable and necessary, in fact, to apply it with a conveyor, and have the one working in conjunction with the other.

27,604. *Mr. Evan Williams*: Are cases frequent where the two work together at the present time?—No, but I say they could be much more frequently applied than they are.

27,605. That is your opinion?—Yes, that is my opinion for what it is worth.

27,606. Does it not require a particularly good roof?—Yes, but there are many good roofs.

27,607. And there are many bad ones, are there not?—Yes.

27,608. And it wants a particularly good roof to do that?—Yes, but it is the most economical way—to work both.

27,609. Conveyors do save a great deal of manual labour on the part of the workmen, do they not?—Yes.

27,610. Especially if the coal is carried from the face the whole length?—The effect of the introduction of all machinery is to save manual labour, and allow a larger application of manual labour. That seems contradictory, but it is not.

27,611. And that fact is not sufficiently realised by workmen at the present time?—I think it is at the present time. I think in the proof of my evidence I say that the advantages of the introduction of machinery have become realised by the miners and it does not meet with the objection it used to meet

with. The Coal Conservation Committee in its report gives utterance to the same sentiments, which I can read to you if you like.

27,612. I only wish that you were correct?—The Coal Conservation Committee Mining Report was a report drawn up by mining engineers in this country and they came to that conclusion.

27,613. That that objection on the part of the men had ceased?—I will just read it to you and give the names of the persons who formed the Committee, if I may. It is signed by Sir Adam Nimmo, Colonel Blackett, Mr. Forster Brown, Mr. Gemmill and Mr. Charles Rhodes—they are mining engineers—Mr. Smillie, myself and others.

27,614. What was the conclusion you wanted to draw particular attention to?—We considered the question of the wider introduction of machinery into mining and we dealt with the question of the opposition on the part of the miners to the introduction, and we dismissed it as not being a fact.

27,615. Did you take evidence on that?—No. You see we were all experts—Sir Adam Nimmo, Mr. Rhodes, Colonel Blackett, Mr. Forster Brown and myself, and we were all men of wide experience in mining.

27,616. You drew entirely on your own experience?—Yes; we thought we could not get better evidence. You would agree, would you not?

27,617. I will not dispute it?—This is the report: "Labour-saving appliances might with advantage be used to a greater extent in connection with colliery operations. The application of coal cutting machinery and face conveyors should be as largely adopted as possible. Much has been done in recent years in this direction, and but for the introduction of such appliances the cost of production would probably have been much higher, as they have materially assisted in counter-balancing the higher cost which has resulted from the working of thinner seams to a larger extent than formerly. There is, however, still room for considerable extension in the use of such plant. Reference is sometimes made to the hostility of labour to changes in methods of mining and more particularly to the use of mechanical appliances underground. We do not regard this impression as well founded. Labour does not appear to have an interest in objecting to anything that has for its object the affording of greater facilities for the bringing of its production to bank, or to anything that tends to make work less arduous. Investigation of particular cases where difficulties appear to have arisen rather suggests that in these cases the human factor has not been sufficiently considered in the changes introduced"—and so on.

27,618. How do you explain the steady decrease in the output per machine in this country and the increase in output per machine in the United States? Have you any explanation to offer for that, particularly in the last year?—I gave an explanation for that last Friday and I pointed out that in 1903 the output per machine in the United Kingdom was 8,158 tons. Then coming down to the last year before the war, the last pre-war year, it had risen to 8,412 tons. But in the war years it showed a steady decrease. Now I think that is due probably (it is only an expression of belief) to the fact that there has been great difficulty in getting plant and replacements. I know there has been great difficulty and I have had numerous complaints. For instance, I had a very strong complaint from Mr. Charles Rhodes that they were unable to get new machines to replace old ones, and they were unable to get plant and the requisites for the maintenance of these machines in a proper condition for working. I think that really is the probable cause.

27,619. You think that accounts for it?—Yes, I think so.

27,620. There has been a big increase in the number of machines during the late period, namely, an increase from 3,000 to 4,000?—Quite true.

27,621. And in the United States there has been a steady increase in the output per ton?—Quite true.

27,622. Take the last year—as between 1917 and 1918 there has been a very big increase in the United States, but a very big decrease in this country?—Yes, but you see America was not under the stress of war conditions that we were.

13 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

- 27,623. How does that affect the output per machine, which is what I am rather putting?—It is the inability to obtain the material to maintain the machines at the very highest possible level. I am trying to arrive at a possible explanation. Another reason which may be advanced as a possible explanation is that the class of labour which is required to work the machines, especially on introduction, is a very highly skilled class of labour, and that class of labour was largely recruited for the Army. I will not say I had complaints, but I had urgent appeals to endeavour to allow these men to be regarded as miners and not recruited in the early stages of the war. I think those two facts taken together are a very just and proper explanation.
- 27,624. Dealing with mechanical haulage, I see you say that it is a very good axiom that mechanical haulage should replace horse haulage?—Yes, that is the formula used by the late Mr. Nicholas Wood, and if it was true then, it is true now.
- 27,625. Would you say where the work can be done by five or six horses it does not pay to use mechanical haulage?—No.
- 27,626. How far would you go?—I should say five or six is about the point I would take.
- 27,627. If the work can be done by five horses, say, there is no advantage in putting in mechanical haulage?—I should like to have all the facts of the case before me, but as a generalisation I should say it would not.
- 27,628. So that there is not the scope for efficient replacement of horse haulage by mechanical haulage that is generally thought to exist?—I do not know what you mean by "generally thought"; it is no more than I generally think.
- 27,629. It has been said frequently at the sittings of this Commission that where horses are hauling coal it is almost in itself a wasteful thing?—Yes, but both are true. Take the case of a district, or section as it is called in Scotland, where perhaps seven or eight ponies are used. It is conceivable that you can arrange a system of mechanical haulage which would do away with the whole of those ponies. That would be a great saving, and it is that sort of floating idea, I think, which gives rise to the statement that a lot more could be done. There are collieries in which there are no ponies even, so perfect has been made the system of mechanical haulage.
- 27,630. It has to be a new colliery laid out for that purpose, has it not?—Yes, or a new district or a new seam in an old colliery.
- 27,631. And the conditions have to prevail?—As a rule.
- 27,632. You would not condemn the management of the colliery from the fact that it had three or four horses doing work in a certain place?—No.
- 27,633. *Mr. Robert Smillie:* Would not the condition with regard to the horses depend upon the length the horses had to haul?—There is a good deal of truth in that. Supposing I had one horse hauling coal a mile uphill and downhill, that would limit the output. I might by putting in a small engine not only relieve that horse of its work, but I might allow the work of 7 horses being performed. You see what I mean, *Mr. Evan Williams.*
- 27,634. *Mr. Evan Williams:* Yes?—It would not only meet the output of that colliery under the one-horse system, but it would allow of the increase of that colliery to a 7-horse system.
- 27,635. You would put in mechanical haulage not to reduce the cost of hauling but to get an increased output from that district, which is quite a different thing?—Yes.
- 27,636. Now coming to the figures which you gave of the consumption of coal at mines, you have taken 23 representative collieries, and you find that their consumption for colliery purposes amounts to 9.5 per cent. of the total production of those collieries. consumption for colliery purposes amounts to 9.5 per cent. of their output are representative collieries?—Those happen to be sizeable collieries, and they were representative in point of name, but the average of the United Kingdom is not that figure.
- 27,637. That is just what I was coming to, the average of the United Kingdom. Even taking the coal equivalent to the units of electricity or units of heat from coke ovens, it is only 6.77 on the average?—6.77 allowing for converting the heat into terms of coal. You are right. It is 6.2 of the actual coal consumed, and taking the equivalent coal in heat from coke ovens, blast furnaces, etc., that is equal to a percentage of 6.8.
- 27,638. 6.77 to be exact?—Yes. That is the average for the whole kingdom.
- 27,639. Does not that show that the 23 instances which you take are not a fair sample at all?—I should say they were distinctly of course, as the figures show, on the wasteful side.
- 27,640. And the economy that could be effected in them you would put at 23 per cent.?—Yes. I halved it, you see.
- 27,641. There is a possible economy, you say?—Yes, but I halved that in applying it to the United Kingdom.
- 27,642. But taking the whole of that and applying it to these collieries they would be still above the average consumption of the United Kingdom?—Yes.
- 27,643. If you take 23 per cent. of 9.5, that is 2.3. You still have 7.2 for these collieries after making them perfect?—Yes.
- 27,644. Is it a fair assumption therefore to say that you could get 12 per cent. decrease upon the 6.77 average when in that average is included the number of 23 collieries whose consumption is 9.5?—9.5 was the consumption there as against the average of the United Kingdom 6.2. Instead of taking the possible saving worked out of those collieries, 97,666 tons, and putting that into a percentage, I halved that.
- 27,645. What I am contending is that even halving that is not giving a fair deduction from your figures?—I am not quite certain about that.
- 27,646. You have taken 23 collieries which are either very, very wasteful, or where the conditions of pumping or something or other are very bad?—No, I have not; because taking the position in Scotland, it is 9.10.
- 27,647. And the whole district is below the 23 collieries which you take?—Yes.
- 27,648. 9.3 is higher than any district in the country?—It is higher than the average for any district.
- 27,649. I put it to you you have taken 23 collieries which are exceedingly wasteful, and although of course economy is possible in those 23 collieries, yet it is not a fair assumption to suggest even half that economy is possible in the others?—I do not know that that is a correct way to approach it, and I will tell you why. If I take every colliery, I might go to some other collieries with a lower percentage consumption than 9.5, and I might be able to show that I could save just as much coal as I have in these 23 and reduce the percentage to considerably below 6.2. For instance, I know of a colliery in Northumberland that reduced its coal consumption down to 2 per cent., and I will give you the name of the colliery if you like.
- 27,650. Reduced it from what?—On several percentages down to 2.
- 27,651. Was that by the introduction of something?—There was a paper written upon it.
- 27,652. It must have been a particularly wasteful colliery?—It is only 2 per cent. now.
- 27,653. The point I am on is not the actual consumption, but the amount of reduction in the consumption that is possible?—On your system of argument I should be perfectly justified in saying that that 6.2 per cent. is capable of being reduced to 2 per cent., but that would not be sound at all.
- 27,654. I do not think anything I have said justifies that. What I point out is that you cannot apply to the whole country even half the reduction that you show possible in this number of collieries?—Why not?
- 27,655. Because even after you make them perfect, they do not come down to the average of the country as a whole?—Would you like me to give you the collieries?
- 27,656. No, there would be no advantage?—You would be astonished if I did. Some are the most

13 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.O.B.

[Continued.]

notable collieries. I give that answer because you say these are very bad collieries.

27,657. They must be very bad cases?—I do not think you would say so when you hear the names of the collieries.

27,658. I do not think it is worth spending more time on it?—On your reasoning it is possible for me to take a colliery and say "It is the best I know, 2 per cent., and every colliery should be reduced down to that." I took those collieries. From inspection we determine at the Coal Control what savings are absolutely possible, and we give them, without electric plant, 10,000; by electrification, 78,000; or by installing other new plant, 8,600. But we might go to a colliery the consumption of which is lower even than these 23, and it might from an inspection be possible to determine from the character of the water and the position of the boilers and what not what economies could be effected.

27,659. It would not be difficult to find collieries with less consumption than those 23?—I grant the colliery consumption of those 23 is unusually high.

27,660. And that is why I contend the economy you have given is not a fair one as showing the possible reduction for the whole country?—Then I will tell you what I will do. I will take the best colliery and say the average might be brought down to the best.

27,661. Average consumption?—Yes.

27,662. The average consumption depends upon the conditions?—Exactly.

27,663. Take a colliery without any water to pump. That colliery might have a consumption of even 1 per cent.?—Exactly. Therefore you must take each colliery. I extracted something from a report I got the other day (we look into these matters) with regard to a Welsh colliery dated 14th May, and this is the report. I wish to point this out as showing that a great deal can be done in this direction. This is the report of the Inspector: "The coal consumption is appalling and should be dealt with by your expert as soon as possible as they have three boilers, 30 by 8, at 160 something to run this colliery and are using 32 per cent. of their production, a class of coal which is required elsewhere." It has been stated in evidence here that that class of coal which is saved would be of no value. That is so in some cases, but it is not the rule.

27,664. Is it not so in most cases?—No. I would say nearly all the coal is saleable, but in some cases the class of coal is not saleable. Here is a case where this particular class of coal would find a ready sale, and, not only a ready sale, but it is wanted elsewhere, because it is a highly bituminous coal.

27,665. That must be a colliery in an extraordinary position to use one-third of its output in order to keep going?—Well, it is employing 230 men.

27,666. Surely it ought to be closed?—Well, it has not ceased working.

27,667. No, I am certain it has not. With regard to what you call collective production, would you tell us exactly what it is you suggest should be done in this way and what is the extent of unification you recommend? What would be the size of the units and how should they be made up?—You are now referring to the evidence I gave?

27,668. Yes, to which you refer again here?—Yes. I am not finding fault with you for bringing the matter forward, but this was the object in view: I am instituting a comparison between a system of unification and a system of non-unification. The effect of unification would be to carry out certain economies of administration and so forth by reason of that unification. The one I had in mind was district by district.

27,669. The unification of a district as a whole?—Yes.

27,670. To make it one unit?—Yes.

27,671. And that is your view of what should be done?—That is what I had in mind.

27,672. Do you think such a unit is one that could be efficiently and economically managed?—If the districts were combined to form several units and

those units were again put under one umbrella for certain purposes?—

27,673. What purposes?—Controlling freights, for instance.

27,674. To set up a monopoly in the district?—No, for the purpose of general direction under the Supreme Council. The districts do lend themselves in the great majority of cases, owing to what is known as the *genus loci* and the geological conditions and customs, to combination more readily than the combination of, say, two districts. By "district" I mean coalfields.

27,675. In the South Wales coalfields you would unite that?—In the South Wales coalfield you have a condition of affairs which is something a little different. The method of working, selling and dealing with anthracite, as you know better than I, is different from that connected with steam coal. Probably South Wales would lend itself to the combination of either two or possibly three districts.

27,676. Do you suggest the anthracite district should be formed into one unit separately?—I think it probably would tend to efficiency.

27,677. Quite apart from the rest of the coalfield?—Not quite apart. The sort of idea one had in one's mind was these natural combinations and then an over-riding control over the whole country.

27,678. Do you suggest that you should have a veto upon the operation of the smaller units inside?—Yes, in certain directions.

27,679. Who would have the last word?—The Supreme Council.

27,680. How would you suggest that that Council should be constituted?—The sort of idea one had in one's mind was that it should be constituted by representatives from the districts.

27,681. Of the owners in the districts?—I would not limit it to the owners.

27,682. What would the constitution you suggest be?—If you went in for a system of Trust of that sort, you would have to safeguard the interests of the consumer, and the Government would want a say in the matter. On a Supreme Council of that sort I take it that beside that, applying the system of control of selling price based upon the application of the lighting laws, you would have a system whereby an increase of dividend is only payable after the men have received an advance and the consumer has received his quota in reduction of the selling price or by cash payment and the owners get their third. Besides those safeguards, I take it there should be some representation of the consumers on such a Supreme Council, and I think that the Government would seek to be represented thereon.

27,683. And you suggest that a Council so constituted should be the supreme authority over all the operations of the production of coal in the kingdom?—I am not suggesting anything at all, but simply stating what was in my mind at the time I gave utterance to that sentiment. That was the sort of idea which was in my head.

27,684. Is the idea still the same which you have now?—Mr. Hodges put a question to me on the last question, and the answer was that my mind was in a chaotic state.

27,685. Is it still so?—Yes, I think it is.

Mr. Herbert Smith: I do not intend to ask you many questions in detail, except on this damaging statement which has been issued from your office on restriction of output. I want to start with what Mr. Evan Williams put to you, and I would rather not miss that. We have had a lot of talk on this Commission with regard to the introduction of machines. Do you agree with Mr. Evan Williams that it costs £1 a day to keep a coal-cutting machine in repair?

Mr. Evan Williams: I did not say it cost that to repair the machine, but that it was the wear and tear, depreciation, renewals, and so on, interest on capital and the power taken to run it.

27,686. Mr. Herbert Smith: (To the Witness.) Do you agree?—I think I said to Mr. Evan Williams that I would like to go into the matter, but on the face

13 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

of it as a general statement it did not seem to me to be very much out of truth; but I cannot say until I have worked it out.

27,687. Let me put it in another way. We are told that workmen fought the introduction of machinery, and we have been told that many times. Is there any wonder if you agree with the statement of Mr. Evan Williams that it costs 10d. a ton and you want that out of the workman?—I say at once I do not think there is opposition to the introduction of machinery.

27,688. What I want to get at is this. Mr. Evan Williams says you are an expert and what you say notice will be taken of?—"Expert" is a term I do not care for.

27,689. You say they will take notice of an expert, but what he says they will not take notice of. I have taken notice of what he says, and I want to see what the position is. We get prices in Yorkshire called the 1888 basis. Do you understand that?—Yes.

27,690. Standards of 1s. 2d. a ton and percentage. Would you take 10d. out of the 1s. 2d. if you introduced machines?—No. If I introduce a coal-cutting machine into a face and am going to pay the men on the ton, I should devise, in collaboration with the men, such a figure on tonnage rates as would give them what they were getting before the machine was introduced and the possibility of getting something more.

27,691. What I am trying to get from you is this?—I have never bound myself to that 10d. a ton. I have reasons for not doing so.

27,692. I am trying to get you to admit they cannot always take 4d. off that 1s. 2d. If the position Mr. Williams took up, and that is his estimate as Chairman of the South Wales Coal Owners, is right that it ought to take 10d. off where you introduce a machine—

Mr. Evan Williams: I have never suggested there could be a reduction of 10d. a ton.

Mr. Herbert Smith: I put it to you you said it cost 10d. a ton?

Mr. Evan Williams: I think I rather underestimated it.

Mr. Herbert Smith: It has to come from somewhere.

Mr. Evan Williams: Yes.

27,693. Mr. Herbert Smith: It cuts rather deep. I seem to know more in practice than you do. Would you agree 7d. was a correct price to take?—It varies with machines and it varies according to the class of work the machine has to do. I could not fix an overriding figure applicable to all machines unless I knew what was the proper figure to allow on the cost of each machine. I make up the average and the conditions are so various that you have not the information.

27,694. Would you agree that men like Rhodes and Blakett know the value of machines?—I should say you have picked two of the men who are great authorities on coal-cutting. One, Mr. Rhodes, had been long instrumental in the introduction of coal cutting machinery in the country, and Mr. Blakett is the inventor of the Blakett conveyor.

27,695. We shall get to that later on. Would you be surprised to find one of these gentlemen said a fair reduction was about 4d.?—No.

27,696. We have left 10d. and got to 4d.?—I am not bound to 10d. or 4d.

27,697. If they got 4d. each to meet the cost of the machine for wear and tear and driving force and labour, that is all they were seeking?—I am interested to learn that.

Sir Adam Nimmo: How many years ago?

27,698. Mr. Herbert Smith: Pre-war. I am now dealing with pre-war; I take it Mr. Williams was. To take it now we should have to go higher?—I might put in a machine, as I said to Mr. Williams. I might put in an Ingersoll coal-cutter to drive a road at a positive loss because I wanted that road cut away quickly. There are so many factors entering into consideration that it is hard to speak in generalisations.

27,699. You might put in a machine that does not assist workmen at all between getting his coal bored on?—I should think the manager is very foolish that

put in a machine that did less work than the human factor.

27,700. There are foolish managers and miners' agents like foolish inspectors?—Are there?

27,701. They have been put in and proved to reduce tonnage?—That is very astounding.

27,702. The general thing is they have increased tonnage?—Yes. The average is somewhere about 8,000 tons per machine per annum as against, say, 250 tons per man.

27,703. Suppose I give you the colliery near Wakefield belonging to the Greaves. They have introduced machines, and if I tell you the average per man per week with a machine is 52 tons, and the average per man per week by hand got is only 9 tons 10, what do you say?—That is a capital result.

27,704. That was pre-war?—I should say it paid to introduce it hand over hand.

27,705. If I tell you they take 3½d., and they are quite satisfied, and the workman is somewhat satisfied with the machine, what then?—I am glad to hear it. You must consider each case on its merits.

27,706. It was going out to the world you agree?—I did not agree.

27,707. Or somewhat assented to the statement that 10d. a ton ought to be taken off for the cost of machine?—I do not say so. Mr. Williams said so.

27,708. Now coming to the conveyor, a different question altogether, would you argue it was good mining engineering to put a conveyor in a four feet seam?—It might be.

27,709. You would argue that?—It might be.

27,710. In a four feet seam?—It might be.

27,711. I must accept your answer though I do not agree?—I see you do not. I have known it profitable in a 3-ft. seam.

27,712. If I name another man I knew particularly well, John Hickson, when he lived—you know where the Waterloo Main is?—Yes.

27,713. That is over a 4-ft. seam?—Yes.

27,714. John Hickson put a machine in and said he never made a profit until he got this conveyor, and now he was going to make some. I suggested he might be examined by a doctor to find where he was travelling and within six months the conveyor was out?—I know cases like that.

27,715. It is a four foot seam or just over, and he put in a conveyor?—I knew a more remarkable case than that. I knew a case where they put in coal-cutters and worked them by electricity, and when put down they said they would not have them again as they would not pay, and they were taken out. Another man put them in in the same place and worked them by compressed air and made them pay.

27,716. Do not you know that workmen object to conveyors from a safety point of view?—I have heard they raise objections.

27,717. You admit when a conveyor is working on the face it is impossible for a man to hear whether his roof is weighting or not?—You mean from the noise?

27,718. From the noise of the conveyor.—He will not hear the roof unless it makes a considerable noise.

27,719. You know they put a gate in every 60 yards of the conveyor face, and there is only one gate out of three a man can get out of?—Yes.

27,720. Do you know men object to that?—Yes.

27,721. Do you think that men rightly object that timber should not be drawn when the conveyor is working, and timber should not be drawn out until all is still?—I would like to go into each individual case on its merits.

27,722. Take a broad view?—The worst of it is you cannot take a broad view.

27,723. You have not different Mines Acts?—You have regulations made to meet certain things.

27,724. In the best seams do you think timbering ought to be drawn while the conveyor is running?—I should say, subject to further consideration, as a generality—no. I think I have pretty well safeguarded myself.

27,725. I want you to do that. I always find inspectors do.—Thank you; we try to.

13 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.O.B.

[Continued.]

27,726. I am not going to put anything to jeopardise the introduction of safeguarding machinery and prices, though I agree in this inquiry Mr. Balfour asked you certain questions. I want to see if you agree with me. He asked you with regard to permanent relief funds at collieries whether employers encouraged them or not. I understood you to say yes?—I do not seem to remember that.

27,727. *Mr. Arthur Balfour*: Disablement fund and retirement fund. In some cases the employers establish them for the benefit of their workmen, was what I asked, and the witness said he believed so?—Yes.

27,728. *Mr. Herbert Smith*: Do you know why in 98 per cent. of the collieries in Yorkshire the employers refuse to stop anything from the men's wages for disablement?—I heard you mention that in the course of the inquiry. I do not know it, but my knowledge is not as great as yours. If you say so, it is no doubt correct.

27,729. I should not like to make a statement unless I can prove it.

Sir Adam Nimmo: Under no special circumstances?

27,730. *Mr. Herbert Smith*: It was very prevalent before the Workmen's Compensation Act came in to have miners' permanent relief funds at each colliery?—Yes.

27,731. Owners started an insurance of their own called the Mutual Indemnity Society?—Yes.

27,732. And said: "We are going to safeguard this one and we have to break up the Miners' Permanent Relief Fund because as long as a man gets any money he will not want to come back to work." That is the employers' side, and they said, "We will refuse to stop his permanent relief," and they are in the worst position of men we have to-day in the mining district. The worst class of men to-day is the man on compensation in any trade. He is simply starving with the pittance he gets, and the employers help to put him in that position. That is why they refuse to stop Permanent Relief Contribution in Yorkshire. In reply to a question put by Mr. Balfour, did I get it right that you said in your answer hevers must be paid by results, that is, contract work?—If I remember rightly, Mr. Balfour put the question of payment by piece work as against payment at a standard wage.

27,733. That is right?—I favour the former.

27,734. Why?—I think it is an incentive to produce more coal. I know if I was paid by the piece I think I should produce—perhaps in my case I would do equally well in both, but in the generality of cases payment by result conduces to a larger output, whether mental or physical. I know if I were writing a book and I was told that I would get a royalty of 1s. for every book I should be very much more inclined, honest man as I am, to write a book that would sell, whereas, if I was paid £1,000 down, I do not think I should be so desperately put to write a book that would sell.

27,735. For the benefit of the people then if you were paid by the Coal Controller by results you would get more coal out?—I do not think I would in that case.

27,736. You brought yourself in and that is why I put it to you?—That is quite a proper remark to make.

27,737. I suggest to you there would not be all that failure you anticipate, but what would happen would be there would be less accidents?—I do not know. I grant you that hurry is more conducive to accidents than an atmosphere in which there is no hurry.

27,738. You know that the Mines Act says that a workman must not work without he has sufficient timber?—Quite.

27,739. The Mines Act is good there?—It is good everywhere.

27,740. I am going to show where it is not. It does not say if the owner fails to find the man with timber he should pay him wages when he does not provide the timber if the man does not earn wages?—If he does not find the timber we prosecute him.

27,741. If the man does not earn his wages you do not fine the manager and force him to pay the man's wages?—Then the man should come down to the management.

27,742. You know a man is very often starved into submission to work with no timber?—He should not do so.

27,743. If I say there are about 3,000 shifts lost in Yorkshire through timber—what then?—I should like to enquire into it.

27,744. Your people are anxious to enquire now you have made a charge against us?—I have made no charge.

27,745. You have. I am going to show to the Commission it is not correct and I am going to demand an enquiry. Yorkshire and the Federation generally feel that they have been insulted in a way they do not merit?—I do not think it is an insult.

27,746. It is an insult to any man to be told the nation is dependent upon him and he is not doing his duty?—I have not said it.

27,747. Your statement to Mr. Hodges this morning said it?—I said again and again I do not think there is any deliberate organised reduction.

27,748. Now come to the state of the mines. You said in your evidence on Friday that you did not think the mines were backward in repair and that they were still kept up to the standard?—I said they were in a better state of repair, I think, than they were a year or two back.

27,749. That is during the war?—I said so.

27,750. They are not like the state of repair they were in pre-war?—I think I said that here. The mines are not in a more backward state of development or worse off for plant than a year ago.

27,751. I suggest they are a year older, a year worse in repair, than what they were 12 months ago?—I agree they are a year older. I do not think they are a year worse.

27,752. In 1918, only about 12 months ago, young men at the colliery were combed out to go to the war—A certain number of them.

27,753. *Sir Leo Chiozza Money*: 75,000?—Quite so.

27,754. *Mr. Herbert Smith*: Young men between 18 and 32 years of age?—Yes. Mr. Smillie took me on that point, and we agreed there had been a loss of a large proportion of what you might call the cream of the colliers.

27,755. You did not withdraw this charge of restriction?—I cannot withdraw what is true.

27,756. I put to you this, and I am not making the statements without going down the mines?—No more am I.

27,757. I mean during this last year. I have been down a large number of mines last year, and they are in a worse condition now than in 1917?—Then you have been unfortunate in the mines you visited.

27,758. I have not picked the mines particularly. I have been in some of the up-to-date mines and seen the conditions there with regard to tubs or trams. I understood you to say the outcry was not as bad as it was about 12 months ago?—About two years ago.

27,759. If I read out to you from over 90 firms representing over 300 pits that in 87 per cent. of the pits it is the scarcity of tubs which they cannot supply them with because they cannot get them and now they are not keeping up with the ordinary repair of breakdowns, what then?—Are these statements made by the management?

27,760. They are by the men and confirmed by some of the management; I will give you one—Mitchell Main. They asked for 1,200 new tubs; they have got about two hundred.

Sir Arthur Duckham: In what time?

Mr. Herbert Smith: From 1916 up to now.

Sir Adam Nimmo: To whom was the application made?

27,761. *Mr. Herbert Smith*: To the powers that be.—Made application to me?

27,762. I say the powers that be. They wrote to London for these tubs?—I do not supply tubs. I am not a tub maker.

27,763. I understood Sir Adam to say that you supplied them. I say the powers that be. I do not know who the powers that be are?—Presumably they applied to the firm. One's powers were restricted to moving the priority committee to grant priority and fighting for priority.

13 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

27,764. *Sir Adam Nimmo*: Had we not a running priority in the case of the supply of tubs?—Yes.

Sir L. Chiozza Money: What priority?

27,765. *Sir Arthur Duckham*: There was a priority for a certain quantity of steel in the year?—To put it in recognisable terms it was a priority just behind railways.

27,766. *Sir L. Chiozza Money*: And railways are as we know.—Above railways came the Admiralty.

27,767. *Sir Arthur Duckham*: There was a definite allocation of steel for the year for mining?—It was not big enough; it was far too small for us. We fought for it and got it increased; in fact there was a daily warfare.

27,768. Do you know Messrs. Briggs & Company's collieries?—Yes.

27,769. They have about seven pits. Would you believe they are about 600 tubs short and cannot get them?—I should be surprised to hear it.

27,770. They engage a tremendous lot of men?—Yes.

Mr. Herbert Smith: Mr. Chairman, I have got out a sheet, but unfortunately I have not got one for every member of the Commission. With your permission, I will hand it to you afterwards.

Chairman: Very well.

27,771. *Mr. Herbert Smith*: To follow this up, I have letters from branches and I have been to ten collieries to visit them myself?—I should like to read a letter from Charles Roberts & Company, Limited, Railway Wagon and Wheelworks, Wakefield. We have been pressing them on the question of tubs. They write under date the 28th May, 1919, so it is fairly up to date: "We are in receipt of your letter of the 27th inst. relative to the 200 pit tubs which we have on order for the Mitchell's Colliery near Barnsley, and as explained to their representative when at these works a few days ago we have done and shall do everything humanly possible to expedite delivery of these tubs. We fully recognise the urgency with which they are required. Unfortunately, however, the whole of our employees left work on Friday last without notice and at the moment we cannot say when they will return. Negotiations are, however, taking place between us and the various trade union officials. To show how we appreciate the critical position brought about by the shortage of pit tubs we have employed a large number of discharged soldiers, supplying them with tools and training them to make pit tubs." That letter is written to the Controller.

27,772. *Chairman*: It appears, therefore, on May 28th there were 200 tubs on order?—Yes.

27,773. When was the order given for those?—I have so many hundreds of letters that for the moment I cannot say. I will find track of that. I do not know if it is in this particular bundle of correspondence. My assistant will endeavour to trace it from the origin.

27,774. If they were ordered weeks before we can appreciate it. If they had been on order for months. Mr. Smith's point is a strong one. Perhaps Sir Richard's assistant can see if he can ascertain that for us?—We will trace the life history of these 200 tubs.

27,775. *Sir L. Chiozza Money*: You confirm Mr. Smith's information upon that?—I read that letter.

Mr. Herbert Smith: I will hand this sheet in later. I sent out a form on the 7th June, 1919, reading as follows, to our local officials. "Will you kindly supply us with the following information by first post on Thursday, 12th inst. As the owners are alleging the men have restricted themselves in giving output, the output per man per shift is reduced owing to the amount of the Sankey money, it is of vital importance I should know this to be able to see it before the Commission on Friday the 13th inst. The question is: 'Have your men been supplied with a sufficient number of tubs since January 1st.' If not state reason why." I have this form tabulated shewing the number of branches, the name of the branch, the number of men employed and the replies to the question.

Chairman: You might put some things to Sir Richard that will indicate the sort of case you desire to make.

Mr. Herbert Smith: With regard to pits being better off with regard to tubs there are 138 replies from 170 branches and 32 have not sent replies in. Eighty-five are not supplied with a sufficient number of tubs owing to shortage of tubs, etc., in collieries admitted by the employers and it has got worse since January. There are more men, but not more tubs to help the men to fill the coal.

Sir Adam Nimmo: How have the employers admitted these so-called facts? What is the admission made by the employers in each individual case?

Mr. Herbert Smith: The admission is in most of the cases to men in deputation. "We cannot give you more tubs because we cannot get tubs in place of broken tubs." In ten cases the admission is to me.

Sir Adam Nimmo: The mine owners have not authorised that statement to be made on their behalf. I submit this statement is valueless from the point of view of evidence.

Chairman: Mr. Smith says in certain cases there have been statements by the management to a deputation of the men. Sir Adam is quite right that that in one way is not evidence, because we shall have to ask the men and the management as to the circumstances. Mr. Smith goes on to say in ten cases the management admitted it to himself personally.

Mr. Herbert Smith: I do not object to give the managers' names.

Sir Adam Nimmo: I think it may give quite a wrong impression of what has taken place.

Mr. Herbert Smith: If you read some of these letters the managers have told the deputation it is impossible to get them and supply the men with them.

Chairman: Just indicate one or two.

27,776. *Sir L. Chiozza Money*: Sir Richard has a paper with him which confirms that statement of Mr. Smith with regard to the Mitchell Main. I wonder if he has any others?—My assistant has found this.

27,777. *Chairman*: When were the tubs ordered?—We wrote to Messrs. Charles Roberts and Co. on the 27th May as follows: "It has been reported to this Department by the Chief Inspector of Mines that Messrs. Mitchell Main Colliery, near Barnsley, are urgently requiring delivery of 200 tubs ordered from you on the 8th March. I shall be glad if you will be kind," and so on.

27,778. When you pass on an order like that is there a due date for delivery? Do they have to make them and deliver by the 8th May or deliver in a week?—It depends entirely.

27,779. When you order the tubs it is not like going to a shop to buy a pound of tea?—No. They say, "We shall let you have them as soon as we can," and so on.

27,780. I do not know what happened before?—This is their birthday, the 8th May. What happened before I do not know. With the best intention in the world I do not know the inward history of every colliery in Great Britain.

27,781. *Mr. Herbert Smith*: With regard to Messrs. Henry Briggs and Co. this is the letter from the secretary: "I beg to acknowledge receipt of your letter of the 7th inst. re restriction of output. In reply to your first question I say the men are waiting worse for tubs now than in the history of Briggs' pit. The men are not working five or six hours a shift owing to waiting for empty tubs. This has been brought forward time after time by deputation. The men are coming out of the pit three hours before the usual time, which means the usual day men do not get tubs next day before 9 or 10 o'clock. A man told me on Sunday they filled three tubs in two days when they ought to fill 40, and the whole sequence is shortage of tubs?"—Who is the letter from?

27,782. Our Secretary at Messrs. Briggs' colliery, Ben Bacon, the Branch Secretary, and it is stamped. That is one of the firms. I will go to Woolford. These are very big firms?—Is this a letter from one of your representatives?

27,783. From one of our secretaries. "Your letter to hand re restriction. We should only like

13 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

the opportunity of being supplied with more tubs," and so on. He says he has been ordering tubs for the last two or three years and he cannot get anything like the requirement, and he cannot do any more until more tubs are forthcoming. Then he says they can fill the tubs they are getting at this pit with a hundred men less than they had at present employed. The number employed is 1,120. At Whitwood they employed over 2,000. Do you know the Brierley colliery? The new colliery belonging to the Monckton colliery?—Yes.

27,784. Do you believe at that colliery there seems to be an understanding between the management and the officials that if they got 4 or 5 tubs per man per shift they have done all they need do and need not do any more?—I am not aware of that.

27,785. I will read you a letter the Secretary sent. It is rather interesting. It is a good thing this manager is not a Yorkshireman?—Are all your secretaries Yorkshiremen?

27,786. No. They do not use language like this as a rule. There are 1,070 members at Brierley in all. This is from the secretary: "Our members of the Brierley Branch are indignant at the charge made by Sir Richard Redmayne and other honourable gentlemen who are giving evidence at the Coal Enquiry that they have been deliberately curtailing the output. Clearly it is the management who have failed if there is any decrease in the output. We have men at our colliery continually coming back short of tubs. It is a very common thing for men to come out at half shift time. We have not had an empty tub there regularly, and it is caused by insufficient haulage and the management not having sufficient tubs to work the pit. We have also many men coming back for timber and there being water in working places and shortage of rails and on other accounts such as falls, &c." Then he makes a reply and says that he does not care if they all come back: it does not matter to him if the pit stops or not. That cannot be allowed to go on. That is another point. I can believe the manager said it although I did not hear him.

27,787. You know him?—Yes.

Sir Adam Nimmo: You have no assent from the manager in this case?

27,788. *Mr. Herbert Smith:* No. He knows there is a scarcity of tubs and does not care a d—whether the pit works or not. The Mitchell Main employs 1,750 men. I have a letter from a man who was appointed coal controller down the pit. I will read you this letter: "In reply to Mr. Smith's question of June 7th, we have all men working here. We are asking for a supply of tubs. New tubs are required and the management says they cannot get them. They had 150 ordered two years ago and our output is down for the above reason and also because they have a large number of by-workers which has reduced our output per man per shift. We have only a very low output of coal now but there used to be 300 tons per week, which means 54 tons per man each week, or 9 tons per man per shift. Our colliery only averaged 9 tons per man per shift and we have now 20 more by-workers each day than pre-war time. You can tell Percy Greaves that our men have been in the pits days together with hardly sufficient number of tubs and could have filled as many empties per week if they had been supplied with tubs to put coal in. Our members have been below the district day's work and some below the minimum on account of the shortage of tubs. We can prove this statement and our management cannot deny it. I say, who is to blame? I cannot say, but we have repeatedly endeavoured to ascertain the cause. We have gone to the extent of appointing a controller and paid half his wages from our check, and Mr. Edward J. Peace was appointed to that position and during the time he was down the mine organising the distribution of coal and everything, the output was a good deal better. If you want evidence from me you can have plenty." Men were rather anxious when they paid a man out of their own pockets to organise?—It certainly looks like it.

27,789. I have another letter. This is a statement the men sent on to the manager to meet a deputation. I will read it for what it is worth. This is from Maltby Main employing 1,640 men: "Have your men been supplied with a sufficient number of tubs?" "No." "If not, state the reason why?" "The roads are in bad condition; it is admitted by the management. If the men could be supplied regularly with empty tubs our present men could increase our output 25 per cent. regularly. Our men say they can increase the output by 33 and a third. Our men are not losing any more time by absenteeism than is general. The cause is we are short of tubs and we have got no remedy." Doncaaster puts it similarly. As a matter of fact, out of all these replies it amounts to this that out of 138 replies there are 94 complaining about the insufficient supply of tubs caused by not having tubs or by bad organisation. There are 12 collieries where there are no complaints; five collieries with increase of output and 27 collieries where the output is similar per man per shift now as it was before the war.

Mr. Arthur Balfour: It does emphasise the importance of having a Committee of Investigation.

27,790. *Mr. Herbert Smith:* I want to say here in my opinion the majority of cases are not through the wilful delay of the management. It is want of material. I want to see if Sir Richard agrees with this. As a matter of fact, since the mines were controlled, and I think his own figures prove it, the output from the day they were controlled started to decrease?—Yes, I think there is some justification for that. There is no doubt about it the output per man per shift began to decrease and steadily decrease since the end of the year 1916. The control commenced in 1917.

27,791. *Mr. Sidney Webb:* And the increase in wages?—The increase in wages commenced in 1915.

27,792. *Mr. Herbert Smith:* Did you ever make inquiry at Barmborough Main as to a decreased output?—I could not say. I made so many inquiries. I have a number of them here. It would take some sorting out. I should like notice of that question, as they say in another place. Inquiries are always going on in case after case. Mr. Perkin, who is here with me, thinks we did, and he is making a note of it, and he will let you know.

27,793. This was not a fully-developed pit when war started?—No.

27,794. Did you make any inquiry why it was? If we made an inquiry at all, we made an inquiry why?

27,795. Did you make an inquiry why their output fell down 87,000 tons in one year?—I have no doubt we did. I will look the matter up. If you could have told me yesterday evening that you were going to ask me these questions I would have had each case sorted out for you, but you quite realise that, sitting in this chair, I cannot do it.

27,796. If your people had told us that you were going to use damaging documents against the men like this, we should have got evidence to show that it is not true. Neither Mr. Hodges nor Mr. Snillie nor I agree with each other. All the papers are here for you gentlemen to examine. I will ask you, have not the workmen's side been kept in the dark about these things? All the inquiries you have made have been for the owners' side. Is it not fair as Britishers that the workmen should have an equal opportunity of defending their position?—Perfectly.

27,797. Has the Control carried that out?—I think so.

27,798. They have not, in my opinion. We have flashlights like this bounced on to us. This is done by your people with the general object of damaging our men. We court the fullest inquiry?—I welcome an inquiry.

27,799. I want to give you the case of Barmborough Main. The average number of tubs per man they could fill at this colliery, if they could get them, fell from 9 tubs per shift per man carrying from 10 to 12 cwt. per tub, and their average works out at about 5.5. I went to that pit myself to find out how it was that these men's wages had gone down, because Mr. Hodges put the real position to you this morning, and you know it as well as anybody round here that

13 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

the miner is not earning as much wage now as he did before the war, taking into consideration the increased cost of living. Taking Yorkshire, the hewers' wages have gone up 86 per cent., and the cost of living has gone up 120 per cent. These men have dropped from an average of 9 tubs per shift to 5.5.

Sir Adam Nimmo: My point was merely put in the interest of theory, to know whether there is an agreement between the parties.

Mr. Herbert Smith: When your people supplied these particulars you were not fair to us.

Sir Adam Nimmo: I have no sympathy with people supplying unfair details.

27,800. *Mr. Herbert Smith:* I am not charging you personally, but I say the Coal Control started unfairly at first. We are not the people to keep the poor people in this country without coal when we can supply them. I have not spent 25 years in the pit without knowing when they are telling the truth. There are some branches that I am going to give you that I am ashamed of their reply. I am not going to keep it back. They did not cause any inquiry when they dropped down 87,000 tons in one year?—I have taken a note of the case.

27,801. Has it not been put to you before now that one pit went down 87,000 tons, a new pit?—I am not trying to hide anything. You are absolutely welcome to get inside my mind, but when I do not know my own mind there is no good your getting inside it. We may have piles of these cases. I might have glibly answered, "Here is the pile; examine it yourself," and I wish to goodness you would examine it yourself; but as you will not do it I will examine it, and you are welcome to every bit of knowledge we have.

27,802. What we are anxious about is a public inquiry made by disinterested persons to see if the statement is correct or whether it is not. If it is not correct we will be honest enough to admit it?—And so will I.

27,803. All we want is a fair chance?—That is all we want.

27,804. *Mr. Robert Smillie:* Surely a loss of 87,000 tons a year is not a common thing?—I have just given you one case where the loss was greater.

27,805. *Sir L. Chiozza Money:* What was the reason for it?—Never mind the reason. I have given you a case where the loss was over 100,000 tons, and that had passed from my mind.

27,806. *Mr. Robert Smillie:* It is not a common thing, surely?—I should hope not.

27,807. I should have thought it was so uncommon that it would have remained in your mind?—I do not know whether you have a very retentive mind. I had until the Coal Control.

27,808. *Mr. Herbert Smith:* Will you believe that at that pit since January 9th there have been about 248 working shifts on an average per week lost by men being sent back from the pit?—Is that so?

27,809. They are all among these thousands who are employed?—You see in an impartial inquiry one would have to go into the case of every one of those returned shifts and see what was the underlying cause for the men coming back.

27,810. I am not making this statement against the manager, because in some of these cases there are justifiable reasons why men should come back, but they have gone down the pit and have probably worked half an hour, and been sent back again, and they have been put in the number of men working at that pit?—But that is mining, and that is always occurring.

27,811. Is not this an extraordinary thing in mining? There are 125 of these shifts as to which no manager can justify sending the men back. When you were a colliery manager and a man was working in his working place and a fall occurred, what would be the first thing you did?—I should say to the men, "If you clear this place out and get it ready for working again and do shift work, which is not usual by your work, I will give you your average."

27,812. Any sensible man would?—Precisely. I am a sensible man.

27,813. But 124 of these shifts have been lost because they said they got too much wage now?—If that is so, I should have thought it was false economy.

27,814. All these things are worth inquiring into?—Certainly; but I think it is more than one man's work; it is more than you or I could do.

27,815. Do you not think it is rather late now, as far as you are concerned, to talk about all these inquiries, when it has gone out to the Press that the miner is a bad man, is robbing poor people, not supplying the coal, when Chambers of Commerce are denouncing us, and coalowners are organising meetings to condemn us?—You are not going to put all those sins on my shoulders?

27,816. I am going to put 70 per cent. on the Coal Control, if anybody ought to hold an impartial position between you two gentlemen?—How can I do that when I am sitting here all day?

27,817. What I am objecting to is this statement that is made, which is not a fact, and the inference which is drawn from it?—You must not lay all the inferences that are going abroad to the doors of the Coal Controller. You would not be so unjust as that.

27,818. I will go further. The statement that you have made this morning goes to try to prove, so far as you are concerned, that because our men got 2s. a day advance they did 2s. less work, and put themselves in exactly the same position?—What statement have I made this morning?

27,819. To Mr. Hodges—that when men got more wages they did less work?—I have given the whole of the reasons for my belief in part 4 of my *précis* of the evidence, and I state that that is my explanation. It may be a wrong explanation, or it may be a right explanation.

27,820. It was made without inquiry, I submit to you?—I would not say without inquiry.

27,821. Without a fair inquiry?—I will put it like that?—I could not possibly inquire into every case.

27,822. You ought not to make a statement here that it applies to the majority of men, that the more money they get the less work they do?—I am perfectly certain you want to be fair, as I want to be fair. Why did you not, in examining Mr. Straker, accuse him of unfairness in making a statement as to his explanation without due inquiry as to the cause for the decrease in output?

27,823. I am prepared to give evidence, but you are giving evidence now?—I am asking a question.

27,824. I want to submit to you that you have no right to ask a question?—You have accused me of being unfair.

27,825. I do not object to answer it, but I object to your saying that what Mr. Straker said was unfair?—Mr. Straker gave reasons which were not the reasons which I gave. I mention his reasons in my evidence. You did not say to Mr. Straker, "Now why have you made that statement without inquiry?"

27,826. As to what?—As to the cause of the decrease in output.

27,827. He told us that it was because the men could not get the supply of trams, &c., at the pit?—I have made as many inquiries as Mr. Straker.

27,828. The same day as he was making the statement a paragraph appeared in the papers that men were being paid 5s. 9d. a day to stop at home. That was at a big pit in Northumberland employing 2,000 men?—Was it said who did that?

27,829. That the men did it, that they played off so many men each day?—I did not see that paragraph.

27,830. Do you know Rotherham Main Colliery, belonging to John Brown & Co.?—Yes.

27,831. I make the output of their colliery for the week ending January 15th 7,974 tons; the 22nd, 8,023; the 29th, broke the wheel, only worked one day owing to breakdown; February 5th, 8,108 tons, and they go on until they get down to 5,113 tons, and his reason is that the management do not care whether the output is kept up or not, and he gives two or three instances. They let the afternoon men down between 2 and 3 o'clock. There was a number of men in the afternoon shift, and because the lamps were not out at five minutes to two for three days in three weeks he sends 100 men and boys away. Is

13 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

not that worth enquiring into?—That is a statement from one of your representatives.

Sir Adam Nimmo: Surely, in a case of that sort, we should know what the management have to say.

27,832. *Mr. Herbert Smith:* All the management say is this: You ought to get the lamps out. The men say we got our lamps out by two o'clock; we do not start descending till two and we have a perfect right to go down. There is another colliery where they sent 200 men back. It was snowing and they had to ride by tram, and because they got down there at five minutes past six?—You ask me is not that a case worth enquiring into? I should say, yes; I am surprised they have not communicated the facts to me.

27,833. May I tell you that I have a letter saying that our people wrote to you last year from Mickfield?—That is another case.

27,834. Yes, and they simply get an acknowledgment, "They have your letter to hand and note contents?"—Did we send you that answer in that case?

27,835. Yes. I will read you the letter?—I should like to see the whole correspondence.

27,836. You have the letters in your office?—I have made a note of it, and I will enquire into the thing from beginning to end.

27,837. The Secretary writes: "In reply to yours of the 7th inst., re shortage of tubs and the allegation of the owners that the men are restricting themselves re output, etc., we at our branch thought the boot was on the other leg and that it was the owners who were restricting the output by not getting the men plenty of tubs?"—Might I ask you who accused you of restricting the output? Did the management accuse the men of restricting, writing to you or writing to us?

27,838. Do you not know that ever since this statement was issued, it has been the policy of some people to make these charges?—I see what you mean.

27,839. Do you not know that it was the owners who were restricting the output by not getting the men plenty of tubs. We estimate that from 25 to 30 per cent. of our men could fill more tubs if they could get hold of the tubs to put the coal in. Take my own case, for instance. Up to a few weeks ago we were averaging one pound a week having to be put in to make the day's wages. For the week ending April 29th, 1919, we had to put £2 4s. 11d. to make the day's wages, and only had 13 shifts in our own stall, and that for the week ending June 3rd we had 16 shifts in our own stall and £1 10s. was put in to make up a day's wages. We had 37 tubs out and could easily have filled 60 tubs in the same time. All this is due to the shortage of tubs and the managers not caring whether they get coal out or not. Then he says, "Some time ago you wrote the Coal Controller on this matter and then you wrote our manager and he promised to pay the men who did not get plenty of tubs the ordinary day wage, and that seems to satisfy him, but does not satisfy me, because between the day's wage and the contract wage is a difference of 3s. 6d. reduction to me," and he says this applies to our pits generally.

27,840. When you have all those complaints, do you not now wish there had been a fairer enquiry before you made that statement?—I adhere to my statement. Nothing I have heard has shifted me from the position I have taken up, but I quite agree, the more thorough the enquiry, the better.

27,841. If you adhere to your statement, you would not be a good independent man to be put in?—I should be delighted to be omitted.

27,842. I could read 250 letters?—You might give me 2,000 letters, all from one side. They might be quite true, or they might not be, but I want to hear both sides before I give a reply.

27,843. This morning you said to Mr. Hodges "I have no need to question the colliery manager, I can believe him." Is there not some truth that you might believe the workman's side?—I should like to hear both sides.

27,844. You say you would believe the colliery manager?—Apropos of the management of the mine.

27,845. *Mr. Frank Hodges:* You were talking about trams, that because the colliery manager had not sent in the usual requisition for tubs, you came to the conclusion, rightly so you said, that they had an ample supply?—Because they pressed me so considerably a considerable time before for trams and when a colliery manager tells me he is not short of trams, I take it for granted that he is not.

27,846. *Mr. Robert Smillie:* Can you depend any more on the employer's returns that the Coal Controller put before this Commission and which created such an impression in the country? Can you depend more on managers' returns than on our secretary's?—The manager has facilities for acquainting us with the drawings of a colliery which the men have not got and as to the output.

27,847. It has gone out in your statement and the Coal Controller's statement that the miners were deliberately restricting the output; that was a fortnight ago and we said it was not true, that the blame was on the management; and we asked you to make enquiry?—The Coal Controller has never said that the miners were deliberately restricting the output and I have never said it.

27,848. No, but it has gone out to the country; the newspapers have said so?—I cannot help what the newspapers have said.

27,849. It is made on figures presented by your department?—The figures were put in by the Coal Controller without comment. Such comment as has been made on the figures from the coal department has been made by myself.

27,850. Two of us here are on the Coal Controller's Advisory Board, and it would have been reported to us, so that we might have tried to get the facts before the country?—I do not disagree with you.

27,851. *Mr. Herbert Smith:* I am going to give you two more replies that we have received that I do not agree with. I want to be fair with you?—I am sure you do.

27,852. I do not agree with these, although I agree that the income tax ought to be put higher up than what it is. This is from Bruncliffe, where there are 420 men. The secretary says: "Mr. Smith. Dear Sir,—The cost of restricting output in my opinion is absenteeism owing to income tax. Raise the amount to £250 and an increased output will be made, and this is common knowledge."

Mr. Robert Smillie: You might explain the meaning of that. I think it means that men are laying off rather than make money that is liable to income tax.

Mr. Herbert Smith: That is what it means. The limit was £160 before the war, and they altered it to £130. Of course, £130 is not worth £65 now in the market as it was before the war, but I do not justify an answer like this.

Chairman: You very fairly said that you would read some letters that you do not now agree with.

27,852A. *Mr. Herbert Smith:* Now here is a letter from the Leeds Central branch employing 400 men: "Your letter of the 7th instant to hand respecting restriction of output. I may say that, so far as our colliery"—that is the Osman Thorpe Colliery—"is concerned, there is very little difference from that previous to the Sankey Award, as nearly as possible half a hundredweight per man per shift, and this can be accounted for in various ways, such as more money, working on the Saturday, and playing long day; and another is, lads not doing their work as they ought to; but we have a high percentage of absenteeism owing deliberately to the income tax, as is the case with some of our men who never broke a day before the income tax was put on. The Sankey Award gives £6 16s. per quarter, and 17s. 6d. goes in taxes, so that the position is that the men say they might as well play as pay it; but let them raise it to £250, and then it will encourage the men to work more regularly." These are two reports that I cannot agree with. I agree the tax is wrong, but this is a wrong way to put it right. I ask you now, in face of all that evidence, if you do not think you have rather misjudged the men as to restricting themselves because they are earning more wages, because as a matter of fact they are earning less when you take into consideration the cost of living. If I tell you that I am

13 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

worse off now than I was before, would you believe it?—Yes, and if you said the same of me it would be right.

27,853. If I tell you that I am worse off, I know the men are worse off than I am. There is just one other question and then I am done. You have heard Dr. Shufflebottom give his evidence with regard to the temperature in pits?—Yes, I heard him give his evidence, but I do not remember every word of it, if you would refresh my memory.

27,854. It is at page 767?—"That provision be made for reducing the temperature of hot seams in the coal mines, and that a temperature of not greater than 77 degrees Fahr. (wet bulb) be regarded as injurious to the health of the worker. (This is the standard adopted in France.)"

27,855. Do you agree with that?—77 degrees Fahr. (wet bulb) is a trying temperature, and I think, speaking from memory—I am fairly conversant with the French law—that Dr. Shufflebottom is right in his statement when he says that 77 degrees Fahr. (wet bulb) might be regarded as injurious.

27,856. Do you think that there ought to be legislation on that question as early as possible? We are suffering from it particularly in some districts?—Yes. I think the question of temperature is an important question. I am glad to say that the face temperature of seams in this country at the great majority of collieries is not 77 degrees Fahr. (wet bulb). I know that from having personally taken a great number of observations.

27,857. But you will admit that there is a fair number in certain districts where it is so?—At certain pits that you and I know of it will be 77 degrees Fahr. (wet bulb).

27,858. You think that ought to be dealt with as speedily as possible?—I think it is a subject for regulation. I should like here to remove a slight misconception that exists on a reply that I gave to Mr. Frank Hodges this morning. I am sure he would be the last person to believe that I wished to be discourteous to him, and I can assure him that it was not in my mind to be so. I happen to know that he took my answer to a certain question in a wrong way. I certainly did not mean it in the way in which I admit he was perfectly justified in taking it. He asked me if I would take a certain thing from him, and I said no. I did not mean to say that I would not take anything that Mr. Hodges stated to be a fact, but what I wanted to convey was that I would not take the inference that he drew from the facts as my inference. I certainly did not wish to be discourteous.

Mr. Frank Hodges: I misunderstood what was meant.

27,859. Sir Adam Nimmo: Just one question on the point of tubs. Assuming that there has been a shortage of tubs, have we not to concentrate upon this point as to when that shortage really matured in a reducing output?—Certainly.

27,860. Is that not really what we have to direct our attention specially to?—That would be a point we should have to direct our attention specially to in its relation to the decrease in output, but, of course, I should like to concentrate on removing that cause if it is a cause. From the point of view that you have mentioned I answer certainly.

27,861. It is the main point in endeavouring to discover what effect the shortage of tubs has had upon the output?—True.

27,862. And particularly what effect it has had upon output recently?—Yes.

27,863. I take it that we are agreed—what we want to discover is the cause of the recent reduction in output?—Yes.

27,864. Would you agree that it was specially pertinent to discover whether the shortage of tubs had matured particularly immediately after the Sankey Award had been given?—There or thereabouts.

27,865. Do you agree that you could only deal with this problem by going into each individual case?—Yes.

27,866. It cannot be a problem for this Commission?—Whatever is the nature of the enquiry, and I think an enquiry is most desirable, not only

with a view to discovering the cause and to satisfy one's mental curiosity, and with a view to remedying it, whatever the cause may be, but in the interests of the public, because after all the decrease in the output is so serious as to be more than serious: it is alarming. But I think it is most necessary that it should all be done in the light of day, and that it should be public.

27,867. And that all these allegations, whether on the one side or the other, should be carefully sifted?—Most certainly.

27,868. And that we should find out what the cause really is?—Certainly; it would be a great relief to me personally.

27,869. Just on a point that was referred to by Mr. Evan Williams. Is it not the case that so far as owners are concerned at this particular time, their whole financial interest appears to depend on getting output?—*Qua* control coal, yes. I mean if they do not get it they do not get their guarantee.

27,870. So that as far as the coalowner is concerned, can you imagine him doing anything else than bring all the pressure he can bring to bear to get output at the present time?—I should suppose so.

27,871. That may not get us any further than this, that there is a presumption in favour of the coalowner being desirous of securing output?—I should have thought there was that presumption.

27,872. Therefore, it does seem to make it all the more necessary to investigate the cause of the reduction in output to the very bottom?—I think that is most necessary.

27,873. Of course, there is no good shutting one's eyes to this fact—it is best to be perfectly frank—but it has been stated (I think you will agree with me) that the owners or rather some owners are desirous of killing the idea of nationalisation, and that if it can be shown that under the Coal Control there has been this lamentable decrease in output, it is *prima facie* evidence that control on the part of the Government is bad?—Well, personally I do not believe that. My beliefs are not evidence, but I do not believe it. I only mention that as you are dealing, not with what I may call facts, but with presumptions.

27,874. But if there were such owners as you speak of, and they thought by reducing the output that they would kill nationalisation, would not the result be likely to be the very opposite?—Personally, I should have thought so, but that may not be everybody's view. I do not like dealing with presumptions, because they are dangerous. I have been making a presumption, and the result has been two hours' cross-examination by Mr. Herbert Smith.

27,875. Chairman: In your view is not the proper thing for everybody to do to suspend their judgment on this question?—I think so.

27,876. Sir Adam Nimmo: Now coming on to the question of the nationalisation of minerals. You were a distinguished member of the Coal Conservation Committee?—And you were another.

27,877. On that Committee we both recognised, I think, that there was a problem that had to be disposed of in respect of waste of coal and coal that was held up contrary to the national interest?—All our recognitions are in print.

27,878. When was that report issued?—It was in 1918.

27,879. When that Committee came to report upon the means of solving the problem that was before them in respect of waste of coal and loss of coal they did not think it necessary to nationalise the minerals?—No; I do not think that problem was before them.

27,880. You signed that report. I do not want to suggest that in the view which you have now expressed you are contradicting the position that was taken up then, because you may have some quite good reason for it?—I have progressed.

27,881. But what I want to know is this: In your view is the problem that has to be dealt with in that respect any more acute to-day than it was in 1918?—I think the problem is the same.

27,882. Just the same?—Yes,

13 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

27,883. I think in the course of your evidence to-day that you laid special emphasis upon barriers?—Yes.

27,884. I take it that the problem of barriers is just the same to-day as it was in 1918?—I say the position is the same.

27,885. You agree that that Committee did not think it was necessary to nationalise the minerals, to deal with that problem?—I do not think it discussed the question.

27,886. Did it not supply a solution by putting powers in the hands of the Minister of Mines without dealing with the nationalisation of the minerals at all?—This is what it says: "While we consider it necessary that the proposed Minister of Mines and Minerals should have adequate power of intervening to prevent permanent and avoidable loss of coal, we think the end in view might to a large extent be attained voluntarily, and as the natural result of co-operation among the colliery proprietors of each district. If the interests of all the collieries in the district were consolidated, the intervention of the proposed Minister of Mines and Minerals for the purpose of preventing loss of coal would in many cases not be necessary. Not only would combined drainage schemes be introduced where required, but unnecessary barriers worked out, and the best method of working the mines in the district would be ascertained and generally adopted."

27,887. We need not go into details. I take it that the view of the Committee was that so long as we put sufficient powers into the hands of a recognised Authority or Department we would be able to solve the problem that we had before us without the necessity of nationalising the minerals, and I take it that you agreed to that view?—Yes. I think it was since this report was drafted that we found it necessary to get the regulation known as 9 G.G.G. in order to apply compulsion.

27,888. I think we are agreed that it would be necessary in certain instances to apply compulsion?—I do not think the question of nationalisation or buying out the mineral owners ever came before us.

27,889. Was it not rather this, that we did not think it necessary to consider the problem from the point of view of the nationalisation of the minerals, believing that we had supplied a sufficient solution by suggesting that power should be put into the hands of the Minister of Mines?—I think some of us might have regarded the nationalisation of minerals as a very short cut if we had ever discussed it, but we never discussed it; and if you had asked me a few years back whether I thought the nationalisation of minerals was a desirable thing I should have said No; but I think one develops in all these cases, and when one is brought face to face with difficulties as they arise imperceptibly your mind changes and you grow to adopt an attitude for a belief which was repugnant to you a few years before.

27,890. But I take it you agree that the difficulties are not any greater to-day than they were before?—No; I think some of us have a better realisation of the difficulties now than we had before.

27,891. I want to put the point to you in this way, looking at it from the point of view of this Commission, do you think we ought to consider the solution of this kind of problem from the point of view of nationalising the minerals if we find that we can deal with that problem in some other way?—There are many ways of dealing with a problem, but some ways are better than others, and some ways are quicker than others; and I personally have grown in all truth to believe—the belief has been forced upon me—that the most satisfactory way, the line of least resistance, would be to buy out the mineral owners, and for all minerals to be under one control, namely, State control.

27,892. Would you not say, looking at it from the national point of view, that we ought not to commit the nation to this financial obligation, unless we find that we cannot solve these problems in any other way—ought not that to be our view?—I am not suggesting that the State should be committed to any financial obligation short of getting a return on that financial obligation.

27,893. You are accepting a financial obligation of very considerable magnitude?—It is getting a *quid pro quo*. It is getting the minerals.

27,894. Ought we really to assail private ownership in any respect in the national interest unless we find that we cannot get the national interest properly served unless we do that?—It is all covered by the words "properly served."

27,895. Is it your view that the proposals which have been submitted by the Land Acquisition Committee do not go sufficiently far to solve the problem?—I have thought very long over that because that seems to me to be the whole case, whether the proposals enunciated there are not sufficient to meet the situation, and the belief has been forced upon me that they do not go far enough. My chief reason is that the process would be slow and cumbersome. There will be considerable irritation, the erection of these courts of enquiry, and so on, would be slow and cumbersome, and the result would be better and more quickly obtained by proceeding to nationalisation.

27,896. Take the past history for a minute. Has it not been the case that under private enterprise an enormous number of these kinds of cases have been disposed of?—True.

27,897. Do you not think that if it were known that compulsion could be brought to bear upon an unwilling owner to agree in particular circumstances, it would have a great tendency to make an unreasonable man reasonable?—It would make mere unreasonable men reasonable I grant you.

27,898. But would you not admit that it might go a long way towards the solution of the problem we have before us?—It would go some way.

27,899. And, therefore, there might not need to be so many arbitrations as evidently you have in your mind?—There might not.

27,900. I think you conceded this to Mr Cooper: that whether you nationalised the minerals or not, you would require to have a large number of arbitrations so long as the present leases held?—Did I concede that?

27,901. I think you did?—Not quite.

27,902. I think you agreed that a central authority of some kind would require to be set up?—There would have to be an authority to determine the position with regard to the surface in certain cases.

27,903. And that would involve a large number of arbitrations?—I do not think I said that. Mr. Cooper will bear me out that I did not go that length.

27,904. Take the point that you do not think the proposals of the Land Acquisition Committee go far enough. In what respect do you think they do not go far enough?—If the State owned the minerals the question of barriers would be very much more efficiently dealt with. For instance, in dealing with all new areas of coal, it could specify how the barriers were to be left, an enormous amount of coal would be saved in that respect, and furthermore if they owned the minerals, the difficulty of arranging a central pump, and so on, would also be very largely simplified.

27,905. Would not the sanctioning authority under the proposals of that Committee be able to deal with those matters in precisely the same way. They would act, would they not, like local experts?—I think it would be very slow, cumbersome and costly.

27,906. Would it be any slower than the Government action to carry out the readjustment of one area belonging to A and giving it to coalowner B?—The Government being the mineral owners, it would be very much more simplified because the ownership and the sanctioning authority would be one and the same.

27,907. But not during the lifetime of the present leases? There would still have to be a considerable period in which a large number of inquiries would have to be held?—I do not know about that.

27,908. I merely want to get your views upon it?—After carefully considering that and reading that report very carefully, and portions of it several times again and again, and in view of the enormous amount of work the sanctioning authority would have to

13 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

undertake, much of the work would disappear if the minerals were vested in the State. I have come to the honest opinion, not that I altogether like it, but in the interests of the community and in the interests of the industry, that the simplest and best way would be for the nation to own the minerals.

27,909. Now coming particularly to part 3 of your *précis*, I want to get some information from you. I take it that your view there is this, that efficiency is unnecessarily lowered by operating the 3,000 odd mines which are now being carried on in the United Kingdom?—Yes, 3,129.

27,910. How many companies are represented by these 3,129 mines?—I think it is round about 1,500 separate concerns.

27,911. I suppose you agree that there is a considerable amount of what you call collective production going on just now, that is to say, by large companies?—There is a good deal of cut-throat competition.

27,912. We may come to it?—We have come to it.

27,913. Is there not a very considerable amount of unification just now by the presence in the British these 3,129 mines?—I think it is round about 1,500 separate concerns.

27,914. But some of them are very large?—And some of them are very small.

27,915. Do you agree that in the case of the large ones there is relatively a very high efficiency existing?—I think so.

27,916. Why do you suggest enlarging many of these companies and so taking the risk of lowering the efficiency which already exists?—It would not lower it.

27,917. Would you not lower it by combining it with smaller undertakings?—No, I think you would not approve that, and you would approve the other. You see the cost of administration would be so very much lessened. The question of pumping would be so very much lessened; all matters of buying and selling would be so much simplified when the forces are combined instead of being antagonistic.

27,918. What I want to get at now is the question of the size of the unit that you are dealing with, the necessity for collective production over some considerable areas?—I see what you mean.

27,919. I take it that what you have in your mind is that the extension would be on the basis of contiguity. Let us go to Scotland, for instance, to get an illustration for you. If you were to link up certain units would you link them up in relation to the collieries in a particular area?—Take Northumberland.

27,920. I would rather you take the Scottish position, because I should like to know in concrete what is in your mind from the point of view of collective production in Scotland. You know how the Scottish coalfield is broken up: You have Fifeshire, the Lothians, Lanarkshire, Ayrshire, and Stirlingshire?—Yes.

27,921. We put these into four units?—Yes.

27,922. Am I to understand that under your collective production scheme you propose to take Scotland as a whole?—I put forward no scheme.

27,923. Very much would depend on the details of what you suggest. I want to see how you work it out?—Now may I speak for a little bit? This is the sort of idea that I had in my head: If you can eliminate destructive competition, a great end is served. If the collieries can be combined, administration would be greatly reduced. They would be able to secure the best possible prices for the export coal. I am only taking a few instances which I have no doubt you will come back to presently. Instead of the foreigner being able to exploit one owner against the other—take, for instance, the whole of the exporting collieries on the east coast of Scotland combined into one concern—on the question of export alone, they would be able to secure,

on the average, a higher rate than they would if they were competing for the trade.

27,924. I am going to ask you about that later?—That brings me down to the unit—contiguity, similarity of trade, similarity of geological conditions, similarity of custom would constitute, I should say, logically the conditions of the combination. That is why I was going to take the case of Northumberland. There the trade is the same, the customs are the same, the people are the same, the geological conditions are the same, and they all come in competition. Northumberland would form a very valuable unit. The same reasoning would apply to every other coalfield. You could combine in those sorts of ways, allowing for the play of those governing principles.

27,925. Is there any real connection between Fifeshire and Lanarkshire or the Lothians and Ayrshire or Fifeshire and Ayrshire?—Fifeshire is rather like Northumberland: it is a distinct field apart, but it has a competitor to some extent in the export trade.

27,926. Would you not say that the Lothian coalfield was quite an independent coalfield?—It is largely so.

27,927. When you come to Lanarkshire, would not that be a unit that would certainly be separated from the other?—Speaking without the book, I should say that Scotland was divisible properly into, perhaps, three divisions.

27,928. What three have you in your mind?—I would take the Lothian area, the Western area, and the Fifeshire area.

27,929. In the Western area do you mean to group Lanarkshire and Ayrshire together?—Yes.

27,930. Is their trade really the same?—No, not quite, but I think the probability is that it lends itself to combination.

27,931. Along with Lanarkshire?—I think so; I am a little doubtful on that point.

27,932. Would it not be much too big a unit to effectively control?—I do not think so. I contemplate the whole kingdom.

27,933. You may be on safer ground when you take a unit like the Lothians or Fifeshire, but when you combine it with, say, Ayrshire, are you not getting into a problem that is very complex?—I do not think so. When Mr. Evan Williams was examining me on the point, I suggested the whole of South Wales being divisible into two.

27,934. I merely wanted to get at the kind of size of unit that you have in your mind?—I would not put it in point of tons or in point of number of persons. I think the governing principles should be those I have just adumbrated.

27,935. Would you agree that you would not want your unit of collective production so large that you cannot get concentration of effort?—Certainly.

27,936. And effective control?—Certainly.

27,937. Really individual control?—What do you mean by individual control?

27,938. You put your special man or men over a particular unit and you do not make that unit so big that he is not able effectively to handle it?—Sir Douglas Haig was Commander-in-Chief of one of the largest armies the world has ever seen, and I should say his control was effective. He had not control over every man in the army, but he had control over generals of armies and generals of divisions and so on, down to the sergeant.

27,939. I suppose you would agree that, with regard to the handling of collieries, it is not desirable to throw too much responsibility on to other people?—Without stretching the simile too far, I think the control of a great enterprise like the coal-mining industry is like the control of a great army.

27,940. You need the directing will at the top?—Yes, you get the individual control through your respective colliery managers.

27,941. I do not want to be too critical of your *précis*, but are you quite sure that the simile that you adopt of a railway station is really an appropriate simile in the circumstances?—All similes are dangerous, but I think that is rather a good one. I can say that because it is not mine.

13 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

27,942. Is a railway station in any sense a self-contained unit? Is it not merely a stopping place on a through journey?—What is a colliery? A man goes down and up again. True, he stops there for a time.

27,943. How do you propose to carry out the scheme of collective production, because I am very interested in that? Do you mean to take power to force certain collieries to combine?—As Sir Allan Smith is not here, I can, perhaps, use an expression which he took exception to. Mr. Balfour asked me that very question or something similar. He said: Taking it for granted you advocate a combination of units, how would you bring it about, supposing they are willing to combine? Judging from the opposition that the idea met with, I should presume—I should be delighted to hear if I am wrong—that they would not willingly combine.

27,944. Would you give them the chance of willingly combining?—If the owners would come and have a deathbed repentance—

27,945. Not necessarily a deathbed repentance?—You will lead me into these somewhat jocose expressions. If at a late hour the coalowners propose to combine, I should think it would be a very good thing.

27,946. Let me rather put it in this way—that certain principles having been enunciated—let us say one of collective production—would it not be reasonable to leave it to the districts themselves, for a certain period to be fixed, to see whether they could come to a suitable arrangement or not before compulsory powers were applied? What is your view on that point?—I think something must be done soon.

27,947. In any case, it would require a considerable time within which to do it?—Yes.

27,948. I suppose if it could be done voluntarily you would agree that an effort should be made to do it on that principle?—We have been sitting here for a considerable time, and no coalowner that I have listened to, or no representative of that side, if I may use the term, that I could recall has advocated a process of combination such as one would like to see carried into effect.

27,949. I am taking your view?—That is a great compliment to me.

27,950. I am asking you questions upon your own evidence, and your suggestion is that there should be collective production, and we are trying to get information about it. I say, assume that your views in principle were accepted, would it not be advisable to allow the districts to endeavour to amalgamate

themselves?—If the owners came here and said, "We accept this principle, which we were averse to before, and are now proposing to combine," I would like to know a little further before I answer your question in what respect are you going to combine and what sort of combination are you going to have; and then, having grasped all the details of the scheme, I should say, "My blessings on you—proceed to carry it into effect. How long will you require to carry it into effect?" If you said, "A year," I should say, "A year does not seem out of the way. Have a year to carry this arrangement into effect which you have expressed your intention of doing." But I have not, as yet, seen any intention expressed.

27,951. You agree that after that voluntary period compulsory powers should be applied, so as to bring them within your scheme of collective production?—I take it that compulsion would not be necessary, because they would come here as honourable men and say, "This is our scheme."

27,952. I am assuming that they are not willing to carry it out?—I prefaced it by saying you put the details of the scheme before me, saying, "This is my scheme," and being satisfied with the scheme I say, "Proceed with it."

27,953. It is very important that we should know what you mean by collective production and how you propose to carry it out and what the size of the unit is that you have in your mind, because there is nothing more serious that we have to consider in relation to your evidence than that, because you lay a great deal of stress on it?—I have given you my mind.

27,954. I understand your view, for example, as regards Scotland, but I take it that generally speaking you would apply the same principles to other districts of the country?—Yes. Then I would ask you not to lose sight of the fact, as was extracted from me in examination by Mr. Evan Williams, as to the combination of the combinations.

27,955. Yes, I quite understand that. Now let us take the question of distribution for a minute. You say prior to the war the distribution of coal was regulated mainly by the need for getting a market. Would you not say by the need for getting the best market?—In the circumstances, yes; but there is a lot in that.

Chairman: I am sorry to interrupt, but I am also sorry to say it is getting quite late, and I am afraid we cannot finish your cross-examination to-night. It would be convenient here to interpose one witness, and then we will resume Sir Richard Redmayne's cross-examination to-morrow morning at half-past ten.

(The Witness withdrew.)

Mr. HENRY BIRTLES, Sworn and Examined.

Chairman: I must explain to the Commission why I am now calling Mr. Birtles. It is in pursuance of a promise that we made. Mr. Frederick Parker Rhodes on the 22nd May, 1919, at pages 869-870 of the Minutes of Evidence, at Question 20,965, was asked this question by Mr. Cooper: "From your general knowledge of South Yorkshire companies, do you think that, taking the South Yorkshire companies as a whole, the shares are held by a large or small number of shareholders?—By a considerable number and I may say, with regard to that, that I cannot understand one figure that has been put before this Commission. There has been a figure repeatedly mentioned of 37,000 as being the total number of shareholders in collieries. I do not believe it is correct. I asked that some steps might be taken to try to check it, because, looking at my own knowledge of what they are in South Yorkshire, I thought there was an inaccuracy, and at the present moment, with returns only from three-fourths of the output they have arrived at over 200,000 names. Some of those, of course, would be duplicates no doubt, but it satisfies me that that suggestion that the total number of shareholders is limited to 37,000 requires consideration and careful examination at any rate,

if it is accepted as a figure which has any material bearing on the labours of the Commission." I said then we will have that gentleman examined. What happened on that was that a return was asked for, a return was sent from Somerset House and circulated, but after what Mr. Rhodes had said, I said I will have the witness here and will ask him questions. Mr. Wallace Thorneycroft, who was called next, said very much the same thing in his evidence with regard to the number of shareholders, and he followed that up by this letter of the 13th June addressed to the Secretary: "Dear Sir,—Number of investors in coal industry. I hereby enclose letter from Sir William Peat, and share his regret that we are not yet in a position to put in the precise number as proposed by me on 22nd May, Question 21,355, page 835. I should like to either hand in the letter formally or that the Chairman should read the letter, so that there is some record of the facts in the evidence." Mr. Thorneycroft was under a promise to send the letter, and this is the letter from Sir William Peat: "Wallace Thorneycroft, Esq. 13th June. Dear Sir,—I regret that the labour involved in preparing a correct card index of the investors in companies engaged in working coal is

13 June, 1919.]

MR. HENRY BIRTLES.

[Continued.]

much greater than I anticipated, and the work is not yet complete. There are, of course, investors interested in more than one undertaking, and it is the elimination of the duplicates that takes so much time. I am fairly safe in estimating the total number of individual investors at something like 200,000. When the work of numbering the individual investors is completed, I shall let you know the result, but there is no doubt that the numbers greatly exceed 37,000, which is the figure frequently quoted in the *videuo*." In accordance with my promise I have called this gentleman whose name is Mr. Birtles.

27,956. Where are you engaged?—At the Registry of Joint Stock Companies.

27,957. Would you kindly tell me what your position is there?—I am the Registrar.

27,958. You have heard what I have read out. You have heard first of all how in the first part of our inquiry we had that return showing 37,000, and you heard the evidence of Mr. Parker Rhodes, in which he says 200,000, and you have heard the letter from Sir William Peat. Will you tell us your views on the subject?—I should like at once to say that the figure of 37,000 is not quite complete. In my return I give also a figure of 94,000. The 37,000 relates to shareholders in coal-mining companies only carrying on the business of coal mining, but there are also 94,000 shareholders in companies which not only carry on coal mining but also carry on what we call the allied industries of iron and steel. That at once disposes of the question as regards the 37,000. It should be 132,000.

27,959. I will just read that. It is on page 326 of the proceedings of the 14th March. Mr. McNair has kindly found it for me: "Now I propose next, in order that it may get on the Notes, to read a Memorandum from the Registry of Joint Stock Companies, Somerset House, dated 12th March, and signed by Mr. Birtles, one of the officials there. 'I have obtained from the Inland Revenue Authorities lists of all the Companies engaged in coal mining in the United Kingdom, and have ascertained from the files, the number of shareholders in each Company registered here as shown in the last Annual Return. I have also ascertained from the Registrar of Companies at Edinburgh the number of shareholders in the Companies engaged in coal mining in Scotland and registered there, and from the Assistant Registrar at Dublin the number of shareholders in the one Irish coal mining company. I append the results for each of the six coal mining areas of the Home Office classification.' " That gives for companies engaged in coal mining only 37,316 shareholders, for companies engaged in coal mining and allied industries, 94,723 shareholders. If you add those two together it comes to 132,039.

Sir L. Chiozza Money: That includes all the duplicates and triplicates.

27,960. *Chairman*: Then the official goes on to say: "I should point out that where the same person holds shares in more than one company no has been counted more than once in the above totals, and in the case of shareholdings in the names of more than one person the joint holding has for the purpose of this return been reckoned as one. The above return, as it purports, relates to the number of shareholders, and does not, of course, include debenture holders, as to the number of which there is no information available in this Office." I am afraid I interrupted you, but it was to get that put on the Notes. Now will you kindly continue?—I do not know that really I have very much to say about it, except as to the manner in which this return was compiled. It is really based on a list of companies given to me by the Inland Revenue Authorities. I, as Registrar, have no information as to the companies engaged in coalmining, or any other industry, but this list of companies was supplied to me by the Inland Revenue Authorities. Then we went through the file; every company is bound to render a return every year to me showing the names of its shareholders. I put my staff on all these files, and they simply counted up the names in the returns, and the figures I have given here are simply an aggregate of the returns.

27,961. *Sir Adam Nimmo*: Would it cover the private companies?—It includes the private companies.

27,962. *Mr. Sidney Webb*: You say it includes all the shareholders, but many companies have preference shares and ordinary shares, and perhaps other varieties of shares. Does it include in any particular company separately the preference shareholders and the ordinary shareholders, and therefore if a man has ordinary shares and also preference shares, they would be counted twice?—In some few cases it might possibly happen that a shareholder might be counted twice.

27,963. By inadvertence, do you mean?—Not by inadvertence, but simply by the way the companies render their returns.

27,964. Therefore, we may assume that in these cases where a single person has preference and ordinary shares in the same company, he would normally be reckoned as two or three, according to the different kinds of shares?—I do not agree with the word "normally," because I think that ordinarily the preference and ordinary shares would be shown against the same name on the same line, so you would not get the name of the shareholder twice.

27,965. You have not separate lists?—No, it is a common list.

27,966. Therefore, putting it the other way, normally the man would be only counted once if he had only preference shares and ordinary shares?—That is quite correct.

27,967. Errors might occur, but leaving those out, the account you have purported to give us, and attempted to give us, is the number of separate individual shareholders in a given company counting each man once within that company?—As far as we could ascertain.

27,968. Therefore, surveying what you have done, you are quite satisfied that 37,000 and 94,000 is as near the total as you can get?—I have no reason to doubt its substantial accuracy.

27,969. Could you help us? Have you any explanation of the apparent divergence, because Mr. Parker Rhodes was not the only case. We have had various exclamations of surprise at the smallness of the number?—I am afraid I cannot. My attention was called to this only this afternoon. I cannot understand it at all. The difference is too great. There must be something basically wrong. I do not think it is in our methods.

27,970. *Sir L. Chiozza Money*: Do you mean that your surprise is because there are 37,000 in coal only?—No; I am speaking of this figure of 200,000 given by Mr. Rhodes.

27,971. *Mr. Sidney Webb*: Sir William Peat's letter points out that the number of duplicates is very large. Probably you would not be surprised to hear that the number of duplicates is large?—No; the same shareholder holds shares in different companies, you mean.

27,972. Yes?—I have not any information on that point.

27,973. At any rate your return would normally include duplicates?—Undoubtedly. There is a point the other way, of course. There is the case where shares are held, say, by a company. In that case we should call that one, although the number of shareholders in that company might be thousands. It is only fair to put the other side.

27,974. Would not that company appear in the Inland Revenue Return as a coal owning company?—No, I take it not. It is simply an investing company. The case I may mention is the well known one, for instance, the Cambrian Consolidated. They hold shares in a good many companies. In each of those cases the holding of the Cambrian Consolidated has been taken as one only.

27,975. In your list of companies would not the Cambrian Consolidated appear?—It is a shareholder company. Perhaps they own coal mines as well; I do not know.

27,976. *Mr. Evan Williams*: I think you are quite right. They hold shares in other companies?—Yes, I think that is so. It is simply an investing company, and then there are the trust companies and banks.

13 June, 1919.]

MR. HENRY BIRTLES.

[Continued.]

27,977. *Sir L. Chiozza Money*: Am I right in supposing that the 94,000 mainly refer to iron and steel companies which own collieries?—I should say that is correct.

27,978. Can you give us any help whatever as to the number of large shareholders in these companies; that is to say, have you had prepared a return showing the number of persons owning coal shares only who owned,

say, more than £250 worth of capital?—No, I am afraid we could not give you that.

27,979. Would it be much trouble to do that? Would it not be a simple thing to run down the list?—I am afraid it would give a great deal of trouble.

Chairman: We are very much obliged to you for your evidence.

(Adjourned to to-morrow at half-past 10.)

SECOND STAGE—TWENTY-EIGHTH DAY.

SATURDAY, JUNE 14TH, 1919.

PRESENT:

THE HON. MR. JUSTICE SANKEY (*in the Chair*).

MR. ARTHUR BALFOUR.

MR. ROBERT SMILLIE.

MR. R. W. COOPER.

SIR ALLAN M. SMITH.

SIR ARTHUR DUCKHAM.

MR. HERBERT SMITH.

MR. FRANK HODGES.

MR. R. H. TAWNEY.

SIR LEO CHIOZZA MONEY.

MR. SIDNEY WEBB.

SIR ADAM NIMMO.

MR. EVAN WILLIAMS.

SIR ARTHUR LOWES DICKINSON, }
SIR RICHARD A. S. REDMAYNE, } (*Assessors.*)

MR. ARNOLD D. McNAIR (*Secretary*).

MR. GILBERT STONE (*Assistant Secretary*).

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, recalled and further examined.

27,980. *Sir Adam Nimmo (to the witness)*: Last night we were dealing with section 3 of your *précis*, and had come to the question of distribution, and I referred to the first few words of your statement under that heading where you say, "Prior to the war the distribution of coal was regulated mainly by the need for getting a market," and I asked you whether the producer was not interested in getting the best market from the point of view of price, and I think you agreed?—No, I do not think I did.

27,981. Then what is your view with regard to that?—My view on that is this: that the great object of the coalowner was to get as large an output as possible, with a view to keeping down cost as far as possible. He had to sell his coal, and he had consequently to enter into competition with everyone else who wanted to sell their coal, and naturally there was a scramble for the foreign market and the best price was not realised.

27,982. We are not dealing here, I think, necessarily with the foreign market. When the coalowner puts his coal into the market, does not his whole interest lie in getting the best price he can for his commodity?—I thought you were speaking about export.

27,983. No. You deal with export later in your *précis*?—I agree with you that it is to the interest of the coalowner to get the best market possible in the circumstances for his coal. It is the circumstances that I am up against.

27,984. I suppose the price is only depressed provided there is a larger supply of coal in the market

than there is a demand for at the time being?—The whole thing is governed by supply and demand, of course.

27,985. Is not the consumer interested on his side in getting the best suitable quality at the best price he can?—Naturally.

27,986. And would you not agree that in the main there has been a sound economic reason for the inland flow of the coal?—No, I would not.

27,987. Does not the consumer try to look after his interests in respect of quality?—He does.

27,988. Is he not constantly analysing the qualities of coal that he receives?—He should do, but I do not think many of them do so.

27,989. Is it not a common practice in the big works to analyse the coal?—It is becoming more common than it used to be, but it is extraordinary even now at the present day to what a small degree science is brought to bear upon the consumption of fuel.

27,990. Is not the analysing of fuel an increasing practice?—It is an increasing practice, but it is a long way from perfection.

27,991. Do not large consumers regard it as a very vital question to them?—I should say the majority of the very large consumers do, but science is not brought to bear on the consumption of coal to anything like the extent it should be, and we are extraordinarily ignorant as a nation as to the quality of coal that exists in the country. We have actually to go Sweden in order to find the best work on the

14 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

quality of British coals. I have found during the time I have been on the Coal Exports Committee that the foreigner has a better knowledge of the qualities of British coal than the ordinary British consumer.

27,992. Does not that amount to this, that it is the consumer in this country who requires to be stirred up more than the coalowner?—I think they both want stirring up.

27,993. Do you not agree from the evidence we have had before us and from your own personal knowledge, that the consumer in this country is longing for freedom of action now with regard to selection of coal and fixing of price?—No. I have heard a good deal of talk in this room about the iniquities of the Coal Control in supplying wrong qualities of coal and so on, but I discount it very largely. I will give you an instance to show what I mean. When I was sitting on the Coal Exports Committee, one consumer said that he could not do with a class of coal that he was getting for his production of Mond gas. It struck me as very extraordinary. He wanted a more bituminous coal than we were allowing him to have. I got hold of the Mond gas people in another part of the country, and asked them what kind of coal they were actually using. They said: "We could not do with any but this class of coal." I said: "This is diametrically opposed to the class of coal this man says he must have." There you are! I had enough scientific training to know in the first case the man was not burning coal to the best advantage, and I had sufficient knowledge to know that in the second case they were burning coal to the best advantage. Therefore I discount very largely a good deal of what I have heard here in the way of evidence as to the improper supply of coal. What really is at the bottom of the whole case is this: during the period of war, for reasons which are as well known to you as to me, the coal has not been kept as clean or anything like as clean as it was before the war. In fact they told me in Paris when I was over there a year ago last May that the dirt in the coal had increased to the extent of 100 per cent., and the evidence they adduced was absolute confirmation of that statement. It was not that I required evidence, because one knew it. That is what has caused dissatisfaction with the fuel in this country.

27,994. Whose fault is that?—It is not the fault of one section of the community, but it is the fault—if you can call it a fault—of a number. There was a very heavy recruiting of the ablest coal hewers, and their places were largely taken by men who had been outside the mines for some period. There was a great demand for coal, and when there is a great demand for coal and coal is more readily sold, that care is not exercised that might be exercised, and is exercised when you have to fight for your markets.

27,995. Do you not think the Coal Control has something to do with influencing the situation?—No. I am absolutely clear as to that. The Coal Control *qua* control has nothing to do with the dirt.

27,996. Has it not an influence on the minds of the men?—I am sure of that; in fact, the control has exercised rather the reverse influence. I will give you a case of the Harton Colliery or the Boldon Colliery—I forget which it was. The Gas Companies complained that the coal from several of the collieries was very dirty. I sent down an inspector to examine the position, and the management confessed that the care was not being exercised that should be exercised. They put the blame on the men. We inspected the cleaning belts and so on, and we found that it was a case of six of one and half-a-dozen of the other. The result of our visit and inspection and action generally resulted in a very marked improvement in the class of coal from that colliery. We have that in writing from the Gas Company, and we had an acknowledgment from the management of the colliery saying that our influence had been most wholesome. We have every now and again to repeat our efforts, but, generally, the result is of good for the time being.

27,996A. Have you found any consumer who has not been up against the transport scheme under Control?

—I have never had a colliery, in my capacity as manager or in the capacity of director, but what there were everlastingly complaints as to the quality of coal supplied. Now, instead of having to go for 1,500 collieries, to their joy they find there is one individual they can beat, and they beat him unmercifully, and that is the Coal Controller.

27,997. Does the consumer say he has been forced to take quite unsuitable qualities of coal and thereby incur loss?—He has always said that and always will.

27,998. Has he not said it enormously more since the transportation scheme came into force?—I do not think the cry has been greater, but it is more evident because it is launched against the Coal Control which is a Government concern. If all the complaints made before the war received the same publicity which they receive now, the British public would think the end of the coal trade had come. There is more justification as to the bad quality of the coal, inasmuch as it is dirtier than it was, for the reasons I have given.

27,999. Does our experience of the past carry us further in the direction of scientific distribution?—I think there is a great deal of what is very good and valuable in the distribution scheme that was put forward by the Coal Control.

28,000. It is not suggested by those who know it in detail, but I am prepared to put it to you?—I am answering for myself and not for anyone else. I think it is axiomatic that, the nearer you consume coal to the point at which it is obtained the better there must of necessity be cases of exception where there is a particular class of coal. We know the best coking coals in the world are in West Durham, the Victoria Garesfield, and all about there. There are certain high-class steels and so forth which must be in their manufacture the highest class of coke, and exceptions have to be made in cases of that sort.

28,001. Special qualities have to be provided for those special cases?—Yes, but that is an exception to the general rule.

28,002. Could you put the case higher than that at the present juncture the whole field of distribution requires to be explored and we have no past experience to go on to suggest that a serious change ought to be brought about?—I think the experience of the last few years in the coal control is most valuable experience.

28,003. I do not think the consumer agrees that he has been well served by it.—Well, I gave you my views of the consumer and his complaints. He is like the poor—ho is always with us. But he leaves me quite cold. I have known the consumer in the old days. Generally speaking, when there is over-production the voice of the consumer is heard loud in the land: when the production is short of the demand the consumer is only too glad to get anything he can, and he is not so much in evidence. But he is always there. I grant you that the coal is not as good as it was, inasmuch as it is dirtier for the reasons I advanced.

28,004. Would you not admit that this defect which you allege, in the light of all the facts, is really a matter of conjecture as yet?—Which?

28,005. As to the improvements which can be brought about by scientific distribution.—But I think they have been.

28,006. I do not think that the consumers agree, however?—I am only speaking for myself. I cannot say other than I do say.

28,007. We will leave it at that and come to the question of wagons. I do not think we need trouble very much about that, seeing under what is known as the Transportation Bill it is proposed to take private wagons over.—That is a good thing.

28,008. But I think there is a good deal of misunderstanding with regard to the place filled by private wagons belonging to the colliery owners. May I ask you to look at it for the moment from the point of view purely of the colliery owner: can it be said that the possession of private wagons by the colliery owner has been a defect in the industry?—Do you mean the provision of wagons?

14 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

28,009. I mean from the point of view of the coal industry considered by itself?—Yes, I think it is a defect and I will tell you why—it is in one way, but not another. It is one of those questions which requires rather a lengthy answer. I think that the owners who provided themselves with wagons did a very wise and proper thing because they looked in advance; they took time by the forelock and said to themselves: "Seeing that we must have a regular and systematic supply of wagons and that we are not likely to get that from the railway companies, we will do it ourselves." But if you ask me whether that is a good thing looked at Nationally, I say, No, and for this reason: that the time lost in sorting and shunting those wagons is so very great. As you know, we went into this thing together at considerable length in the old days of the Coal Organisation Committee and we came to the conclusion, did we not, that a great deal of time was lost at the collieries through inability to serve them with wagons, and our transport in this country was in a very rub-and-go position. We were short of wagons and the time lost in shunting these privately owned wagons led to very considerable loss of time at the collieries. I am looking at it entirely from the colliery point of view. The collieries were not served with wagons to the extent they might be because of the time taken in shunting and sorting private wagons.

28,010. Was it not due to the insufficiency of wagon supply?—Yes.

28,011. An all-over supply of wagons?—Yes, but the time lost in shunting and moving about and sorting out private wagons is so great as to militate against the proper clearance of the collieries.

28,012. I think we are agreed on this: that colliery owners do not put down wagons to secure a profit *qua* wagons, but what they do, as you have agreed, is to secure regularity of supplies?—That is the primary thing.

28,013. There is also another reason, is there not, that they desire to have their wagons for the purposes of storage as against, say, shipping contingencies?—Yes, to some extent.

28,014. If you were a colliery owner and not a railway man, would you not want to have private wagons of your own?—If I were not adequately served by the railway companies and I was a colliery owner, I would get myself wagons in order to serve myself.

28,015. Is not that the only reason why the colliery owner really purchases wagons?—I granted that at the beginning, but I say the system is bad for the nation. I have tried to answer your question in the broad sense. I would certainly take that precaution. I am not blaming—far from it—the forethought of the colliery that provided itself with wagons, but looked at from the national point of view, it would be very much better if there was community of interest in respect of the wagons.

28,016. If the railway companies had had an abundance of wagons in the past, the colliery companies would not have provided wagons for themselves?—No; I grant all that and I commend them highly for their forethought, but I say it is bad from the point of view of national output.

28,017. I suggest to you that you cannot get sufficiently far to say it is a defect. You will remember you are setting forth in this part of your *présis* certain defects?—Yes, certainly it is a defect.

28,018. Has it not saved an enormous amount of colliery output to the owner and therefore to the nation?—You are looking at from the point of view of the past. I am looking at it from the point of view of the present and the future.

28,019. Does it not follow that if the railway companies supply a sufficient number of wagons, the colliery companies interests in providing wagons will be withdrawn?—If there is community of interest in the wagons it makes for increased output.

28,020. I see with regard to the question of distribution that you desire to eliminate the middleman. Who is it that keeps the middleman going?—The middleman.

28,021. Who keeps the middleman going?—The middleman.

28,022. No, is it not the consumer?—If you take the outcry against the middleman I generally find it is the consumer who cries out most against the middleman.

28,023. I suggest the coal-owner is always doing his best to do without the middleman?—If the owners would only combine, they could overcome the middleman. You remember the Marquess of Londonderry had a very great fight and he said "I do not care what happens! I will have my own staithes and wharves in London."

28,024. *Mr. R. W. Cooper*: Did not he give it up as a failure?—Well, he fought a fight and I think he still has his wharf.

28,025. I think if you make enquiry you will find it has been given up?—Then the middleman was too much for him. If the owners combined, the middleman would not be too much for them; they would be too much for the middleman and the consumer would benefit.

Sir Adam Nimmo: Does not the consumer think that the services of the middleman have been of value to him?

Mr. Sidney Webb: Certainly he does not.

Sir Adam Nimmo: Pardon me, he does.

Witness: May I answer your question. I agree the middleman exists because he fulfils a function. If the consumer could do without him, I should think he would gladly do without him. No middleman can exist simply because he wants to exist. One must look about and see how one can do without the middleman. What is the cause of his existence? The cause of his existence is that the coal-owner as at present constituted cannot see his way to dealing more directly with the public and the public being uninitiated go to the nearest person who has coals to sell, and that is the middleman. I do that myself. But if the owners could combine and establish their own agents, the profit of the middleman could be divided between the public and the owners.

28,026. If the coal-owner appointed his own agents, he would have the expense incurred thereby?—Yes, he would have the expense incurred thereby, but one agent could deal to a very much larger extent than the middleman and the profit would go into the pockets of the consumer and the owner.

28,027. Is not the real reason that the consumer stands by the middleman because he has a better reliance upon supplies through the middleman? Assuming there is a break-down at a particular colliery on a particular date, the middleman having a connection with a number of collieries is able to provide the consumer with the coal he needs at short notice?—Quite right.

28,028. And the consumer believes he receives valuable services from the middleman in that respect?—He goes to the man who has coal to give him, but all that can be done by the owners combining to the elimination of the middleman.

28,029. Is not that very much a matter of conjecture?—Oh dear, no. The late Mr. Hamilton Greg told me a few months before he died—I suppose he knew more about the coal supply of the South of England than any man living, perhaps—that the whole thing could be run by one firm, and he was prepared to do it.

28,030. That is to say, what would be created would be a considerable monopoly?—Yes, a considerable monopoly.

28,031. With all its evils?—With all its evils. Therefore, I suggest that the considerable monopoly could be carried out without the aid of a middleman at all.

28,032. And possibly by tying up the whole industry in a knot?—No, I do not say that.

28,033. By elaborate machinery?—No, I do not say that.

28,034. And a great many regulations?—No, I do not say that. I think it would make for great simplicity and cheapness and effectiveness and regularity of supply.

28,035. You do not seem to have the consumer on your side in making that statement.—Yes, I think I have—the disinterested consumer.

28,036. Do you suggest that those who have come before this Commission have not been disinterested?—

14 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

The disinterested consumer is the British public, and I think it is becoming thoroughly alive to the fact.

28,037. Let us take the question of export prices. Do you feel that you can speak from experience in regard to the working of the export trade?—Yes. I have exported coal myself and had a rare fight over it. My fight was with Lancashire.

28,038. Have you found any expert in the export trade who has come here and said that he thought the export trade could do the work through a Committee?—Who are the exporters who have come here?

28,039. Sir D. M. Stovenson?—Yes, he lives by it.

28,040. Well, he is an expert?—Yes, I know he is an expert.

28,041. And he is interested in the maintenance of the British export trade?—He is interested in making his living.

28,042. Is there any other person who has had similar experience of the trade who has said it could be done by a committee?—Do they not all make their living by it?

28,043. Yes, but they understand the business?—Yes, and they make a living by it.

28,044. And they want to continue the trade?—Yes, to continue making their living.

28,045. And in doing that they are looking after the best interests of British trade?—It may or may not be.

28,046. They are always looking out for new markets?—They are endeavouring to sell their coal to the best advantage, and also endeavouring to buy it as cheaply as possible.

28,047. If there has been one bit of evidence given more emphatically than another in connection with the export trade, is it not this: that you require great mobility in connection with that branch of the trade?—Do you want my opinion on the evidence of other people?

28,048. No. Is it not essential that in the working of the export trade, we should have free mobility?—What do you mean by "mobility"?

28,049. Mobility in price, and mobility in rapid decision where competition has to be met?—I should like to know what you mean by "mobility of decision"?

28,050. Freedom of action.—I would rather put it in this way: that you must have machinery which will allow of the coal produced for export working as easily as possible.

28,051. And as rapidly as possible?—Yes, as rapidly as possible.

28,052. That is to say, that the man who is selling British coal abroad must have a free hand?—Yes, and I am quite prepared to agree with you that it is very difficult indeed, and one of the greatest difficulties in the way—shall we say?—of nationalisation to dispose of coal for export to the best advantage. It is very difficult, and I have been giving that a great deal of thought, as no doubt we all have. But it does not seem to me that it is impossible. Of course, any change brings difficulties in its way; but, after all, what is required in the export of coal? It requires that the people that export should have a great knowledge of the foreign markets, of the requirements, of the variations in price, and that they should act, and act quickly. As you ask me what is the sort of resultant opinion that one has formed from the evidence one has heard from the exporters who so thoroughly know the export trade, I should say it is the knowledge of the foreign markets, the almost daily variations and the possibility of quick decided action. If that is so, I do not see why that could not be done by a process of agents and agencies; that is to say, if the owners were to combine into one large combination for the purposes of dealing with their product (coal), they could have their paid agents or agents working on commission just as the exporter has his agents, and that rapidity in point of decision—what you call mobility of action or freedom of action—could be carried out in the same way with this overriding advantage, that there would not be competition as between owner and owner, and there would be an elimination of the cut-throat policy.

28,053. I am going to come to that. Do you suggest that we should run the risk of a change of

system which has wonderfully developed the export trade simply because it may be possible to devise some other method, the results of which we cannot foresee?—I do not advise any sudden change in that respect.

28,054. But you suggest the setting up of a committee?—Please let me answer the question. I do not advise any sudden change in that respect, but I think that it would naturally and automatically follow a combination of owners. They would see that it was to their advantage to establish their own agencies in the way of export, and the middleman would be gradually if not rapidly eliminated.

28,055. Would not your position in that respect depend very largely, if not entirely, on the fact as to whether you had a monopoly in the trade or not, and can you suggest that we have a monopoly in the export trade?—No, but we would have very much greater power to deal with our coal if all the 1,500 units were acting in harmony instead of trying to get the trade from each other.

28,056. Do you think you can really work the position, as we know it, through a committee composed of three different interests such as you suggest in your *précis*—the coalowners, the miners and the Government. Will not the inevitable result be to tie the whole position up?—No, I think not; I do not see why it should.

28,057. I do not think that position is supported by those who know the trade thoroughly?—I am only speaking for myself and not anyone else.

28,058. Let us come to the question of competition. Is there any real evidence to show that the competition between one district and another breaks down the prices? There is a good deal of conjecture on the subject, but is there any real evidence that that takes place?—Yes. Again and again in the history of the coal trade the owners have endeavoured to combine to maintain prices, and the reason their combinations have always broken down is because there has not been loyalty.

28,059. Is it not rather this, that you referred in your evidence yesterday, I think it was, to the operation of the law of supply and demand, and I think you agreed that you did not desire to interfere with the operation of that law. Now, so long as you have a larger quantity of coal in the market than the market can absorb, you must do one of two things, surely: either reduce your price and try to expand your market, or withdraw the coal altogether?—Yes.

28,060. What has happened in the past has been this, has it not, that when the supply has been in excess of the demand, the economic condition has righted itself by the price falling?—It does naturally, but if the coal trade is worked on scientific lines, I do not see that the necessity arises for producing more coal than there is a demand for.

28,061. Does that not simply mean that you withdraw labour from the mines in order to reduce the output?—Labour flows to and from the mines as the demand for labour increases or wanes.

28,062. Is there not always a period of reaction? That is to say, there is always a period, is there not, when you cannot withdraw the coal suddenly from the market?—Now, Sir Adam Nimmo, you deliver yourself into my hands: Why are there those periods of reaction? Those periods of reaction have been due to greed; they have been due to intense over-production. In such a combination as I have in mind, that would be obviated, and there would not be those fluctuations. That is the main idea of the late Sir George Elliott's scheme; those sudden fluctuations would be done away with.

28,063. Would you arbitrarily control production?—No, my point is quite clear. Take the "seventies," to establish an historic parallel. After the Franco-German war there was great demand for coal. There is always, of course, the hiatus of depression which we are passing through now, which will be succeeded very shortly, I hope, by a great burst of trade. Well, that happened. In the chemical trade as in the coal trade, but prominently in the coal trade, development went forward at a tremendous rate. People

14 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

were attracted into the trade, immense dividends being paid; wages rushed up to a high figure, they developed collieries to a great extent; there was over-supply, and down came the price. Then that was followed by years of depression. That is a most unscientific procedure.

28,064. Would you have prevented expansion on the rising market?—I would not have expanded it to anything like that extent.

28,065. Would not that be putting the cold hand on enterprise altogether?—Not at all; I would expand to meet the legitimate requirements, but I would not expand to deluge the market with coal.

28,066. Looking the facts in the face, do not cycles of trade up and down rest really upon a broad world position in respect of the demand for coal?—That is one of the mistakes that political economists make.

28,067. *Mr. R. H. Tawney*: That was exploded long ago?—That is one of the mistakes the political economists make, and ten years afterwards withdraw and say it is wrong, like the Manchester school. That is one of the mistakes they made, and are in the process of withdrawing.

28,068. But that was all given up twenty years ago?—Then you and I, Sir Adam Nimmo, are twenty years behind the times: I was not aware they had changed.

28,069. *Sir Adam Nimmo*: Now, let us take the question of competition again. I have no doubt you have observed the prices of competing districts on the East Coast and the West Coast: is it not wonderful how close these prices approximate to one another?—When I was in Northumberland, and Fifeshire went on strike, we did a roaring trade. When we and Fifeshire were working together we had the same markets, and were competing against each other, and cutting each other's throats.

28,070. Let us take normal conditions?—Those are normal conditions. When the conditions were normal, we cut each other's throats and made a bare existence; but when the conditions were abnormal and there was a strike in Fifeshire, we did really well.

28,071. Is it not, after all, the foreign coal that we are in competition with that determines the price of coal for export?—To some extent, but I think equally, and possibly to a greater extent, it is the competition at home.

28,072. Is not this what happens: in fixing British trade in coal abroad at a particular time, the best coals are absorbed first of all, and determine the price?—To some extent.

28,073. The standard coals, I think you will agree, are always picked up first of all?—No, I do not think that is altogether true. I know that is often put forward, but you find buyers in the market who buy a special class of coal, and they do not want to buy the best coal. Take, for instance, large electricity works: they will not go abroad and buy the best gas coal; they will buy duff, they will buy steam small, and they will buy a cheap class of coal.

28,074. Is not that only when they find they cannot get the best coal at a price which they think a satisfactory price?—I do not think they go into the market to buy the best class of coal; they go into the market to buy the class of coal that they want.

28,075. Is not that contrary to experience?—I know that is what is stated, but I do not think it is the whole truth.

28,076. What I suggest is this, that when these standardised coals are purchased, first of all the other coals fall into relative line. It is not competition amongst themselves that really determines the price, but the foreign coal meeting these standard coals?—You and I know that they would go down 1d. or 2d. a ton in order to get the trade from somebody else. That is well known.

28,077. I suggest to you that, looking broadly out on the export trade, that is not what happens. It has not a material effect on the situation?—I think it has a very material effect, the most material effect.

28,078. Now dealing with the question of central purchasing of materials for collieries, I do not wish to say very much about that. I think we would agree that, provided a combination is not too large, a large company can buy cheaper than a small company, on

the whole?—I think you and I agree more than appears on the surface.

28,079. Do you think that applies, if you had really large combinations?—Would you get anyone to agree with you if you said, by making your combination very large you will be able to purchase cheaper coal than a private undertaking of some size?—I think so.

28,080. I suggest to you that it is contrary to the experience of those who know?—You know that an ounce of fact is worth a ton of theory. Let us take the case of the London and North-Western Railway Company. That case made a great effect on me. The London and North-Western Railway Company were buying, so I am informed by one of their chief officials, sectionally, and when they improved their system and bought centrally, the result has been the saving of tens of thousands per annum. Now the London and North-Western Railway Company is a very large combination; it is a very large system, a very large unit.

28,081. Yes, but I put this to you, that if you take the experience of Railway Companies generally in the matter of coal, when they come into the market at one particular time to buy the very large quantity of coal they generally get, the market is put up against them. I have had a good deal of experience of this kind of problem, and I have seen that invariably applied?—I think it stands to reason that, just as you get a better price in selling if you sell centrally, so you buy your material cheaper if you buy centrally, instead of playing unit against unit.

28,082. But is not the tendency, human nature being as it is, that if there is only one buyer comes into the market, a very large buyer, the suppliers put their heads together to get as high a price as they can?—Form a ring?

28,083. Against the buyer?—Not more than they have done already.

28,084. Is there not a tendency to do it, the larger the purchasing combination?—I do not think there is any more tendency to do it in that case than there is at present.

28,085. I suggest that in a matter of this kind there is a great deal of conjecture as to what may happen?—There is a great deal of conjecture in everything in life.

28,086. There is one matter of detail in passing: I notice you use an illustration from explosives and pit wood?—Yes.

28,087. What you say may be true with regard to explosives, particularly now where you have an overriding combination; but are your remarks true in the case of timber before the war? Was there not really quite a free market in foreign timber before the war?—It was in the hands of very few people.

28,088. But a sufficient number of people to give quite a free market?—I do not think so.

28,089. That is my experience?—I do not think so. As you say, of course, certainly not since the war.

28,090. We cannot judge at all by what has happened during the war?—I quite agree with you. We must take pre-war conditions. The pitwood trade was a trade in the hands of very few people—I have been astonished to find how few.

28,091. The experience of coalowners on that point is simply this: that they get quite a free market?—Take the North of England; how many substantial timber merchants would you say there were in the North of England?

28,092. I cannot speak, of course, from an intimate knowledge of the North of England?—I should say three, and Mr. Cooper will enlighten you, no doubt, as to their names.

28,093. *Mr. R. W. Cooper*: What do you mean by the North of England?—Northumberland and Durham.

28,094. Only three?—Three substantial timber merchants.

28,095. I should be happy to find you a list with more names than that.—Yes, but substantial; and those three have two-thirds of the timber trade, and one of them more than half

14 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

- 28,096. What are their names?—Pyman and Bell. I should say they have more than half the timber trade of Durham.
- 28,097. Then let me give you some names: there is Osbeck, Pyman and Bell—.—I mentioned them.
- 28,098. Atkinson Brothers, and there are three or four more in Newcastle alone. What about Hartlepool?—Hartlepool is dealing with a good deal more than Northumberland and Durham.
- 28,099. *Sir Adam Nimmo*: I know the Scottish position pretty intimately.—They are a ring.
- 28,100. There is quite a large number of suppliers of timber.—They are a ring.
- 28,101. We are dealing now with the position before the war. Before the war in Scotland, I think, the Scottish coal owner would say that he had relatively a free market in pit timber.—Is he going to after the war?
- 28,102. We can only judge of this in the light of pre-war conditions.—I think that ring is going to continue.
- 28,103. *Sir L. Chiozza Money*: Do you say there is a ring?—There was in Scotland.
- 28,104. *Sir Adam Nimmo*: Was there a ring before the war?—The war has brought the ring into being, and it is continuing.
- 28,105. I have no doubt if the coal owner is left as he was before the war he would break down the ring as he did it in the past?—He will break it down more effectively if he combines.
- 28,106. I do not think you are really on good ground when you refer to the pit timber under this heading.—I think I am on good ground, but inasmuch as the substantial trade is in the hands of a very few people—not in respect of the explosives, of course, which is an absolute ring—I think you will find this—I am not quite so certain that there is not an understanding among the timber people.
- 28,107. There is generally an understanding, of course, in most industries to carry it as far as they can.—Take South Wales, Mr. Evan Williams will bear me out that there are three main importers of timber.
- 28,108. *Mr. Evan Williams*: Pit wood?—Yes.
- 28,109. There are, I should think, 30 to 40 importers.—There are three main importers from the Government point of view.
- 28,110. Because, by arrangement, all the small ones put their business into the hands of the others for war purposes only at the request of the Government during the war?—What they will do in the green tree they will do in the dry tree.
- 28,111. *Mr. Evan Williams*: No, the competition is already beginning.
- 28,112. *Sir Adam Nimmo*: We do not want to labour this position. We only want to get it fixed as to whether you are correct in saying that this was a tied-up position before the war, and I suggest it was not.—Well, we do not agree. You see I say in my proof, that as to pit wood the commodity is fairly normally an imported article—that you would agree—and in the hands of comparatively few traders. That is the position. I cannot retire from that.
- 28,113. Taking the question of the displacement of vested interests, what elimination would you really hope to secure. I take it, that you wish to employ in the industry in future, all those who can be of real use to the industry?—Certainly.
- 28,114. Let us take the case of managing directors. I suppose you would agree that most of these men are of very great use to the industry?—If you combine all the collieries into one concern you could do away with a great number of managing directors.
- 28,115. Would you not try to find a place for them if they were really men of ability and brains?—I would be quite cold-blooded. I would not weight the industry with any more managing directors or managers or any other managerial staff than is necessary to conduct the industry.
- 28,116. Take the general managers that you refer to: are not these men the most valuable men in the industry?—If I had two collieries and there were two general managers, great men both of them, and I combined the two collieries—I am not now regarding State combination—but the two collieries agreed to combine, they would not retain two general managers.
- 28,117. What do you estimate to be the present cost of administration to the coalowners?—I have not made the calculation.
- 28,118. It is not a great deal per ton?—I have not made the calculation.
- 28,119. If I put it to you that it was a very small amount per ton, would you hope to secure any great saving?—What do you call a small amount per ton?
- 28,120. Let us put it at 2d. a ton?—2d. a ton on 270 million tons: I could live on that.
- 28,121. My colleagues suggest that it may be a great deal less?—2d. a ton on 270 million tons is what it is—it is neither more nor less.
- 28,122. Let us take what is happening in connection with control as a guide to this matter. You are aware what the estimated charges are in connection with the administration of coal. The sum is put down at £552,395, I believe, with a great many unpaid officials at that?—I do not think the two are comparable. Let us compare like with like.
- 28,123. I rather suggest that when you begin with your policy of collective production, and then go on to your policy of control of distribution, control of home prices, control of export prices, you have built up a huge system of control that would require a great staff to manage?—The staff is less and less as you combine more and more in proportion, and that has been the experience of all trusts and combinations.
- 28,124. When you take the Control Department?—I say you are not comparing like with like. It is like comparing a piece of chalk with a piece of cheese. They are totally different things.
- 28,125. I suggest that by the time you have finished with your scheme you will have an enormous scale of charges that will have to be met?—I disagree with you entirely. The control is a system—an evil, if you like—which was the outcome of the war to meet special circumstances. The combination that I have in view is something quite different and you must compare like with like. If you want to compare like with like, take any combination of collieries in the past, either in this country or other countries, and compare it with the projected combination.
- 28,126. Would not your suggested scheme, if thoroughly comprehensive, get dangerously near the scope of the present control?—No, not at all.
- 28,127. I understand you propose to deal effectively with the whole problem of distribution?—Yes.
- 28,128. Within your collective production?—Yes.
- 28,129. That might apply to very large areas?—Yes.
- 28,130. These might require to be co-ordinated?—Yes.
- 28,131. The same thing would apply with regard to prices?—It would automatically come out of the combination.
- 28,132. Would it not apply in the same way with regard to prices?—What—the control?
- 28,133. The setting up of a complicated machine for dealing with the whole of that?—No, not complicated at all. The effect of combination always tends towards simplification.
- 28,134. It does seem to be suggested that when you get a big combination under control?—What could be more complicated and more efficient from one point of view than the present system, whereby each of the 1,500 companies have 1,500 different systems? I would have one company with one system.
- 28,135. That would not deal with the problem at all that you are dealing with—the disposition of prices between the export trade and the home trade?—It would be far simpler if instead of having 1,500 collieries you had one.
- 28,136. I suggest before you have done you would run to enormous expense?—I suggest that you would not. I suggest you would have saving in cost both to the coalowners and that it would be in the national interest.
- 28,137. I suggest there would be an enormous expense in connection with it. I suggest that it points the way to a very large expenditure if you carry out your scheme?—I say you must compare like with like.
- 28,138. Now take the question of the saving in freights; do you mean shipping freights?—Yes.

14 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.O.B.

[Continued.]

28,139. How can you possibly control shipping freights by any combination of coalowners?—Is it not self-evident.

28,140. No, I do not think so. I think it is very far from being self-evident?—That is where you and I differ. There is competition for chartering vessels at present, is there not?

28,141. Yes?—There would not be.

28,142. But surely a ship is the most mobile thing in the world. It goes where it can get the best market?—Quite so.

28,143. How is it going to be brought to our shores? Is it not by the freight offered?—Exactly.

28,144. How could a combination of coal interests bring boats more readily and at a cheaper cost to this country?—For the very reason that I have just stated. Instead of having 1,500 competitors or thereabouts or instead of having numerous competitors there would be no competitors.

28,145. Is not all this body of competitors really a competing source to bring the boat to secure the freight that is required? If the shipowner is not satisfied with the freight offered he goes into the world's markets, and he takes his boat where he gets the best freights?—I maintain that national combination could control freights to an extent which would be impossible for an individual colliery owner.

28,146. It is not a competition between the shippers; is it not the world's market in freights that controls freights?—No, it is both.

28,147. The shipowner goes to any part of the world where he can get the best freight?—He goes where he can get the best price like everybody else.

28,148. How are you going to bring him to a port here?—Suppose the vessel is here and you go on Chango and you say I will give you so much—another man says he will give a bit more: the man who gives a bit more gets it.

28,149. If he finds he can get the freight by shifting his boat he shifts it in ballast?—Yes.

28,150. I suggest to you there is no possibility of securing a saving in that respect?—I say there would be considerable saving.

28,151. I should be surprised if any shipowner would agree with you?—I should be surprised, if he spoke the truth, if he disagreed with me.

28,152. With regard to central pumping, is not that a problem that has to be gone into in detail?—It is a problem that is on us now. We have lost a large part of a coalfield through it.

28,153. Is it not conjecture?—We have lost a whole coalfield through want of combination on the part of the owners.

28,154. *Mr. R. H. Tawney*: May I ask where is that?—In South Staffordshire. I should say not the whole coalfield, but part of it; and it is lost entirely through disagreement among the coalowners. One coalowner, who is due to pump the water says he will not be drowned out for five years and therefore only should he pay the same contribution as the man who will be 'drowned out immediately; and for the last three years I have been fighting this battle, and I am sick of it. We cannot get combination, and they ask the nation to finance them.

28,155. *Sir Adam Nimmo*: You raise a question here which is of general application?—An ounce of fact is worth a ton of conjecture.

28,156. Can anyone say what can be done in connection with central pumping?—I know that this trouble is likely to arise in South Yorkshire.

28,157. I think the evidence of Mr. C. E. Rhodes was to the contrary?—I have had correspondence with him in which he was asking me to try and get something done.

28,158. Was not his evidence contrary to that?—I only know what I know.

28,159. I suppose, assuming even that something could be done in this direction, that each case would require to be separately investigated?—There is no assumption about it.

28,160. One minute. Will not each individual case require to be closely investigated by itself?—Every case requires investigation.

28,161. Would it not mean an enormous amount of underground mine driving to bring about what you want?—No, none.

28,162. Take the case of the coalfield as a whole, can any men sitting here just now say what can or what cannot be done in the way of central pumping?—Yes, I am sitting here, and I can say what could be done. Instead of having 100 different pumping plants you can have one.

28,163. What cases have you in your mind?—They are very important cases, and what is true of one field may be true of another field in a few years since this question of central pumping is a very serious point.

28,164. Of course, all these cases could be dealt with quite well under the proposals of the Land Acquisition Committee?—I do not think so, but they could if the minerals were nationalised—very considerably.

28,165. Take the case of working together good and inferior coal seams: what precisely have you in your mind in that connection?—Precisely what I say. I will read it to you:—

“Generally, under a system of collective production artificial factors which impede mining would be removed. Owing to the extinction of the competition prevalent in normal times between rival coal owners coal, good and inferior, could be worked together instead of bringing up only that which is necessary to allow of one owner competing with another. It might be argued that the consumer would suffer in that he would on the average be provided with a poorer class of coal than heretofore, but this does not necessarily follow, and the fact of there being a lower grade of coal on the market would lead consumers to make use of it on the score of cheapness and adopt more scientific means of burning it than at present, with advantage to everybody.”

There is a good deal of coal being left at present in the mines unworked, and I suggest that that coal could be worked, and though the average of the coal would be lowered there would be purchasers for that coal at a price.

28,166. But I suggest to you that every coalowner in the country is going to the very fullest limit possible in working inferior coal along with these good quality coals?—I know collieries in which 40 per cent. of the seam is being left underground unworked, and that is coal that I would gladly give in Surrey 30s. a ton for.

28,167. Would your view be this, that the private owner cannot go further than a certain point in forcing the coal on the consumer?—That is because he is a private owner.

28,168. That is to say, we are to force the consumer to take the coal whether he wants it or not?—I say I would pay 30s. a ton to-morrow gladly for that coal.

28,169. Would it make for efficiency from the consumer's point of view if he had to take coal that he regarded as inefficient?—It would give me the warmth that I require, and cook the dinner that I require quite effectively.

28,170. I suggest to you, from a considerable experience of a question of this sort, that every coalowner does his best to work all the seams available?—Every coalowner does his best to sell his coal and he cannot produce that poor class of coal because he says he cannot sell it in the market. If he tried to, Messrs. So-and-so over the way would capture my trade by giving better coal.

28,171. What do you think the consumer would say if you compelled him to take an inferior quality of coal?—I would not compel him. I say the consumer, if he wants to pay the high price, will get the high class of coal, and if he wants to pay the lower price he would get the lower class of coal and make the thing profitable.

28,172. I suppose you would do your best to force upon the consumer the quality of coal that you thought he should take?—Not altogether.

28,173. Does it not amount to that?—No.

28,174. Is not that what the consumer is objecting to?—The consumer would come along and say: “That is a poor class of coal; it is worth 8s. a ton less. Yes, I will take it.”

28,175. Is he not being persuaded to do that now on every hand?—He is being persuaded to take some things that he will benefit by hereafter.

14 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

28,176. I am taking the pre-war position. Was not there every effort made in the pre-war days to induce the consumer to take an inferior quality of coal if he would take it?—In the pre-war days the coalowner was a wandering sheep. He would not be controlled, but now he is being controlled to some extent and he has to some extent to take what he can get.

28,177. Did not the coalowners' interests lie in exhausting the coalfield to the greatest extent possible?—Yes, subject to the possibility of his selling what he produced.

28,178. That is to say, if he had a marketable seam from the mining point of view he did his best to extract the coal and to find a market for it?—In several South Yorkshire collieries he has been leaving 40 per cent. pre-war.

28,179. One would require to look into the individual case to know what the coal is?—In one of my annual reports I deal with the question. It a great deal concerned the late Mr. Pickering and myself.

28,180. I take it the position is that you are going to force the consumer to take it whether he wants it or not?—No.

Sir L. Chiozza Money: You ought not to put such a question.

Sir Adam Nimmo: If Sir Richard does not want to reply to the question he can say so.

Mr. Sidney Webb: He has replied in the negative. It is definitely on record that Sir Richard replied in the negative.

Sir L. Chiozza Money: You want him to say something else.

Sir Adam Nimmo: We need not carry it any further.

Mr. Sidney Webb: I hope not.

28,181. *Sir Adam Nimmo*: I think you and I agree?—We agree far more than the public suppose.

28,182. I think you and I agree that the miners' leaders in the question of output have an enormous influence over the men.—Yes.

28,183. And that they could do a great deal?—Yes, I said so.

28,184. They have an influence to assist in the increase in output if they set themselves to do it?—I feel so.

28,185. I want to ask you this: Do you know whether any prominent miners' leader has in recent months gone to a district and strongly urged the men to produce more coal in the national interests?—I do not know; they are there; they will tell you. I cannot speak for the miners' leaders.

28,186. It is not within your knowledge?—It is not.

28,187. *Mr. R. H. Tawney*: Would it be within your knowledge had it happened?—I do not know that it would have been, unless it appeared in the newspapers. Sometimes I read the newspapers; sometimes I have not time.

28,188. *Sir Adam Nimmo*: We have had various statements which have been submitted by Mr. Herbert Smith and others as to the cause of the reduction of output which has recently taken place?—Yes.

28,189. In the line of the questions that I have just asked you, would you be surprised if you had evidence submitted to you that at any rate one prominent miners' leader has been telling the men in a public meeting not to put out too much coal?—I would be surprised.

28,190. Would you say that if a case of that sort was known publicly that it ought to be investigated along with the other factors which may be reducing the output of coal?—I will go this far and say that all factors should be investigated.

28,191. I hold in my hand a letter which I have received. Mr. Herbert Smith and Mr. Frank Hodges have indicated that they have received letters as to the cause of the reduction of output. Now, I hold in my hand a letter which says that a prominent leader in a mining district, at a public meeting which was held on the 1st June, urged the men not to do too much work at the present time?—I am very surprised to hear it.

28,192. Do you agree that that is a factor that ought to be investigated along with the other factors?—Every factor ought to be.

Sir L. Chiozza Money: Who was the letter from?

Mr. Herbert Smith: I gave you the names of the senders of my letters.

Sir Adam Nimmo: I will read the letter. "At a meeting addressed by Mr. Duncan Graham, M.P."

Chairman: Who is that letter from?

Sir Adam Nimmo: From Mr. Arnot, general manager of the United Collieries.

Sir L. Chiozza Money: Is Mr. Graham a miners' leader?

Mr. Herbert Smith: Who is the sender of the letter?

Chairman: I will read this letter. This is a letter from the United Collieries, Ltd., of 109, Hope Street, Glasgow, 11th June, 1919. Then it sets out their telephone address, and telegrams are to be sent to "Combino, Glasgow." "Dear Sir Adam, At a meeting addressed by Mr. Duncan Graham, M.P. for Hamilton Division of Willbough Larkall, on Sunday 1st June, Mr. Graham advised his hearers not to exert themselves, and to do as little as possible, and to see that they got as much money as possible for it. He stated that he did not care if a representative of the Press were present and published his views, his reason for giving these views being that there was no need for labour to be honest when the other side were so dishonest. This statement is vouched for by Mr. McDowall, the manager at Quarter, and Mr. Wilson, the under-manager. I cross-questioned them on the subject, and they both agreed that the statement I have given is an accurate report of what was said. I do not know if you will attempt to make any use of the statement, but Mr. McLean thought that it ought to be known in view of the present restriction of output, that such advice was being given by those who were thought to be responsible leaders. I hope you are keeping well and able to keep your temper in face of so much provocation.—Yours faithfully, THOMAS ARNOT."

28,193. *Sir Adam Nimmo*: All I want to say is this: that I expressed surprise that such a condition of things should be reported. I want to know whether you agree that when an investigation takes place into the causes of reduced output such a thing as this should be investigated?—Everything should be.

28,194. *Mr. Robert Smillie*: I should point out that Thomas Arnot is the manager of the colliery. Although Sir Richard says he has the fullest faith in colliery managers, we are not disposed to take that?—I have the fullest faith in everybody, but we were dealing with the question of tubs when I said that, and not accusations made against one another.

28,195. Mr. Duncan Graham is a member of Parliament?—I know him, and, therefore, am the more surprised.

28,196. I think he ought to be heard on a matter of this kind before it can be taken as evidence. You cannot say that this statement was made?—Certainly not.

28,197. *Sir Adam Nimmo*: I am merely making the statement as a subject for investigation.

The Witness: I said if an investigation should be carried out all parties concerned should be heard.

28,198. *Mr. Herbert Smith*: They ought all to be tried together?—Quite so; there should be no individualism in the trying. On that question of diminishing output, which concerns us all so greatly, I do think a very great deal could be done to mitigate the effects if there was a wider acceptance of the principle of double shifts. I go so far as to say this: that double shifting districts give more than double the quantity that the single shifting do.

28,199. *Chairman*: I daresay you will be very glad to see what took place in South Wales on that. Perhaps you have seen the Welsh papers?—No, I have not. I was brought up under the system of double shifting, and I am a great believer in it.

28,200. *Mr. Sidney Webb*: I have just one point to put to you, and that is with regard to the statistics of expense. The Home Office has published statistics as to the fatal accidents, and it is assumed that those statistics are very satisfactory, but the Home Office does not now publish statistics as to the non-fatal

14 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

accidents. Can you tell us anything about it?—You very kindly mentioned that fact to me yesterday, so when I went home I looked up the matter just to see how it stood. Taking the report of the divisional statistics for the year 1914, we issued then tables showing the separate non-fatal accidents, the number of them, also a table showing the persons injured. Unfortunately, I have not been in the Home Office for the last 2½ years, so I am a little bit rusty as to what goes on there in respect to this matter, but I can hand you this table so that you can see that the number of separate accidents for the year 1914 was 150,000 odd, and the number of persons injured was 158,000 odd, and a comparison is instituted with the preceding year.

28,201. I have those figures, but what I wanted to know was, since 1914 what was the proportion of accidents?—Since the war, with the object of economy, these tables have been vastly cut down.

28,202. As a matter of fact, have they not been omitted, not cut down?—Probably omitted.

28,203. That is not cut down?—A great number of tables have been omitted.

28,204. Apparently all statistics with regard to the number of non-fatal accidents are not now published by the Home Office?—No.

28,205. Could you give us any information as to that. Have you a table?—I have. I will circulate it. You very kindly mentioned the fact to me, and I had tables made out.

28,206. Will you refer to them in order that they may be put on record on the notes?—Yes, I will mention it to get it on the notes. These are 3 tables.* One is a table of the non-fatal accidents reported to inspectors, average accident rates per million tons of minerals raised in groups of 5 years at mines, under the Coal Mines Acts from 1895 to 1918. The accidents per million tons are given in groups of years. For instance, the first group is 1895 to 1899 inclusive 21.0 accidents per million tons of minerals raised. Then skipping a few years and coming down to the last group 1917 and 1918 17.2.

28,207. May I ask you on that whether those figures are strictly comparable? Was there not a considerable difference in the requirements in 1907?—As the Note states, in the year 1907 there was a large increase in the number of non-fatal accidents reported owing to the operation of the more definite requirements laid down in section 2 of the Notice of Accidents Act, 1906, a break in the groups of 5 years has, therefore, been made. For the quinquennium 1900 to 1904 it stands at 15.5; in the last 2 years 17.2, but that increase is not strictly comparable. Then the second table is non-fatal accidents disabling persons injured for more than 7 days, accident rates per million tons of minerals raised at mines under the Coal Mines Acts during the years 1908 to 1914 inclusive. The figures later than 1914 are not available: for 1908 513.8 accidents per million tons of minerals raised; 1914 568.1.

28,208. Now that shows a rather remarkable increase in the proportion of serious accidents, in proportion to tonnage?—Accidents disabling for more than 7 days—it shows a rise.

28,209. That is only down to 1914?—The rise is very variable; you see it varies up and down.

28,210. But at any rate it is a somewhat significant fact that there is no decrease, and there are no figures later than 1914?—That is so.

28,211. Could not those figures be got? When you say there are no figures available, do you merely mean that the Home Office has not published them?—The Home Office has not published them. I am not aware that the return has not been continued, but I should not like to speak definitely thereon owing to my having been absent for the last 2½ years.

28,212. The accidents continue to be reported?—Presumably.

28,213. And if they have been reported, surely the Home Office is looking after the matter?—If they

have been reported the only question is the question of tabulation.

28,214. I think it is unfortunate that we cannot get them, because it has been reported that the accidents are decreasing, and here we have certain significant figures showing that the accidents have been increasing?—Certain classes.

28,215. These are the serious classes of accidents?—Disabling for more than 7 days.

28,216. The others have been satisfactorily decreasing, but the 150,000 accidents have been if anything increasing?—I would not like to say that because in the year 1913 it was considerably higher than in the year 1914.

28,217. Yes, but taking the series of years?—And the year 1911 was higher than 1912.

28,218. 1908 was very much lower?—Exactly.

28,219. Taking the series of years the table would show an upward tendency. Take the later figures which you have, and then take the fact that the two biggest causes of accidents, as you will agree, are falls of ground and roof and run-over underground?—Yes, those are prior to those reports that I have given to you.

28,220. Take the figure for 1917, where we have only the fatal accidents it is true, but the number of deaths during 1917 due to falls of ground was 733, whereas the average in the preceding five years was only 645, showing a rise in fatal accidents of 88, or something like 16 per cent. That is rather grave, is it not?—That is not very pleasant.

28,221. Now take the biggest class of accidents, the run-over underground, the number of deaths in 1917 was 271, the average for the preceding five years was 218; there again you have a very large rise. Now, have we the figures for 1918?—We come to the third table, and that gives the year, the number of deaths from accidents, the number of non-fatal accidents reported to inspectors, the number of non-fatal accidents disabling for more than seven days, and the number of offences in respect of which prosecutions were instituted. You will see the non-fatal accidents disabling for more than seven days end at 1914.

28,222. The Home Office have not given us the later ones?—No, I should like to see the later ones.

28,223. Surely as there is a certain indication at any rate that the figure is rising very seriously, I should think the Home Office was very much concerned?—Yes; you see the number has gone down for 1914. It is 158,000.

28,224. You cannot take one year.—The curve is very slight.

28,225. There have only been two years in the seven when it was more than 1914, and four years in the seven which are less than 1914?—Yes.

28,226. Consequently if you take the average of the six previous years to 1914 it considerably exceeds it?—Yes.

28,227. And we have some indication that it is worse still?—In order to institute a comparison that would be of real use, one would like to see the number of non-fatal accidents where men have been disabled for more than seven days classed according to the nature of the accidents.

28,228. I am a little surprised that we have not got it.—We have all been so tremendously employed during the war.

28,229. Considering the number of clerks out of work, I should have thought it could have been done. Now take the question of the causes of these accidents. Take this very serious question of accidents from falls of side and roof. It has been alleged that I have only been able to cite one case in all Great Britain in which the employers have been in default with regard to the prevention of those accidents. Do you think there has been only one case in your experience?—Where the owners have been to blame?

28,230. Yes, where the owners have been to blame for accidents owing to falls of roof.—It would be what Sir Adam Nimmo calls conjecture on my part, but I would be surprised if there was only one case.

28,231. Is it quite confined to conjecture? For instance, might you not turn to the Home Office

* See Appendix 77.

14 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

Report for 1917, and would you not find under that cases of contravention of the provisions about timber—52 prosecutions and 52 convictions?—If that is so, then it ceases to be conjecture.

28,232. That is why I wanted to bring these facts before you?—When I have the facts before me, it ceases to be conjecture.

28,233. Then it is hardly correct to say that there is only one case where the owners have been in default on account of this very large number of accidents when it turns out that there have been 52 convictions?—Yes.

28,234. Then with regard to the very large number of accidents which are serious owing to being run over. There are altogether 271 deaths and, as far as I remember, something like 60,000 accidents. I see there were prosecutions to the extent of, at any rate, 9 convictions with regard to travelling roads and haulage. I do not know whether that has any bearing on the 60,000 accidents, the being run over by trams?—Yes.

28,235. It has a bearing?—Yes.

28,236. Then there are cases where there have been contraventions?—Are those prosecutions of the staff?

28,237. Yes. Now with regard to that very serious amount of accidents from casualties in the mines last year being more than all those which happened at Gallipoli. I have stated that fact, and I have been accused of exaggeration. Do you think that is exaggeration?—Would you repeat that more slowly?

28,238. That there were more casualties in the mines in Great Britain last year than happened in the Gallipoli Expedition, not fatalities, but accidents?—Yes; but a Gallipoli casualty on the average, I should say, was a more serious matter than a coal mining casualty.

28,239. That is perfectly true. I have always gone on to state the number of fatal cases?—Take the case of a man who has his thumb badly cut; he cannot possibly work for perhaps a fortnight or three weeks. That is a casualty. But take the case of shell shock; a man may be injured for life. You must compare like with like. I know it is startling when you put it in that way.

28,240. I want it to look startling?—It looks dramatic.

28,241. I want it to look dramatic. It is dramatic. There are 160,000 cases where the men are injured so that they cannot work for a period of seven days or more. We need not take the deaths—but why are there 160,000 cases of men injured? Is it not possible to do something to prevent that?—It is not a safe calling.

28,242. Do you not think that it can be made far more safe?—I have been devoting the last 11 years to endeavouring to make it more safe.

28,243. Have you had a free hand? Have you had all the Inspectors that you asked for?—I would rather put it in this way: Could I do with more Inspectors? Yes, I could.

28,244. If there were more Inspectors, is it not likely that the regulations would be more strictly observed?—I believe that the decrease in fatalities being so marked in the mines has been due not only to scientific development but largely due to the regulations.

28,245. Would you consider that decrease in fatalities, in proportion to tonnage, for the moment? There has been no decrease in fatalities due to falls of side and roof?—No, there has not been.

28,246. There has been no decrease in fatalities, has there, with regard to men run over by trams and tubs underground?—No; there are two reasons for that.

28,247. There has been a great and satisfactory decrease in the number of fatalities from explosions?—Yes.

28,248. But leaving aside the explosions, has there been any decrease in accidents at all?—Do you mean decrease in the number of persons killed?

28,249. No. Take both cases; decrease in the number of persons killed—it seems to me there has been none, except with regard to explosions; and certainly there has been no decrease with regard to persons injured seriously?—If you have gone through the

figures and satisfied yourself that that is so, I will accept it.

28,250. The figures are not absolutely clear, but that is my general inference?—I grant you at once that there has been little or no decrease in respect of falls of ground—so much so that in Annual Report after Report one has drawn attention to the fact; and one did hope that the introduction of systematic timbering a few years before the war would have resulted in that, but it does not seem to me to have done so.

28,251. Has systematic timbering been applied?—Systematic timbering is in force throughout the whole of the coalfields of Great Britain.

28,252. It is supposed to be?—It is a penal offence not to carry it out.

28,253. There were 52 convictions in that respect?—Exactly.

28,254. How many more might there have been?—I do not know.

28,255. You very much want, I am sure, to get further precautions taken against accidents?—I can assure you I do.

28,256. Do you not think it would be a good thing if this Commission included in its Report something very emphatic about the need for reducing this tremendous total of serious accidents every year?—I should like to see first what you are going to say in the Report.

28,257. *Mr. R. H. Tawney*: With regard to this question of accidents, you are quoted as having said that it is simply a question of the progress of scientific knowledge. It was Mr. Leslie Scott who said that?—Does he say where I said that?

28,258. The context makes it evident that it is meant to be only a question of that. You did not mean that?—No. I must look that up afterwards.

28,259. You must. As a matter of fact, was it not dependent on science and also on the application of science?—Of course.

28,260. And the application of science depends on the stringency of State regulations?—Quite so.

28,261. With regard to this question of fluctuations, your replies seem to astonish Sir Adam Nimmo?—They did not astonish him so much.

28,262. I gathered that. Your point is this, I take it, that in good times more capital is invested in the industry than is needed to supply the normal demands?—Quite so.

28,263. The result is when normal times occur part of this capital stands idle and the men are unemployed?—Yes.

28,264. Your remedy is to prevent the reckless supply of capital?—That puts it very nicely.

28,265. Have you read the accounts of the Rhenish Westphalian Coal Mining Association?—Yes.

28,266. You remember that was one of their objects? Yes.

28,267. And you remember that was one of the results for which success was claimed?—Yes.

28,268. You were asked certain questions the last time about the way it would be proper to treat a colliery that was approaching the end of its lease but had its lease renewed in the past and might have a reasonable expectation of its being renewed again?—Yes; Mr. Cooper asked me those questions or something similar.

Mr. R. W. Cooper: I did.

28,269. *Mr. R. H. Tawney*: What I want to know about your answer is this: did you mean that the expectation of renewal was a saleable asset, so to speak, with a market value, or did you merely mean that the State ought to take that expectation into account and give a compassionate allowance or consideration?—You may remember that when Mr. Cooper put the question to me I said: "Let us take the case of two royalties," and he very rightly, if I may say so, and very properly said: "Let us take half a dozen." Now that makes all the difference. Supposing I took the case of one royalty, and I worked that royalty, and towards the end of the 60 years I was asked to value that colliery, I would value it on the value of the plant—that would be one item—and the annuity derivable from that colliery for the term of its lease, but that would be the valuation of present value; but if it were a case of

14 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

a number of royalties and one of those royalties was on the eve of terminating, the case would be quite different. There would be every reason to suppose that the lessor would grant a renewal of the lease, and I would take that into consideration in valuing the colliery.

28,270. Do you think that expectation is the kind of security a Bank would advance money upon if you go to it and say: I expect to have my lease renewed, but there is no contract to that effect?—The Bank would probably not advance money in the first case, but would in the second case on the strength of the valuation.

28,271. Do you say that if you have a lease expiring and no guarantee that that lease will be renewed the Bank would advance money upon that?—The Bank would advance money on the valuation.

28,272. That valuation is assuming the whole question. The valuation depends upon whether the lease is going to be renewed or not?—No, not altogether, because it is one out of six.

28,273. Your point is when there is a group of royalties or leases and five are going to be renewed but one is not yet certain, the five covers the one—is that the point?—Not that altogether. The point is this: The expectation is so great as to amount to a certainty because the leaseholder could not work the colliery himself nor could anybody else, and because of the surrounding royalties it amounts to a certainty.

28,274. If the expectation amounts to a certainty why have you not a definite agreement?—Probably there is.

28,275. We are putting the case where there is not?—Then I regard it as equal to a promise.

28,275A. I do not think you will find anybody going to lend his money would agree with you upon that?—The banks drive a very close bargain—they would.

28,276. If they say this expectation is as good as a certainty what hinders the proof of the certainty?—Let us put it to Lloyds Bank.

28,277. Can you tell us anything about the Coal Controller's Office? Very unpleasant things have been said about it?—They will continue to say them.

28,278. It has been said it employs hosts of officials?—It employed me and Sir Adam Nimmo.

28,279. It was said it persistently refused to raise salaries to a reasonable figure. Can you tell us about that?—It did raise salaries, but we have to take precautions just as any other concern would have to take precautions. I can assure you there was a case where a manager increased his salary (the profits of his colliery being guaranteed) from £500 to £1,500. The secretary increased his salary by 100 per cent. or 150 per cent., I forget which, and the surveyor by 100 per cent., and these three were shareholders and had a directing capacity in the concern. You will agree with me it was rather necessary to take precautions. We took precautions, but in one case we agreed to a substantial advance to the colliery manager or under-manager in Scotland. We desired to make that a permanent advance, but the coal owners took a different view.

28,280. Really. Then the refusal to advance salaries so far as it took place was pressed upon you by the coal owners who have been saying your salaries were too low?—I thought it would have been rather nice on the part of the coal owners here if they had made that explanation instead of leaving it to me.

28,281. It is kind to use the word "nice." I do not know what the proper word to describe the failure to make that explanation is?—Our backs are broad and we can bear it. I should like to say, too, and I say this not in any defence at all, but I say it from the feeling that I have towards the late Coal Controller, my friend, Sir Guy Calthrop, and I heard it stated here, and very rightly and properly said, and I am not finding fault with it at all, by the representative of the Colliery Managers' Association that the Coal Controller declined to meet them. I was approached by the Colliery Managers' Association. We have always met them at the Home Office on all questions affecting them and affecting the mines, whenever they desired to see the Secretary of State or to see myself

or anybody else. They did approach the Coal Controller. I advised the Coal Controller to meet them. The Coal Controller was willing to meet them, but the owners' side of the Advisory Board objected.

28,282. Dear me. There are two cases apparently in which you have been blamed by the owners for not advancing salaries?—I mention that fact because of Sir Guy Calthrop.

28,283. You have been blamed by the owners for not meeting the managers, when it was themselves who put pressure upon you not to meet them?—I am not condemning the owners. I simply say I think it would have been rather nice if we had heard in this room an explanation of that fact instead of leaving it to me to make it.

28,284. Mr. R. W. Cooper: Do you mean the owners' side of the Advisory Board?—I said the owners' side of the Advisory Board. There is one owner here present that hold just as strong an opinion as I did on the matter; that is Mr. Evan Williams.

28,285. In favour of raising the salaries?—In favour of the Coal Controller meeting the Colliery Managers' Association.

28,286. Mr. R. H. Tawney: Now with regard to wayleaves. You talk of wayleaves being compensated for when you destroy the amenities of the estate?—They might, you know.

28,287. What is the position now? A wayleave is charged when the transit of coal does not affect the amenity of the estate?—Oh, yes. If I have a royalty and you have a royalty, and your coal in order to come to the shaft has to pass through my property underground, where I never see it, I probably charge you ¼d. a ton for all coal that passes through my estate underground.

28,288. Should you propose that such wayleaves should continue?—I say not.

28,289. Do you propose to pay compensation for wayleaves of that kind?—No.

28,290. You do not propose to pay compensation for wayleaves which do not damage the amenities of the estate?—That is so.

28,291. Mr. R. W. Cooper: I understand that your remarks apply to surface wayleaves?

28,292. Mr. R. H. Tawney: There is a further discrimination still. It does not apply even to all surface wayleaves?—Not all.

28,293. Mr. Sidney Webb: Sir Richard is saying he would not pay compensation for surface wayleaves as such, but only for such surface wayleaves as interfered with the amenity of the estate?—That is right.

28,294. Mr. R. W. Cooper: What do you mean by "amenity"?—I took for instance the case of a colliery being sunk in front of my drawing room window, and so on.

28,295. Do you mean residential amenity?—I would compensate the man who has a railway run across his park.

28,296. Or across his farm?—Or across his farm. I mean the saleable value of my land would be depreciated.

28,297. Obviously?

28,298. Mr. Evan Williams: The occupation of the land you would pay for, and that is now paid for in the form of wayleaves sometimes.—Yes, that is a matter of bargain.

28,299. With regard to the question of output. You have given us some figures and some tentative explanations. I understand those opinions are merely tentative and provisional as to the explanation of the facts?—I have given what I believe and it is a belief.

28,300. You have not given us the facts on which the belief is based?—No, I have endeavoured to be quite frank and open.

28,301. Would it be true to say that the matter is still sub judice as to the causes?—I think so.

28,302. Expressions are sometimes made in the Press as to the reduction of output being entirely the fault of the miners. Those are, at any rate, premature? Yes, and the whole cause is one which, you say, is sub judice.

28,303. Would it be right to say that the output depends on two factors; first the management on one side, and, secondly, the increase on the other?—Yes,

14 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

and, of course, a third, the changing character of the seam, which is a physical factor.

28,304. Is it accurate to say it is conceivable the management may have less interest in getting the largest output than it had in the past, in normal times?—No. Sir Adam Nimmo took me on that point, and I agree with him very largely.

28,305. I will take the address of Mr. Arthur Pease, Chairman of Directors of Pease & Partners. I cannot put the present position better than by quoting from the "Times" what one of the Directors says. He quotes from one of his managers: "The fact at the moment of the uncertainty as to the future is disastrous in every way; neither the men nor the officials can settle down to work." I suggest to you that that may reasonably be interpreted not as casting any blame on the management, but as suggesting that at the present moment they are not able to apply their best energies; they are not able to settle down to work. Is that correct?—What he says he evidently thinks.

28,306. He is a person of some experience?—Pease & Partners' managers are all men of experience.

28,307. Apparently they are believed to be persons of some experience by coal owners?—They are good men.

28,308. That is a factor you have to consider; that is to say, the uncertainty of the future of the industry?—Yes, that is a factor in the situation, I grant you.

28,309. If that is so, it is surely quite unfair to talk as though the reduction in output was entirely or mainly the fault of the men. There is the evidence of a coal owner himself to the effect as far as the managers are concerned they cannot do their best?—The whole question wants thoroughly going into.

28,310. I suggest that is another reason for suspending judgment, at any rate. With regard to the question of wages and output, what did you mean by the relation between wages and output? You said something which was interpreted to mean that the higher the wage the lower the output. Do you offer that as an explanation in the general fall of the coal per man that has taken place for the last 25 or 30 years?—Oh, no, I did not mean that. What I meant, was there are a succession of waves. Those waves may be, are in fact, on the down grade. The average down grade over a period of years is not accounted for by the wave theory. That opens out a large field, which would require a good deal of explanation; but, of course, a very important factor is undoubtedly this: that we are working now seams of a different character and quality to what we were, say, 50, 60, 70, 80, 90 or 100 years ago.

28,311. The general movement is due to causes that have nothing to do with wages or with the output of the mine?—To a great extent it has been due to physical causes.

28,312. It is rather important to remember that. This particular *obiter dictum* of yours—I hardly think it was much more—was taken and commented upon in the Press, and the other factors that are far more important are ignored?—My remarks apply to a succession of waves. It can be shown in diagrammatic form that, with every advance—every wave of advance in wages—there follows a wave of decreasing output.

28,313. There is a further question. When you talk of wages, what do you mean? Do you mean coin or real wages?—What a man earns.

28,314. Earns in the shape of—£.s.d.

28,315. Or in the shape of purchasing power?—That brings you back to Mr. Hodges' point. Mr. Hodges said if he could show that the value—I will put it at once—it presupposes the purchasing power of money is the same.

28,316. It presupposes the purchasing power of money remains the same. Would it surprise you to know that between 1903 and 1914, so far from the purchasing power of money remaining the same, it fell largely?—It would not surprise me, because I know it. What I said in answer to Mr. Hodges I say in answer to you. I would like, to sit down, as I shall do, and work out the relative value of wages now as compared with some time back and the proportion of wages that

goes to maintain a certain standard of comfort. It is rather an involving calculation.

28,317. I assume the explanation of the fall in output can hardly be the rise in real wages. As a matter of fact, real wages have not risen?—In my explanation I said that to some extent it is due to the fact—it is only a belief—that so many men are now working on the minimum instead of working on piecework, due to the fact that the minimum, the Sankey wage and the war wage, make up, for want of a better word, a respectable figure.

28,318. That, again, is quite another point?—I mention it in my proof.

28,319. I admit it is extremely relevant to consider. It is a different problem from the problem of wages and output. Your statement was misinterpreted. When you come to examine the facts, you cannot find the fall in output was due to a rise in wages. It is one of the plausible statements put forward. You were under pressure perhaps when you made it?—All the pressure in the world will not make me say what I do not want to.

28,320. You were in a hurry perhaps?—We might talk it over one day, Mr. Tawney.

28,321. Your opinion is that the matter is still *sub judice*?—It is a matter for enquiry.

28,322. *Sir L. Chiozza Money*: Have you had a chance of seeing the speech of Mr. Leslie Scott, K.C., M.P. to the Commission?—No.

28,323. *Mr. R. W. Cooper*: Is it right to cross-examine on this speech?—I have seen it, but not read it.

Sir L. Chiozza Money: May I read this part? It is not addressed to the Commission.

Mr. Pawsey: I object. Sir Leo Money says it is not addressed to the Commission. It is.

Sir L. Chiozza Money: Mr. Pawsey has no *locus standi* here, and he must sit down.

Chairman: I suppose if we were to go more or less by precedent it would be this. Now the position would be that Sir Richard Redmayne would leave the box, and then Mr. Leslie Scott would make his speech, and at the end of his speech there would be no opportunity of cross-examining the witness on the hypothesis, he would have been finished with. You can put one or two hypothetical questions, but you cannot put that speech to him because it is not meant to be read to the witness in the box.

Sir L. Chiozza Money: Rather a curious course has been followed. This has been printed.

Mr. R. W. Cooper: Supposing for the sake of argument that had been submitted an hour or two ago, and kept back until Sir Richard was out of the box, no questions could have been asked upon it.

Sir L. Chiozza Money: If this had been respectfully submitted as an address, that would have been a different thing.

Mr. R. W. Cooper: If Mr. Leslie Scott had made a speech at the end of the proceedings, the witness could not have been asked questions upon it. We ought to presume the document was delivered at the end of the proceedings, not before.

Sir Alan Smith: I must object to any question that is going to be addressed to any witness on this report. I claim the right, if any questions are to be put, to read this report and put any question I please.

28,324. *Sir L. Chiozza Money*: I do not want to fall foul of Sir Allan Smith in this matter. I will ask Sir Richard this question. Is it true that Civil Servants do not get positions of responsibility until they are 50?—No, I do not think that is true for a moment.

28,325. Is it not the very reverse of the truth?—I was quite old, I did not enter the civil service until I was 43, and I occupy the same position now as I did then.

28,326. Do you know Sir John Anderson, K.C.B.?—Not personally.

28,327. You know he was in the thirties?—He was quite young.

28,328. As a very young man he became the civil head of the National Health Insurance Commissioners?—Did he? I will take it from you that he did.

14 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

28,329. If you take the case of the Ministry of Shipping, there were 4 or 5 young men civil servants, holding the most important positions?—That is quite true.

28,330. If the statement was made anywhere that in the civil service the men never had a chance until they were 50, that statement is not in accordance with the facts?—I do not think it is.

28,331. With regard to the question of output. I want to deal first with the special question of the fall in output recently, the war falls in output. Have you formed any estimate from your general knowledge of our mines as to their, what I may call, backwardation?—I have.

28,332. What would you put it down to?—Their backwardation?

28,333. I mean the time required to put them into a pre-war condition?—The time required to put them into a pre-war condition with regard to development. I should think I would not be far wrong if I said the average over the whole country would certainly be three years.

28,334. That is in point of time?—I would not like to bind myself to a month or two. I think the general average mine is backward in point of development for very good reasons.

28,335. Could you help us by putting it in the form of a percentage? Would you say in your opinion they were 10 per cent. or 20 per cent. down in point of efficiency, not through the fault of the miners, but through the result of the war?—I put it in point of development. That is the only way I can put it.

28,336. We are expecting something different?—I think so. A properly managed mine should always have in sight so much coal.

28,337. Forgive me if we do not pursue this. I do not want to waste your time?—The plant is in a backward state to some extent. To what extent I cannot say. In some collieries it is not in a backward state; it is in others. It would be only generalising, and my opinion would not be of much value.

28,338. That is the real point. The railways had a superior priority with regard to material as compared with material for tubs?—The wear and tear on railways is terrific.

28,339. They have superior priority in getting material over mines in some respects?—Yes.

28,340. Would it not be reasonable to suppose the mines have a considerable backwardation?—A mine is not quite comparable to a railway. A railway wears down very much more than a mine would wear down.

28,341. Are there not particular points in which a man, for instance, took the retreat of the face from the underneath rails. That has occurred during the war?—No doubt there is a loss in not being able to keep the roads and haulage in the position it should be. At the same time as against that the output has been falling, which has to be put against that.

28,342. Take the case of the tubs. Is it not perfectly clear there is not enough material, even if the mineowners placed their orders in full time, to make them in sufficient quantities?—No doubt the collieries in respect of tubs suffered perhaps more than in any other direction.

28,343. Is it not the fact that the competing claims for a limited amount of material was so great between our claims and those of France and Italy and all the other users of metal, and so forth, that it was a continual struggle for the little bit of material that was available?—That is so. The way we managed in the mines was we cut down the development, the sinking of new pits to the utmost point.

28,344. Is it not the fact it was not really possible to make the tubs the colliery managers desired to order?—We were unable to supply the collieries to the extent they required.

28,345. Does it not therefore follow in the name of commonsense, and is there not very strong support in reason and from facts which we know, quite apart from the evidence produced by Mr. Herbert Smith,

that the probability is there is a very great shortage of tubs and trams?—I think in some collieries—a great many collieries make their own—there is at the present moment a shortage. I cannot put it more than that.

28,346. Did you notice the letter published in one of the London daily papers, the "Daily Mail," on June 10th. It is signed by a miner. It is not signed by his name, but there is no doubt it is an authentic letter, as the editor vouches for it in a leading article. It says: "Sir, in a letter published in Saturday's "Daily Mail" (that was the 7th, although the date is not given) "I pointed out that in the Notta coalfields we had worked in that week one full day (Monday) and two half-days (Tuesday and Wednesday). Since then we have completed the following working week:—Monday: full day, also afternoon shift; Tuesday: half-day, no afternoon shift; Wednesday: half-day, no afternoon shift; Thursday: three-fourths day, no afternoon shift; Friday: three-fourths day, no afternoon shift." Then he goes on, "This has been the general time worked throughout the Notts coalfield, which supplies London with coal. I understand conditions are similar in the South Yorkshire coalfield"—which appears to be amply confirmed by what Mr. Smith says—"Even when we work we are unable to get the number of trams we could fill. These are shared among the men. On Friday we were confronted with a notice informing us that the pit would close down until Wednesday next." That is June 11th, this Wednesday just gone?—Whitsuntide holiday I suppose.

28,347. Apart from the Whitsuntide holiday we get a bad week?—I would want to know the reason of all that.

28,348. He goes on, "This state of affairs did not exist till the Sankey awards were given, and we miners look upon it as an expected development. A reduction in output makes a good weapon to fight the reduction of hours award, but I consider this a mean and unjust method of reducing it, as the blame falls on the miner and the fruits of such scheming on the general public. Given the trams to do it with, the output could be increased anything up to 50 per cent. I should like to hear the Coal Controller's views on the matter?"—I should like to know all the details of the case. One sees these letters by the score. There may be the whole truth, part truth, or no truth. I grant you there is a shortage of tubs.

28,349. May I make a practical suggestion? Mr. Smith made an enquiry in his district?—But not so great as it was in this shortage of tubs.

28,350. Mr. Smith made enquiries in his district. Would it be possible for the Coal Controllers' office to make enquiries of a similar character, addressing the question to both sides and getting a report from both sides, not because it would give a complete enquiry, but it would give a superficial account of what is going on from every pit. Could not that be done within 10 days?—No. Supposing I got one explanation from the management and another from the men?

28,351. That is what we want?—Which is right?

28,352. In some cases you would get agreement. You would say that is on the face of it veracious. In other cases where you get disagreement you would make further enquiries?—You would get innumerable cases. It is not a question of time. Not only the question of tubs, but all sorts of questions would be raised. One would have to visit these places. I quite agree it is very desirable that a very thorough enquiry should take place, but it should be a thorough enquiry.

28,353. I do not suggest it should be the end of the enquiry?—A preliminary enquiry. One is always chary of a preliminary enquiry. It seems to me the time has come for some more drastic enquiry.

28,354. There does not seem to have been an enquiry made in the way that was done by Mr. Smith. There has been no special enquiry made by the Coal Controller?—There is an enquiry into each case that shows a decrease in output, not by questions, but by sending somebody down and by investigation.

28,355. Out of the 3,100 mines, how many have shown a decrease in output?—A marked decrease of output?

14 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued.]

28,356. Any decrease?—We do not enquire into any decrease. There might be a decrease to-day and an increase to-morrow.

28,357. A preliminary canter of the kind suggested might be useful and could be done rapidly, and would point to what you should do further in the way of enquiry?—I agree it could be done. I am afraid the result would be so unsatisfactory as to make one wish that instead of taking two bites at the cherry one had taken one—I would go in for the enquiry right off.

28,358. This is a rapid bite?—I do not think you would get very much to swallow.

28,359. If you are going to conduct an enquiry that is going to occupy months, during that time you lose a large amount of coal. If you put out a thing like this it wakes every body up?—I think the Press has wakened them up now. It is worthy of consideration. I am willing to do anything that is likely to result in an increased output.

28,360. Apart from this particular fall in output, on the question of general efficiency, Professor Knox, of the Cardiff School of Mines, has told me that, in his opinion, he thinks with regard to the surface plant of our mines throughout the country, not more than 2 per cent., in his estimate, is thoroughly efficient. Do you think that is an exaggerated statement?—I think it is, very.

28,361. Would you say that a large proportion of the surface engineering work is not up to date?—I would not like to say the larger proportion. I should say there is a large quantity of surface plant at collieries which is out of date. I am not blaming the coal owner for that.

28,362. I am?—So many of the collieries are old and have not the wherewithall to get the new plant. That is one of the advantages to be secured by combination.

28,363. I asked Mr. Mottram, one of your divisional inspectors what he thought in his district was the percentage of collieries that were up to date generally, taking them as a whole, having regard to the size of their shafts, whether using machines and so forth, and he gave his opinion as about one-third were up to date. Would you give your opinion from your knowledge of the country as a whole?—That answer of his—I do not remember it—I should imagine was capable of a very important interpretation.

28,364. He interpreted it himself?—Might we have it?

28,365. The interpretation was, as you reminded us some of the mines were started at a period more or less remote?—I mean something more than that. I mean one-third of the mines for instance, in point of number, it might be two-thirds in point of output. All modern mines are so much larger than old mines, and draw such very large quantities of coal. I happen to know that in South Yorkshire, which is a growing field, some of the large collieries are drawing enormous outputs. The record in respect of the quantity of coal drawn up one shaft is bigger than any coal mine in the world, over 4,000 tons a day up one shaft.

28,366. Are there not a very considerable number of cases of mines in this country that are not using the upcast shaft where it might be used with advantage?—That is one of those very difficult questions to which you cannot answer "yes" or "no." Subject to certain developments underground there are cases where the upcast shaft could be used, but for the developments necessitated thereby more capital would be required, which these collieries could not get.

28,367. That is another point?—That is one of the advantages of combination.

28,367A. I am not talking of whether capital is available. The question is could it be done with advantage apart from the question of capital?—It could be done with advantage, but not with advantage as things are.

28,368. Do you agree there is a continual field for the application of more capital in the mining industry to produce more efficiency?—Yes.

28,369. It is a continual and considerable field?—Yes.

28,370. It is a real serious economic fact?—Yes.

28,371. You have expressed that very clearly with regard to pumping?—It applies right through.

28,372. And it applies equally to machinery and conveyors, and so forth?—Yes.

28,373. What is the present development in this country of the manufacture of such machinery as coal cutting machines. Has it developed as regards that to any extent?—Yes, it has; it is a very interesting point. To a large extent, I believe I am correct in saying this, we are resorting to American made coal cutting machines; even though the American coal cutting machines are being sold at a higher price than the English machines. You may take an American machine at £675 as against probably £625 for an English machine.

28,374. Could you tell me from your own knowledge is there any restriction on the importation of American machines now? It is rather interesting. Has the Board of Trade removed all restrictions on the importations of mining machinery and plant?—I have just written a strong minute upon it.

28,375. They have not yet?—I would say, I have reasons to understand, but I have not got it definitely in writing, that the Department which deals with that at any rate are not going to impose any restrictions on the introduction of coal cutting plant from America.

28,376. You mean they are going to remove the restrictions that exist?—No; not going to impose them. There are certain quarters outside Government seeking to have them imposed.

28,377. You mean asking for a duty?—Not a duty.

28,378. A prohibition?—From certain quarters there was a desire—nothing to do with the coal trade—that this machinery—I will put it this way—the plea put forward was there was sufficient production of coal cutting machinery in this country.

28,379. It is the same as paper?—I think you may take it from me—

28,380. That the danger will be avoided?—The danger will not arise.

28,381. It would be in your opinion a serious danger to the coal industry?—I think it would be a very great mistake to impose restrictions on the introduction of any machinery into this country.

28,382. With regard to the question of the efficiency of mine managers. Do not you think it would very greatly help in connection with what we all desire, a desirable sort of competition of emulation among mine managers if they felt they were part of a system where it was possible to rise to a seat on the Central Council of Mining Industry of this country, for example?—Sir Adam would call that conjecture.

28,383. Under a system of collective ownership and State control would not a mine manager have a wider field for ambition than now?—I cannot put it higher nor lower than this: I do not know what would happen to a colliery manager's mind. I can only say what would happen or what would take place in my mind. I am not aware since I entered the Government service, though it has not been very fruitful to me on the point of £ s. d., there has been any waning in my endeavour to do the best I can for the nation.

28,384. In the first evidence you gave in connection with the former part of this inquiry, you very clearly endorsed an opinion that the present system of individual ownership would have to go or ought to go?—I did not say that exactly. I like to stick as nearly as I can to what I have said. The words I used were, I think, that in comparison with a collective system it was wasteful and extravagant. I have heard nothing, read nothing and seen nothing to change me in that opinion.

28,385. Your position is, in brief, while you do not desire to give any opinion on the question of Nationalisation, at the same time you do still contend for some form of collective ownership?—My position is precisely that in words.

28,386. Mr. Robert Smillie: There are a considerable number of communications from the collieries, either signed or anonymous?—Yes.

28,387. Complaints?—Yes.

14 June, 1919.]

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B.

[Continued]

28,388. Do they all come to headquarters or do some go to the Divisional Inspectors?—It depends upon whether they are addressed to headquarters or to the Divisional Inspector.

28,389. I suppose there are some that go to the Divisional Inspectors?—They receive them.

28,390. And some come to headquarters?—Yes.

28,391. You made a remarkable statement. You said that all communications, even anonymous communications, are replied to and attended to?—Yes.

28,392. Is not that a sweeping statement?—No.

28,393. How do you know?—That I received.

28,394. You did not say that you received. I am dealing with anonymous communications received by a Divisional Inspector?—I cannot speak for him. His instructions are to deal with everything. I can only speak of those which I see and every complaint, whether anonymous or signed, receives my attention.

28,395. That comes to you?—Or the attention of my staff.

28,396. Before the Royal Commission on Mines a statement of that kind was made by a very important witness that all complaints, anonymous or otherwise, were attended to. He had to admit he did not know whether anonymous complaints were attended to or not. Are you in a position to know whether your anonymous complaints are attended to by your Divisional Inspectors?—I hope so.

28,397. You are not in a position to say whether they are or not?—I can only speak of those complaints I receive and the instructions I give to the Inspectors in respect of those. I cannot speak of what any man does if I am not there.

28,398. I will take that from you. Many of them, I daresay, would be privileged?—In talking this matter over with the Inspectors they have assured me from time to time they deal with all these.

28,399. All of your Inspectors assure you that?—All those I have talked to. I am not speaking of the Coal Controller now at the moment, but of the Inspectors at the Home Office.

28,400. You answered some question put to you by Mr. Sidney Webb with regard to roofing and timber. Do you admit, in view of the fact that the vast majority of accidents, fatal and non-fatal, which take place in the case of timber that it is important that the timbering should be attended to and all the methods of timbering should be improved?—Yes.

28,401. Do the large majority of accidents, fatal and non-fatal, from falls take place at the working face?—Yes.

28,402. Are we using at the moment the most scientific system of timbering at the working face? Cast your mind over to France for a moment?—I have been, as you have been, through the French mines, and I have studied and written on that system of timbering. That system of timbering, I am rather inclined to think, is capable, and I think I have said so publicly, of application to the roof of certain collieries that I have seen in parts of South Wales and elsewhere, but the roofs I saw were what they call friable roofs. There are not many roofs in this country quite similar to that. Some of the results of the adoption of that lattice work timbering have been very remarkable, not so much in saving fatalities, but in saving innumerable accidents.

28,403. I think that France, after they adopted the lattice system of timbering at the face, reduced their accidents considerably?—Enormously.

28,404. Are you aware, in addition to the latticing with timber, they use steel?—There I am absolutely with you. I think a great deal more could be done in driving forward those thin steel bars, and I am very glad to see in a colliery in Nottingham that it has been adopted by Mr. Fowler, and admirably adopted; it is a species of foretimbering.

28,405. Mr. Fowler, as you know, has always been in the lead where safety was concerned?—He carried out remarkable improvements in old collieries.

28,406. Do you think the more question of cost should stand in the way if human life and limb is to be saved within reasonable bounds?—You can get coal at too cheap a price. I grant you the greatest quantity of coal ought to be obtained with the greatest degree of safety and health to those getting it.

28,407. When you speak of scientific timbering, according to your rules, you mean there shall be no portion of the exposed roof more than a certain distance from a prop or other support?—Systematic timbering.

28,408. We have not, as far as you know, attempted to put in force the French lattice system of timbering? No, we have not.

Chairman: We are very much obliged to you, Sir Richard, for the great assistance you have rendered to the Commission both at the last stage and the present stage of this enquiry.

(The Witness withdrew.)

Chairman: There are one or two announcements I have to make. In Hansard of the 29th May, 1919, a question was asked by Major Nall in the House of Commons to the following effect: "Major Nall asked the Minister of Labour what are the usual subsistence allowances given to members of a Royal Commission; and, in the case of members now sitting on the Coal Commission, is that amount a sum equal to £1,500 a year?" Mr. Baldwin, I presume, on behalf of the Government, answers, "Members of Royal Commissions are entitled to an allowance of one guinea for each night (covering a period of 24 hours), on which they may be necessarily absent from home on duties connected with the Commission. This rate is applicable to the Coal Industry Commission." I desire to say publicly that no member of this Commission has claimed or received that allowance. We have now concluded this part of the Inquiry. I observe from the shorthand notes over 28,000 questions have

been asked. I have already announced the number of witnesses and the class of witnesses which have been called, altogether 116. I should like, if I may, to thank the shorthand writer for the very excellent way in which he has let us have so promptly the notes from time to time. I should further like to thank, if I may be allowed to do so, the gentlemen of the Press for the very accurate reports they have put in the daily papers from day to day, I think they have been forgotten very often. I have read most of the reports, and I have hardly discovered one single mistake in them; they are much to the point, and the members of the public who cannot be here ought to be indebted for the very lucid account they have received from time to time. The Commission will now have a private sitting, and I hope that the report will be in the hands of the Government quite early on Friday morning the 20th inst.



LIBRARY DEPT. JUL 1 1960

PLEASE DO NOT REMOVE
CARDS OR SLIPS FROM THIS POCKET

UNIVERSITY OF TORONTO LIBRARY

HD
9551
.6
A5
1919c
v.2

Gt. Brit. Coal Industry Com-
mission
Reports and minutes of
evidence.

HANDBOUND
AT THE



UNIVERSITY OF

